AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2001

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

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NOTE: Under Committee Rules, Mr. Young, as Chairman of the Full Committee, and Mr. Obey, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

HENRY E. MOORE, JOHN J. ZIOLKOWSKI, MARTIN P. DELGADO, and JOANNE L. ORNDORFF, *Staff Assistants*

PART 3

MARKETING AND REGULATORY PROGRAMS AND CONSERVATION PROGRAMS

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Animal and Plant Health Inspection Service
Agricultural Marketing Service
Grain Inspection, Packers and Stockyards Administration

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2001

THURSDAY, MARCH 2, 2000.

NATURAL RESOURCES CONSERVATION SERVICE

WITNESSES

JAMES R. LYONS, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT

PEARLIE S. REED, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE

DANNY R. SELLS, ASSOCIATE CHIEF, NATURAL RESOURCES CONSERVATION SERVICE

DANA YORK, ACTING DIRECTOR, BUDGET PLANNING AND ANALYSIS DIVISION, NATURAL RESOURCES CONSERVATION SERVICE

STEPHEN DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

Mr. SKEEN. Well, thank you and good morning. Appreciate all of you being here. It's so quiet it is almost like being in church.

Today we want to welcome Mr. Jim Lyons, the Under Secretary for Natural Resources and the Environment, and Mr. Pearlie Reed, the Chief of the Natural Resources Conservation Service. Welcome, gentlemen.

Mr. Lyons, based on our conversation yesterday, this will be the last time that you will be testifying before this subcommittee, and we would just like to thank you for your service during your time as Under Secretary. Maybe that is a faint way of giving you a little endorsement, but we do appreciate the work that you have done.

The NRCS budget request includes an increase of $86.4 million for conservation operations and increases totaling nearly $1 billion in mandatory programs that will have to go through the authorizing committee when the administration sends up that legislation. It sounds like an ambitious agenda, and we would like to hear your thoughts on this.

But before I recognize you, I would like to turn to Miss Kaptur for any welcoming remarks she may have. And I want to thank you, Marcy. I understand that you have sacrificed a trip back to your district today to be here with us, and I appreciate this. This puts us about at the halfway mark on these hearings. Thank you.

Miss KAPTUR. Thank you, Mr. Chairman. We couldn't miss the hearing of the Natural Resources and Conservation Service. I also want to thank Mr. Lyons for his service to our country and for your

appearance here today; all of those that you have brought with you, Mr. Reed, who has been such a pleasure to work with; Ms. York; Mr. Sells; and of course Mr. Dewhurst is here for all of our hearings.

I also want to acknowledge in the audience my former chief of staff Bobbi Jeanquart, who now works with the Resource Conservation Development Councils around the country. We are just so proud of her and the work that she did for our country and now working in the volunteer and private sector. I love the photos you have given us here.

URBAN SPRAWL

Miss KAPTUR. This looks like it will be a very good hearing this morning. And thank you for everything that you do to help to strengthen the ecosystem that we are blessed with in this country.

We recently did a poll in our district, Mr. Chairman, it is very interesting, asking citizens about the countryside, about urban sprawl, and whether they thought we as a Nation should be doing more in order to preserve our heritage and to conserve it, and 80 percent said yes. Now, I thought maybe it might be 40 or 50, and it was just interesting to look at how those number came back. So you are part of the most important effort in our country to do that, and we welcome you here today. Thank you.

Mr. SKEEN. I also want to thank you for the pictures, particularly, that one on the front, the sheep look real good up against those cattle. They do commingle.

Mr. Lyons, we will let you have your beginning remarks.

OPENING REMARKS BY UNDERSECRETARY LYONS

Mr. LYONS. Thank you, Mr. Chairman I appreciate the opportunity to be here with you this morning. And, Ms. Kaptur and Mr. Farr, since we didn't have a chance to meet before the hearing, I want to assure you my comments to Mr. Skeen about my decision to move on after this year and explore other opportunities to contribute in the natural resource field is by no means a prediction about the election, it is simply a personal decision to move on and hopefully find other ways in which I can help.

I do want to depart radically from my testimony this morning, Mr. Chairman, and simply ask that that be made a part of the record, if I may.

Mr. SKEEN. We don't have too many radicals in here, but you want to be one, go ahead.

AMERICAN CONSERVATION IN THE NEW CENTURY

Mr. LYONS. I am showing my true colors, I guess. But I want to focus on three things this morning of concern to the committee, I think, as Ms. Kaptur noted in her opening remarks, of concern to the citizens in the United States, I know, from conversations with Mr. Farr, brief conversations with Mr. Bonilla, concerns that stretch from coast to coast, and that is the way America and Americans view the future of conservation in the United States as we face the threshold of really what is our second century of American conservation.

The conservation movement, of course, began in the early 1900s. Pioneers like Teddy Roosevelt helped to bring the issues and concerns of conservation into focus for all Americans. For nearly 100 years we have dealt with many challenges in the conservation arena. One of, I think, the proud successes is the work we have done in addressing the concerns that arose out of the dirty 1930s, with soil and water conservation and the excesses of erosion. But from my experiences, Mr. Chairman, we spend a tremendous amount of time debating the issues associated with public land management, and in your role on the Interior subcommittee, you and I have had a chance to discuss those issues as well by virtue of oversight to the Forest Service's management responsibilities.

LAND STEWARDSHIP ON PRIVATE LANDS

I would suggest to you and the other members of the committee that in the second century of American conservation we are going to change our focus. We have to if we are really going to get at the issues that are affecting the Nation's environmental quality. We will have to refocus on opportunities that come with better land stewardship on private lands. Since private lands represent two-thirds of the American landscape, they are really going to tell the story of whether or not we are successful in making further progress in the arenas of clean air, and clean water and wildlife habitat improvement. That is where we need to focus our attention. I think the country is poised and prepared to do so. I think American land owners, farmers, and ranchers and forestland owners are prepared and anxious to take up that challenge.

CONSERVATION CHALLENGES

What I want to do is highlight three things, some of what we found in the work we have done over the past year in talking to constituencies and experts in the arena of conservation as to what they think the ills are that we need to address and the means we have to do so. Some of that comes from the work we recently did in analyzing the findings of the 1997 Natural Resources Inventory, which I will highlight just briefly. Secondly, I want to talk about how that led to our decision to put before you what we think is a bold initiative, a $1.3 billion conservation initiative which is part of our 2001 proposal which would make critical investments in the tools and the technology, and there I think what I mean is the people that make conservation work across the American landscape in partnership with private landowners.

Finally, I want to touch base on another issue, and that is that EPA's efforts to formulate new rules for TMDLs, total maximum daily loads, which has been quite controversial in the agricultural community. I want to make clear where USDA stands on that issue, and then I will close.

With regard to our conservation challenges this past fall, we held five regional forums on conservation I discussed with you yesterday, Mr. Chairman. They were interesting forums. We met with landowners, with interest groups, with the public, with individuals with expertise in conservation and environmental issues from across the spectrum of interests throughout the United States. We learned many interesting things, but I think most exciting was to

learn that there are many success stories across the country of working partnerships at the ground level to try and make conservation work based on what we have learned over a half century of investing in private land stewardship.

We pulled our information together, and Secretary Glickman convened a national summit on conservation in Ames, Iowa, on December 7th this past year. At that time we released new information from our Natural Resources Inventory and updated the information that we periodically accumulate. We found some rather surprising, startling things. I shared a packet of this information with you yesterday, left one for you, Ms. Kaptur, with Roger, and also left with you a video that I hope you will have a chance to view. Mr. Bonilla and Mr. Farr, make sure you get this information as well. In 7 minutes I think the video describes the challenges we face in clear and unequivocal terms.

LOSS OF AGRICULTURAL AND FORESTLAND

Let me point out some key findings. The conversion of land, agricultural and forestland, to development is accelerating at a rapid rate. In fact, in the period from 1992 to 1997, the average annual rate of conversion was more than double of that the previous 10 years. So we are losing valuable land, valuable for producing the goods and services that America expects of their lands, and also land that is valuable in preserving what is the quality of life of rural and more and more suburban America.

SOIL EROSION STATUS

Another interesting and startling finding was the fact that despite tremendous progress in tackling the issues of soil erosion, going back to 1982, since 1995, during the period of 1995 to 1997, the progress we have made in tackling soil erosion has stalled. In 1995, we calculated 1.9 billion tons of soil was being eroded into the Nation's waterways a year. That is the same figure that we calculated in 1997. So our progress has stalled. We are trying to determine why that is.

By our own assessment, at least preliminarily, we see two things that come into play. One is by design, strategically. We decided—and I was a part of this as the staff on the House Agriculture Committee, some of you were involved in this—to target our resources on what we consider the most critical conservation, highly erodible lands. There we have made tremendous progress. Tools like the Conservation Reserve Program have made a big difference in curbing soil erosion. But as we did that and failed to make needed additional investments in conservation because of budget constraints, other priorities, other needs, we have been forced to pull back in the conservation work that we have done in other parts of the Nation. So those non-highly erodible acres are now eroding at a higher rate, or we believe they are. As a result the progress that we are making in tackling the erosion is being offset by increased erosion in other places. So we are literally losing ground in our battle over erosion, a significant concern.

I don't know that I have—here we go. I would share this with you. It is difficult to see.

I think even more disconcerting than that—we have copies of this material for all of you that is being handed out now—you will see that where the erosion is occurring and is excessive is reflected by the red here. You will see that it is in regions of the country where we can least afford to lose progress. It is in the Chesapeake Bay region in the Eastern United States. It is in the Great Lakes region, Ms. Kaptur, affecting water quality in that part of the world. It is in parts of Texas, which is certainly impacting land productivity, and combined with the excessive erosion in the Upper Mississippi waterway, leading to hypoxia in the Gulf of Mexico. And it is in eastern Oregon, Washington and northern Idaho, where at the same time we are undertaking a significant effort to try and protect salmon habitat and reduce the impacts of change there on the quality of waters. We can't afford to lose progress there. We are working against ourselves in that regard.

NET LOSSES OF WETLANDS

Finally, I would also comment that we discovered that while net losses of wetlands is showing progress, that is we are further reducing the annual loss of wetlands and agriculture, we are not yet to the commitment that President Bush made a decade ago now. In fact, what we are finding is if it weren't for programs like the WRP, we would not be as successful as we have been in trying to curb the loss of wetlands and agriculture lands. Part of the loss there, by the way, is because of increased development where we are losing those lands not because of any agricultural conversion, but, in fact, we are losing those lands in total.

NATIONAL CONSERVATION FORUM

We took this information, presented it to the group assembled at this December 7th conference, and I would emphasize it was a wide spectrum of interests representatives in the Natural Resources Defense Council, from the Cattleman's Association, from academia, from a wide range of interests and expertise. And there seem to be unanimity of opinion about how to deal with these issues. The answer is actually a very simple one. We simply need to invest in the conservation tools and programs we know work, the voluntary assistance programs, conservation programs that help land owners determine how to help themselves, how to work together as communities, how to work through the RC&Ds or through watershed councils or conservation districts.

You all know this because you see this on the landscape day in and day out. It works. Unfortunately very few people outside of the agriculture community understand that. You know we are silently effective in our silence, or our anonymity works against us in terms of making clear this is a national issue and requires additional investment.

2001 CONSERVATION INITIATIVE

We took that information and came back to Washington and decided we finally needed to do something about it. So we constructed a $1.3 billion initiative which is in the 2001 budget. We literally constructed that in the last month of putting together our budget,

reflecting what we learned from our regional conferences in this national forum. And you will see in that package significant investments in those places that we think are critical to addressing these national conservation needs. That is, we propose to increase funding for the Wetland Reserve Program, for CRP particularly; additional monies for incentives to enroll producers in conservation buffers; additional resources for the EQIP program, which is going to be critically important for addressing the working landscape, but in particular for dealing with the AFO/CAFO issue, which is of national significance; additional resources for the Wildlife Habitat Improvement Program, because there we have exhausted our authority; additional resources for the Farmland Protection Program to start to tackle the issue of accelerated agricultural land loss; and most importantly, additional resources for technical assistance, because a tool kit is no good unless you have, to use an analogy, the carpenters to put it in use. And conservation is something that requires that hands-on application. You can't do conservation on the Internet. You can't do conservation unless you have people on the ground working hand in glove with farmers, ranchers, and forestland owners.

The program also includes a unique wrinkle, if you will, and that is a proposal for $600 million for conservation security payments. That $600 million is intended to provide additional incentives and support to producers who don't currently have the financial wherewithal to put conservation practices in place. So we will compensate them for that.

In essence, we will finally start to pay producers for producing those nontraditional commodities that are so critical to the well-being of America. We are going to pay them to produce clean water. We are going to pay them to improve wildlife habitat. And we will also give them cost share assistance to put practices in place. I think that is a novel approach to doing business and reflects some of our thinking with the potential changes in farm policy in the context of the 2002 farm bill, because there, at least theoretically, as certainly Mr. Farr knows from his work on the Agriculture Committee, there at least has been a philosophical decision to do away with farm programs. We will see if that actually comes to pass. But here is another way to tackle these issues.

CLEAN WATER RULES AND AGRICULTURE

Let me shift gears and talk a little bit about TMDLs, because that issue has gotten a lot of attention. We have been working with the Environmental Protection Agency through the Clean Water Action Plan to try and deal with a whole host of issues as they relate to clean water. The Environmental Protection Agency put out a proposed rule for changing the way in which they implement the total maximum daily load provisions of the Clean Water Act. They put out a very controversial rule, one that would grant them new regulatory authorities.

We have strong exception to some of what EPA proposed, and a very strong letter was sent out under my signature to that regard. Unfortunately the letter didn't go through clearance, it didn't go through the Secretary's office. I didn't do my job as much as I should have to make sure it, in fact, had. The Secretary has said

since he didn't sign off on the letter, it doesn't represent official Department views, but nevertheless we stand by the substantive issues in that letter.

As a result of that shot across the bow, so to speak, we have set up a working group with staff at EPA, and we are working on a daily basis to try and address the concerns that we raised, address the concerns of agriculture, place emphasis on the use of technologies we know work, voluntary assistance programs to get the job done. The key to making sure we can follow through on those commitments is funding those programs and having the resources to do what we do know works best.

So we are committed to making sure that we make progress in clean water. We are committed to making sure it is done in a way that makes sense, that is not a threat to agriculture, but rather viewed as an opportunity. And most importantly, Mr. Chairman, we are committed to making sure that agriculture continues to make the valuable contribution it can make to protecting and restoring America's wonderful landscapes.

Mr. Chairman, I want to tell you that I personally appreciate the extent to which you have always been open to me and to the Department to listen to these issues to try and help us work through the difficult times and try to make the investments we need to make in conservation. I know you feel it in your heart and your soul. I know, Miss Kaptur, as well, from conversations we have, of your strong commitment to make sure that we continue to make those critical investments. I look forward to working with you on the Great Lakes conference, in fact, and having a chance to focus on that particular part of the country and the opportunities there.

It has been a pleasure to work with you, Mr. Chairman. I look forward to doing so the rest of this year.

Mr. SKEEN. Thank you, Mr. Lyons. We certainly appreciate your feelings. I think you have given us a great summary.

[The prepared statements and biographies of Mr. James R. Lyons and Mr. Pearlie S. Reed, and the biographies of Mr. Danny Sells and Ms. Dana York follow:]

Statement of James R. Lyons
Under Secretary, Natural Resources and Environment
United States Department of Agriculture
Before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
March 2, 2000

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to present the 2001 budget and program proposals for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture (USDA). With me this morning are Pearlie S. Reed, Chief of the Natural Resources and Conservation Service, Danny Sells, Associate Chief of the NRCS, Ms. Dana York, who is the Acting NRCS Budget Director, and Stephen Dewhurst, USDA's Budget Officer.

My testimony this morning will highlight the President's budget proposals and initiatives that are so important to providing a farm safety net and conserving our nation's natural resources on America's private lands. Mr. Reed's testimony focuses on the specific funding proposals by account for the NRCS. After brief oral remarks, we will be pleased to respond to your questions.

Mr. Chairman, the role of the NRCS has been evolving in recent years as Congress has passed legislation relating to clean water, clean air, endangered species and new conservation programs administered by the USDA. NRCS has

been a reliable agency for 4.7 million farmers, ranchers and landowners and operators to turn to for technical assistance in solving their natural resource concerns. Recently, at a national conservation summit the Secretary released a report demonstrating the mounting array of conservation challenges facing American agriculture in the 21st Century. And in the last few years, the economic crisis facing rural America has devastated the private landowner's ability to put conservation on the Nation's private lands. Farm income has been down and repeated floods and drought have devastated the nation's farmland.

And funding for several of the conservation programs, such as the Farmland Protection Program and the Wildlife Habitat Incentives Program, authorized by the 1996 Farm Bill has been fully utilized, with no additional funding authority available even though demand for the programs is strong.

The FY 2001 President's budget seeks an additional $1.3 billion over authorized levels for conservation programs funded by the Commodity Credit Corporation. This increase is critical to strengthening farm family income while promoting environmentally sound land management. Overall, the NRCS budget proposes a total funding level of $2.2 billion, including $876 million in appropriated funding, for NRCS related programs and the $1.3 billion additional funding from CCC. Within the total appropriated, the budget proposes a net decrease of $6.2 million from the FY 2000 appropriated level that includes emergency funding.

Farm Safety Net Conservation Initiatives

Conservation Security Program.

Under proposed legislation, the President's budget proposes a new $600 million **Conservation Security Program (CSP)** to be administered by the NRCS. Technical assistance costs are estimated at 15 percent, or $90 million, within the total $600 million amount. We believe the CSP will strengthen ongoing conservation efforts and farm income by providing annual payments to farmers and ranchers who implement certain conservation practices. Without it, landowners may abandon conservation measures because they don't have the necessary financial resources. Having such a program would greatly assist the financially strapped agricultural community. The CSP would enable farmers to stay in business while helping the public benefit from conservation on agricultural lands. Ultimately, all Americans would benefit from clean air and water, reduced erosion, improved wildlife habitat and sustainable soil.

Voluntary conservation on agricultural lands is a successful approach to achieving conservation goals for clean water and clean air. Installing conservation measures like conservation tillage and nutrient management practices also have provided gains for the environment. So everyone benefits from such a program.

The Conservation Security Program would be broad-based to include family farms and ranches, non-program crops and private grazing lands, as well as traditional commodity sectors. Direct payments would be made to producers and operators to financially recognize and reward them for voluntary land stewardship. Farmers who are protecting our valuable natural resources would be rewarded and provided financial assistance to help them during down-turns in market and weather cycles.

Expanded acreage under Conservation Reserve Program.

Under proposed legislation, the total acreage enrolled in the **Conservation Reserve Program,** administered by the Farm Service Agency, would be expanded to 40 million acres from the currently authorized level of 36.4 million acres. The 40 million level was originally authorized with the Food Security Act of 1985. This increase of approximately 4 million acres coupled with bonus payments proposed for the continuous signup would have the positive result of increasing net farm income, while promoting the installation of more grassed waterways, filter strips, and riparian buffers. Overall, it would encourage enrollment of environmentally valuable acreage into the program.

President's Clean Water Action Plan and Farm Safety Net Initiatives

Mr. Chairman, the President's budget proposes to increase conservation as part of the Farm Safety Net Proposal and with the President's Clean Water Action Plan and as an additional benefit increase net farm income. These include increased funding for the Environmental Quality Incentives Program, NRCS Conservation Operations, increased Wetlands Reserve Program acreage, and annual funding for the Farmland Protection Program and Wildlife Habitat Incentives Program.

For the **Environmental Quality Incentives Program**, the President's budget proposes a $325 million total annual level. As you know, EQIP provides financial, technical, and educational assistance to farmers and ranchers who wish to implement conservation practices for land currently in agricultural production. Since the program was authorized by the 1996 Farm Bill, demand for the program has far exceeded the authorized funding level of $200 million. The budget proposal seeks an increase of $125 million to: address nutrient management and animal waste issues associated with the hundreds of thousands of Animal Feeding Operations (AFO) across the country; provide priority funding for environmental issues on tribal lands; provide assistance for Pacific salmon habitat recovery; and, fund demonstration or pilot projects for methane gas recovery and utilization projects.

Over the past decade, livestock manure has become a major environmental, social and political issue. The rise in the number of AFOs in

recent years has brought greater concerns regarding safe drinking water and food. Two pathogens commonly found in livestock feces, *Giardia* and *Cryptosporidium parvum*, have been linked to impairments in drinking water supplies and food safety concerns if manure is applied directly to crops at inappropriate times. The toxic organism *Pfiesteria* has caused human illness in several outbreaks along the East Coast. The outbreaks have been associated with excessive phosphorous runoff from manure applications on agricultural fields. We have worked with the Environmental Protection Agency to develop and implement a joint USDA-EPA Unified National Strategy for Animal Feeding Operations as part of the President's Clean Water Action Plan. It is crucial that financial cost-share, technical and educational assistance from EQIP be available to producers to help them develop and implement comprehensive nutrient management plans.

The budget proposes to provide $50 million in annual funding **for Wildlife Habitat Incentives Program (WHIP)** in support of the President's Farm Safety Net Proposal. WHIP was first authorized by the 1996 Farm Bill and has used all of the $50 million authorized to operate the program.

The President's budget proposes increased funding for **Conservation Operations** to provide additional NRCS technical assistance support for the AFO-related planning workload ($20 million), competitive partnership grants ($10 million) and increased funding for data collection and technical analysis, and pilot projects ($3 million).

In addition, the Farm Safety Net proposes to expand acreage for the **Wetlands Reserve Program** to meet the Clean Water Action Plan's goal of net increases in wetlands by 100,000 acres annually. Under proposed legislation, the WRP would be expanded to enroll 250,000 acres annually at a FY 2001 cost of $286 million. Re-authorized under the 1996 Farm Bill for an acreage total of 975,000 acres, the WRP will have enrolled all but approximately 40,000 acres by September 30, 2000.

Lands Legacy Initiative

Mr. Chairman, protecting our Nation's lands and preserving them for future generations is an important legacy we can leave future generations. Prime agricultural lands have been lost in small and mid-sized cities, not just near large metropolitan areas. Urbanization and development leads to fragmentation of agricultural land and the loss of prime farmland. From 1992 to 1997, nearly 16 million acres of agricultural land were developed.

The President's Farm Safety Net proposal funds the **Farmland Protection Program** (FPP) at a $65 million annual funding level beginning in FY 2001 to help states, tribes, and communities address the growing problem. The FPP was first authorized by the 1996 Farm Bill at a full funding level of $35 million through FY 2002. All of the funds were expended by September 30, 1998 in 19 states to acquire over 127,000 acres using 460 easements.

Livability Initiative

A new century poses new conservation challenges. We must work together to preserve our natural resources and make our communities more livable. As part of the Administration's initiative for promoting smarter growth, the President's budget proposes $5 million for the Community Federal Information Partnership and proposes $5 million for helping farmers plan, develop and implement biomass production systems.

The Community Federal Information Partnership is an effort designed to help the nation's communities make use of geo-spatial data by making it accessible to governments, businesses, academia and citizens. The $5 million requested would assist in the long-term development and maintenance of digital geo-spatial data that is critical to community development decision making.

The budget proposal also would help farmers interested in developing biomass enterprises by providing them with competitive start up grants and technical assistance.

Global Warming

As the President reported in his State of the Union message and in regard to what we hear almost nightly on the national news, global warming is one of the greatest environmental challenges of the new century. If we fail to reduce the

emission of greenhouse gases, droughts may become more frequent and unforeseen negative impacts on the global ecosystem could result. The President's budget requests a modest $15 million for NRCS to expand soil carbon studies and conduct pilot projects to assess various crop and livestock management techniques.

Other Conservation Program Highlights

Watershed Flood Prevention and Operations

The President's budget proposes funding for Watershed and Flood Prevention Operations at $83.4 million. The funding request for FY 2001 includes a new loan program to assist communities who have aging dams that may pose significant safety risks. Under the proposal, local communities and states would be able to take out low interest loans to help them defray the costs of rehabilitating the aging watershed structures across the country.

NRCS Delivery System

Technical Assistance Funding for CCC Funded Conservation programs.

The 1996 Farm Bill provided funding for NRCS technical assistance in two ways for CCC funded conservation programs. First, for programs like EQIP, the technical assistance was provided within the authorized level. For other programs, like CRP and WRP that are authorized by acreage enrollment limitations, the technical assistance components come from CCC funding authorities under the CCC Charter Act Section 11 reimbursable transfer authorities. In FY 1999 Congress provided $35 million in additional funding for WRP and CRP technical assistance costs in FY 2000. However, more funding is needed in FY 2001 if Congress enacts the President's budget proposals for expanding CRP and WRP acres. Under proposed legislation, the President's budget proposes to exempt CCC conservation program technical assistance from CCC Charter Act Section 11 cap through two approaches.

For those conservation programs that have a funding level identified, the technical assistance component has been added to the proposed authorized funding levels. For WRP and CRP, the budget proposes specific language exempting WRP and CRP technical assistance from the Section 11 cap in FY 2001 up to a limit of $75 million.

Increased funding for Conservation Technical Assistance.

The President's budget proposes an $86 million increase in funding for the Conservation Operations account. Twenty-eight million of the proposal is for funding to provide an increase in basic technical assistance to private landowners who are not typically participants in CCC cost-share conservation programs. The commitment to provide conservation assistance on private lands has become more difficult as NRCS has been asked to do more in recent years. This funding increase is essential for NRCS to continue to provide quality conservation on private lands. It will enable NRCS to place approximately 310 more trained personnel in the field to work directly with farmers, ranchers and private landowners.

Common Computing Environment Funding

Mr. Chairman, another important tool necessary for getting good conservation on the ground is the ability of the NRCS to collect, process and share data electronically with partner agencies and customers. A key ingredient in providing well coordinated, quality assistance at USDA service centers is the replacement of separate agency computers and aging information technology systems with common computing environment along with re-engineered business processes. The ability to share common information reduces the need for redundant information requests, the number of office visits and overall, the paperwork burden faced by customers participating in multiple USDA programs.

The President's budget proposes to fund NRCS computer needs for FY 2001 under a Common Computing Environment, managed by the USDA's Chief Information Officer through coordination of an executive board that includes the Chief of the NRCS. The budget proposes $75 million for this effort. In addition, NRCS will support this effort by transferring additional funding, as necessary, to support the Department's modernization plan and service center initiative to the benefit of all USDA service center customers.

An important part of the efforts to modernize field operations for the Natural Resources Conservation Service, the Farm Service Agency and the Rural Development agencies is the effective consolidation of three separate and largely redundant administrative systems into one under the proposed Support Services Bureau. This is a glaring inefficiency that needs to be eliminated. Consolidated support would be provided for information technology, financial management, travel, procurement, civil rights, and human resources management. These services would be provided under the direction of an Executive Director who would report to a board of directors comprised of the heads of the service agencies. Unfortunately, language in the FY 2000 Appropriations Act prevented us from implementing our plans for the Support Services Bureau. I ask that you take a look at that language and work with us to move our operations into the modern world. By pooling resources in the

administrative arena, each agency will be in a better position to provide greater program support.

Conclusion

In conclusion, the environmental and financial concerns facing American's farmers and ranchers pose a daunting challenge. But, we also have a great opportunity ahead. With your help, we can strengthen the family farm, make important investments in land conservation, and ultimately, leave a healthy environmental legacy for our nation's children.

This concludes my statement, Mr. Chairman. Chief Reed and I would be pleased to answer any questions you and Members of the Committee may have.

USDA Biographical Sketch

Jim Lyons
Under Secretary of Agriculture for Natural Resources and Environment



James R. Lyons was sworn in as assistant secretary of agriculture for natural resources and environment on May 12, 1993. He was nominated by President Bill Clinton on March 9 and confirmed by the Senate on May 11. His primary responsibilities are to direct the policies and supervise the activities and programs of the U.S. Department of Agriculture's Forest Service and the Natural Resources Conservation Service (formerly the Soil Conservation Service).

On October 20, 1994 as a part of the USDA reorganization, Lyons' position was elevated to that of under secretary for natural resources and environment.

The Forest Service administers programs for applying sound conservation and utilization practices to the national forests and national grasslands, for promoting these practices on all forest lands and for carrying out extensive forest and range research. The Natural Resources Conservation Service has the responsibility for developing and carrying out a national conservation program in cooperation with landowners, community planning agencies and regional resource groups, and with other federal, state and local government agencies.

Before being appointed to his present position, James Lyons served from 1987- 1993 as a staff assistant with the House Committee on Agriculture, where he was responsible for the policy and legislative activities of the committee affecting forestry and natural resources, conservation, environmental issues, pesticides, and food safety. Within that period, from 1989 through 1991, he was also the agricultural advisor to [then] Congressman Leon Panetta (D-Calif.). From March through December 1986 he was the staff director for the Subcommittee on Forests, Family Farms, and Energy, Committee on Agriculture. From April 1982 through March 1986 he served as director of Resource Policy for the Society of American Foresters in Bethesda, Md. He was a program analysts with the U.S. Fish and Wildlife Service, U.S. Department of the Interior, 1979-82.

He received a B.S. degree in forest and wildlife management with high honors from Cook College, Rutgers University, in 1977, and a Master of Forestry degree from Yale University in 1979.

Mr. SKEEN. I would like you, Mr. Reed, to have a chance for you to have your comments. If you would like to have some time, you are on stage.

Mr. REED. Thank you, Mr. Chairman.

Members of the committee, thank you for the opportunity to appear here before you today. I will keep my comments brief. With your permission I would like to submit my written testimony for the record.

Mr. SKEEN. It will be done.

Mr. REED. But I have two points I would like to make. First, in the great halls of the Capitol, there is a quotation from Theodore Roosevelt, 1910, and it reads, "The Nation behaves well if it treats the natural resources as assets which it must turn over to the next generation, increased and not impaired in value.".

And this is what I believe the NCRS is all about with our cooperating organizations throughout the country. I believe that as this committee goes about making decisions on the investment that we should make in conservation, that that is what this committee is all about. And I think working together we can be successful in turning over to this next generation increased natural resources assets that will be better for the next generation and the generation following that.

I would be happy along with Mr. Lyons to respond to any questions you might have.

Mr. SKEEN. We thank you.

[The information follows:]

Statement of
Pearlie S. Reed
Chief, Natural Resources Conservation Service
United States Department of Agriculture
Before the House Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
March 2, 2000

Thank you Mr. Chairman and members of the Committee for the opportunity to appear before you today. Conservation is important to me. I've spent most of my life and my professional career devoted to addressing environmental problems and getting sound conservation on the ground.

I want to thank the Committee for their support during the FY 2000 appropriations process. I promise you that I will do my best to make sure NRCS effectively and efficiently delivers the conservation programs and projects we have been directed to oversee.

I will continue our efforts to develop web-based tools that increase employee productivity in service centers and give many farmers and ranchers electronic access to automation that can assist them in making conservation decisions. As Chairman of the National Food and Agriculture Council, I am also working closely with the other field based agency heads to ensure that automation tools in service centers are user friendly for both our customers and

employees and that databases are seamless between the agencies and our partners.

I am hopeful that we will be able to work with the Committee to continue your funding support for conservation in FY 2001 and address the top conservation issues facing private landowners and operators, farmers and ranchers, and local communities.

In recent years, public concern for the environment and demand for NRCS technical assistance has increased dramatically. Public concern has grown about pollutants from animal feeding operations, improper application of pesticides and fertilizers, over-application of nutrients, continued excessive soil erosion, and poor land use decisions at the individual and community level. Invasive plant species on agricultural land, pfiesteria and other harmful algal blooms along our coasts, hypoxia in coastal waters, and declines in salmon and other fish and wildlife are leading the public to demand that agricultural producers act to address these natural resource issues.

However, few farmers and ranchers are able to respond to these demands on their own, let alone coordinate efforts at the watershed and regional scales. They frequently call upon the NRCS at the local level to provide them with technical assistance to address these emerging concerns and financial assistance from USDA conservation programs to help share the cost of implementing mitigating conservation measures. In addition, these concerns have required that we increase our investment in new, cost-effective, science-

based practices that producers can install, operate, and maintain. I have accelerated our work on identifying appropriate technologies with the Agriculture Research Service and with other research entities. I have made an initial investment to improve the technology transfer and technical training of NRCS' field employees to meet the demands for new and innovative solutions.

Mr. Chairman, as you know, the NRCS conducts a National Resources Inventory (NRI) every five years. Recently, the results of the 1997 study were published. Significant NRI results include:

- *Loss of prime and important farmland.* From 1992 to 1997, nearly 16 million acres of agricultural and forestland were developed. We are now losing 3 million acres per year, double what was lost each year from 1982 to 1992.

- *Soil erosion.* Nearly 2 billion tons of soil erosion is occurring annually on the Nation's non-Federal lands. Despite gains in erosion control during the past 15 years, there have been no substantial improvements since 1995.

- *Wetland losses.* The U.S. still has not reached the goal of "no net loss". But wetland preservation efforts, like the Wetlands Reserve Program are helping us move towards that goal.

- *Grazing lands losses.* The nation's grazing lands total 583 million acres and include pastureland, rangeland, and grazed forestland. Since 1982, total pastureland and rangeland have declined by nearly 26 million acres.

The FY 2001 budget proposals seek to address many of these significant NRI trends.

Discretionary Funding

Overall, the FY 2001 President's budget proposes a net decrease of $6.2 million from FY 2000 Appropriations level for NRCS' discretionary accounts, including supplemental funding provided in November 1999 for natural disasters. These budget proposals for discretionary funding reflect difficult choices for addressing the most significant environmental and conservation concerns.

Conservation Operations

Mr. Chairman, the FY 2001 budget request proposes an increase of $86.4 million for Conservation Operations from the FY 2000 appropriations level of $660.8 million. This increase is essential for NRCS to fund the necessary technical assistance components so vital to getting sound conservation on the ground.

Specifically, the budget includes a $28 million increase for providing basic technical assistance for private landowners who are not typically participants in CCC cost-share conservation programs. Assistance to these landowners and local entities has eroded in recent years. In addition, because of increasing budget constraints, we have had to indefinitely postpone essential training, eliminate key field positions, minimize partnerships, compromise administrative support, and postpone replacement of aging equipment. While we have taken internal steps through automation to improve our processes and increase the time available to provide direct customer assistance, we would like to improve our service even more by providing additional trained personnel in the local communities. However, we cannot do this without additional funding assistance.

The budget also proposes a $20 million increase to provide additional staff needed to perform the increased workload associated with developing nutrient management plans for Animal Feeding Operations (AFO). This is an integral part of the President's Clean Water Action Plan (CWAP). During the past 24 months, some form of state or local regulation on AFOs has been debated in 34 states. It is clear that solving the nation's nonpoint source pollution is critical to making drinking water safe and lakes, streams and rivers clean. NRCS provides leadership and technical assistance to local communities in addressing the environmental concerns associated with AFOs. Specifically, NRCS helps set the nutrient management technical standards, develops comprehensive nutrient management plans with producers, including the development and design of

manure management systems, and helps producers implement components of the plans.

The AFO related workload is tremendous. Based on our latest workload analysis, there are approximately 300,000 AFOs that will need some form of nutrient management planning in order to address the concerns of the Clean Water Act. With the proposed budget, we anticipate that we can complete the second year of a ten-year work plan to address this AFO workload. In FY 2000, Congress provided an additional $8 million for this increased workload, bringing the total funding for AFO technical assistance to $56 million. The FY 2001 budget proposes a total AFO workload effort of approximately $87 million under the Conservation Operations account, which includes a redirection of $11 million from within the technical assistance from other activities that are currently being provided within the account.

In other CWAP-related activities, the budget also proposes an increase of $13 million to provide $10 million in grants on a competitive basis to local organizations to coordinate watershed restoration activities among our Federal, State, and local partners allowing resources to be more effectively targeted and $3 million to enable additional environmental monitoring and research work that would be used to implement water quality assessment actions and set local and national priorities.

Fifteen million dollars is needed to support the Administration's Global Climate Change Initiative by expanding soil carbon studies and conducting pilot projects to better understand the impacts of climate change on soil carbon status. NRCS global change related activities have focussed on delivering technical assistance to help American farmers and ranchers cope with either human-caused climate change or natural climate variability that influences so many of their land management and farming decisions. NRCS efforts have emphasized the sequestration of atmospheric carbon in the soil, which increases the organic matter of the soil, and leads to improved rainfall infiltration, larger water and nutrient holding capacity, and reduced erosion. The increased funding would enable us to expand our understanding of soil carbon exchanges and develop new technologies and methods for improving carbon sequestration that will aid both producers and the wider American public.

Five million dollars is proposed to help farmers plan, develop, and implement conservation based biomass production systems, and an additional $5 million is requested again this year for the Community Federal Information Partnership. This will support the Administration's Livability Initiative through the development of consistent and compatible geospatial data systems.

Proposed funding remains stable for soil surveys, snow survey and water forecasting, and plant material centers. These functions play a vital role in the delivery of conservation services to private landowners. Soil surveys help us

understand soils, snow surveys provide information on future water supplies important to water conservation, and the plant material centers provide native conservation plants unavailable from other sources that help solve natural resource problems. Additional funds are not requested for mandatory pay increases or inflationary costs.

Grazing Lands. In FY 2000, Congress provided $17 million for the Grazing Land Conservation Initiative, a $2 million increase in funding from past years. The FY 2001 budget proposes to continue funding at that level. At the $17 million level, NRCS is able to maintain staff needed to provide technical assistance to private grazing landowners and managers.

In fiscal year 1999, approximately 700 NRCS employees allocated a majority of their time to providing technical assistance to over 28,000 individuals for grazing related issues. The total impact of NRCS assistance affected more than 20 million acres of grazing land. In addition, NRCS staff provided assistance with 790 grazing land demonstration projects nationwide that demonstrated grazing land technologies and management, and conducted over 1,800 education and awareness activities (workshops, field days, tours, etc.) involving more than 100,000 individuals. With the increase in FY 2000 funding for Grazing Lands Conservation, NRCS expects to build upon the FY 1999 effort and impact on more than 22 million acres of grazing land.

Resource Conservation and Development (RC&D)

Through the RC&D program, NRCS works in partnership with local volunteers organized as Resource Conservation and Development Councils representing multi-county areas. Council members include local civic and elected officials who set an agenda to care for and protect their natural resources while improving local economies and quality of life. RC&D Councils, established as non-profit entities, undertake projects in the areas of natural resource improvement, recreation and tourism, and economic development. These Councils operate on the premise that local people know the most about the local natural resource and development needs. Currently, 315 USDA designated RC&Ds serve 2,304 counties in all 50 states, the Caribbean, and the Pacific Basin.

Information gathered from our new RC&D management database indicates that councils and their partners are very active in the development and expansion of rural business. In FY 1999, 248 new businesses were created with RC&D assistance. RC&Ds helped expand 284 businesses, and financially assisted 678 businesses with non-RC&D funds. An estimated 3,000 jobs have been created through Area projects. The councils also are very effective in obtaining grant funds to implement their projects. Those Areas reporting in our database brought in over $312.8 million to rural America. Efforts to improve

natural resources have resulted in improvement of 500,000 acres of wildlife habitat, improvement of 510,000 acres of lakes, and 1,500 miles of streams. Educational projects have helped 556,000 people develop new skills. RC&D projects have helped 446,500 economic or socially disadvantaged people.

Mr. Chairman, this program plays a vital role in rural communities. The President's budget proposes an increase of $1 million to support mandatory pay increases that cannot be absorbed without seriously degrading the program's success and benefits.

Watershed and Flood Prevention Operations

In FY 2000, the Watershed and Flood Prevention Operations account was reduced by $7.8 million in financial assistance from the appropriated level of $99.443 million as a result of the rescission associated with P.L.106 -113.

For FY 2001, the budget proposes a decrease of $88.2 million from the FY 2000 appropriations level of $171.6 million. This includes a reduction of $80 million in Emergency Watershed Protection (EWP) supplemental funding provided in FY 2000 and an $8.2 million reduction in financial and technical assistance provided under the account reflecting a redirection of administration priorities. The requested level of $83.4 million for the Watershed and Flood Prevention Operations account reflects the minimum needed to address high priority sub-watershed projects under the P.L. 78-534 and 83-566 program authorities.

Also included in the budget proposal is a new loan program for helping communities rehabilitate aging P.L.78-534 and 83-566 watershed structures that were built 30 to 50 years ago. A recent survey has revealed rehabilitation needs for more than 2,200 of these structures in 22 states for an estimated cost of $540 million. The budget proposes a $4.2 million subsidy budget authority that would be used to support a $60 million program loan level to provide loans to state and

local governments to help them begin to address this problem. Under the proposal, Rural Development offices would service the new loans and NRCS would provide technical assistance to communities receiving the loans on a reimbursable basis.

The budget also includes a proposal to use $3 million in funding to provide financial and technical assistance to communities to implement disaster mitigation plans

Emergency Watershed Protection. Of the $80 million in supplemental funding appropriated in FY 2000 to repair damages to waterways and watersheds resulting from natural disasters, NRCS has committed funds to 28 states. Currently, we have 173 EWP ongoing projects in 46 states. EWP provides vital assistance to local communities when disasters occur. For Hurricane Floyd, for example, NRCS provided assistance to 98 producers in 20 counties with the disposal of approximately 2 million dead animals. By having funding available, the agency was able to quickly provide the much needed financial and technical assistance.

In FY 2000, Congress provided $8 million for pilot rehabilitation projects in New Mexico, Ohio, Mississippi and Wisconsin. The State Conservationists in each state have been working with local watershed project sponsors and state dam safety officials to select high priority projects. We have set aside $2 million

for each state and expect that construction will begin by this fall and will continue through FY 2001. While we are in the planning process for these projects, local sponsors must obtain land rights, easements, permits and other project administrative needs, as well as finding financing for 35 percent of the total estimated cost of rehabilitation.

Watershed Surveys and Planning

Funding has been requested for FY 2001 at the same level as the FY 2000 appropriation, $10.368 million.

Forestry Incentives Program

In FY 2000 the Forestry Incentives Program was reduced by $948 thousand in financial assistance from the appropriated level of $6.325 million as a result of the rescission associated with P.L.106-113. The President's budget does not propose funding for FY 2001.

Commodity Credit Corporation Funded Conservation Programs

Conservation Security Program

Under Secretary Lyons has highlighted the budget proposal in his testimony, I would like to provide an overview of how NRCS would deliver the program if it were authorized and funded.

First, we would issue program regulations in an expedited manner. We would base our program delivery on past successes and complement other conservation programs. In the field, we would quickly train our existing staff and use conservation district employees to help us roll out the program.

The program will be designed to reward those who are currently maintaining sound stewardship on their private lands. It will ideally also provide an incentive for those who wish to increase their level of conservation treatment. Under the program, farmers and ranchers would receive an annual payment based on the level of conservation treatment covered by the program agreement. One option could have payments covering conservation measures by land use. Examples could be crop residue management for cropland, proper grazing use for range and pastureland, integrated pest management, hayland management, and irrigation water management for irrigated land.

Our goal is to gain conservation benefits. The Secretary has asked us to provide the opportunity for those not covered by current commodity programs such as owners and operators of grazing land, orchards, vineyards, as well as those covered by the current farm programs. Both of these groups are the NRCS traditional customers. Essentially, the program would be used to help keep past investments in-tact and reward good stewards of our natural resources.

Environmental Quality Incentives Program

This program, which began in late 1996, has provided producers and landowners with incentives to implement long term, comprehensive conservation farm plans. We've had some growing pains. We've listened to public and Congressional concerns, and we are taking action to reduce program processing problems and overall make the program more responsive.

The FY 2001 funding request reflects the full $200 million authorized level under current law and, an additional $125 million for a total program level of $325 million. Demand for EQIP has historically exceeded available funding. For example, approximately 52,000 program applications were received in FY 1999 with only 36 percent, or approximately 19,000 applications, approved. Cost-

share assistance programs like EQIP provide a significant incentive to installing voluntary conservation practices based on local and national conservation issues. Components of the $325 million EQIP budget include: $178.5 million for AFO related activities, $16 million for priority environmental issues on American Indian and Alaskan Native lands, $10.5 million for Pacific salmon habitat recovery and $3.6 million to fund demonstration or pilot projects concerning methane gas recovery and utilization projects. The remaining $116.4 million would be available for local priority conservation concerns.

Wetlands Reserve Program

Re-authorized under the 1996 Federal Agriculture Improvement and Reform Act (1996 Act), the program is authorized to enroll a total of 975,000 acres in permanent easements, 30-year easements, and wetland restoration cost-share agreements.

Through the end of FY 2000, the agency will have enrolled approximately 935,000 acres toward the total authorized for the program. The FY 2001 budget proposes to enroll the remaining 40,000 acres and under proposed legislation, to enroll an additional 210,000 acres for a total acreage enrollment of 250,000 acres. The proposed legislation would also increase the total annual enrollment to 250,000 acres through 2010. This requested program level is needed in order

for us to achieve a no-net loss of acres per year and begin to achieve our national goal of an increase in wetlands annually.

Farmland Protection Program

According to the Census of Agriculture, nearly 85 percent of domestic fruit and vegetable production and 80 percent of our dairy products come from urban influenced areas. Rapid development and urban sprawl have significantly threatened this valuable and productive farmland.

As part of the Farm Safety Net proposal, the budget proposes legislation to fund the Farmland Protection Program at $65 million level annually. The initial funding level of $35 million authorized by the 1996 Act was exhausted at the end of FY 1998. The FPP provides assistance to communities interested in protecting unique or prime agricultural lands from conversion to non-agricultural uses. The FPP provides matching funds to states, tribes or local government entities to acquire conservation easements or other interests in land. It helps protect strategic farmland from urbanization and ensures that valuable farmlands are preserved for future generations.

If the requested $65 million is provided in FY 2001, NRCS would be able to reduce the significant loss of prime agricultural lands and protect approximately 130,000 farmland acres from conversion.

Wildlife Habitat Incentives Program

First authorized by the 1996 FAIR Act, the program provides incentives to farmers, ranchers, and other landowners to install conservation practices that improve wildlife habitats. These practices include native grass restoration, riparian area restoration, and aquatic habitat establishment. The budget proposes, under new legislation, an annual funding level of $50 million since all available funds from the original authorization have been used.

Conservation Reserve Program

NRCS provides technical assistance to CCC in the delivery of this conservation program. Under proposed legislation, the acreage enrollment caps would be increased from 36.4 million acres to 40 million acres in FY 2001. The acreage increase, coupled with bonus payments proposed for continuous signup, would help address the significant problem of soil erosion and improve the quality of our nation's waterways.

The Department has concern regarding technical assistance funding to implement the WRP and CRP. These two programs fall under a legislative cap in the Commodity Credit Corporation fund transfers, known as Section 11. Although $35 million in emergency supplemental appropriations was enacted in

May, 1999 for the FY 2000 program to make up for shortfalls under this cap, our most recent estimates raise the possibility that amounts available may not be sufficient. This matter is under review within the Administration.

Conservation through Partnerships

Mr. Chairman, as you know, NRCS has operated since its creation through voluntary cooperative partnerships with individuals, state and local governments, and other Federal agencies and officials. That partnership is as important today as it ever was. In fact, it may be even more important, if we are to meet the challenging conservation problems facing our Nation's farmers and ranchers.

NRCS has worked with 4.7 million farmers, ranchers, producers, operators, private landowners and local communities to help them conserve their natural resources by gaining knowledge about new conservation problems and solutions, by providing guidance and advice, and by developing and helping implement conservation plans. NRCS does this by working with 3,000 local conservation districts that have been established by state law and with American Indian Tribes and Alaska Native Governments.

State and local governments contribute substantially, with both people and funding to complement NRCS technical and financial assistance. Approximately 7,750 FTE of assistance is provided annually by NRCS partners and volunteers. In addition, state and local governments match Federal funding by $1.60 for

every one Federal dollar provided for conservation. And Americans have generously given their time to volunteer with NRCS as part of the Earth Team Volunteers effort. In FY 1999, over 29,000 people volunteered their time locally, working approximately 350 FTE. The Points of Light Foundation calculated the value of this volunteer service at $10.4 million.

And we work closely with other Federal agencies such as our sister agencies in the Department of Agriculture, the Forest Service, Farm Service Agency, and Rural Development, as well as Agricultural Research Service, Cooperative State Research, Education and Extension Service and other Departments, including the Environmental Protection Agency.

Good conservation doesn't just happen. It takes all of us, including Congress, working together to make it happen. This concludes my statement, Mr. Chairman. I will be glad to answer any questions.



Pearlie S. Reed

Chief, Natural Resources Conservation Service
U.S. Department of Agriculture

Pearlie S. Reed was named chief of the Natural Resources Conservation Service by Agriculture Secretary Dan Glickman effective March 1, 1998. The NRCS works directly with private landowners to help them implement conservation measures, and with a broad array of state and local groups to sustain and enhance environmental quality.

In February 1997, Mr. Reed was named as acting assistant secretary for administration for USDA. In December 1996, he became team leader of the USDA's Civil Rights Action Team, which was created by the Secretary to do a thorough audit of USDA civil rights issues inside and outside the Department.

A 28-year USDA career employee, Mr. Reed is known for his strong leadership, clear vision, and keen understanding of how to integrate and implement massive change. For his leadership in conservation initiatives, Mr. Reed received the 1998 Professional Service Award from the National Association of Conservation Districts. In 1996, he received the Distinguished Presidential Rank Award—the highest award that can be bestowed upon a career Senior Executive Service member. That same year he received two USDA Honor Awards—as an individual and as a group leader—for his vision and leadership in developing implementing the most comprehensive reorganization in the 60-year history of the NRCS, formerly the Soil Conservation Service. The reinvention of NRCS has resulted in a more efficient and cost-effective agency with a strong commitment to customer service and conservation partnerships.

Mr. Reed was appointed on January 3, 1994, as associate chief of NRCS. From 1989 to 1994, he served as SCS state conservationist in California, where he was responsible for managing, leading, and directing a comprehensive soil, water, and resource conservation and development program for the state. He also led the USDA Drought Task Force in California. He received a USDA Honor Award in 1993 for his managerial commitment and leadership to equal opportunity and civil rights. He has also served as state conservationist in Maryland and as deputy state conservationist in Arkansas.

Mr. Reed served in the SCS national headquarters in Washington, D.C., from 1977 to 1981 in several positions, including financial manager, budget analyst, and administrative officer. In 1979, he served as administrative officer for the National Agricultural Lands Study.

He began his career with the SCS in 1968 as a student trainee at Walnut Ridge, Ark. Upon graduation, he went to Wisconsin as a soil conservationist. He later served as district conservationist in Sheboygan, and then as personnel officer and budget and accounting officer in the state office in Madison.

He is a native of Heth, Ark., and graduated with honors in 1970 from the University of Arkansas at Pine Bluff with a B.S. degree in animal husbandry and agricultural business. He received a Master of Public Administration degree, with honors, from American University in Washington, D.C., in 1980.

NEWS

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Biography



DANNY D. SELLS
ASSOCIATE CHIEF
NATURAL RESOURCES CONSERVATION SERVICE
U.S. DEPARTMENT OF AGRICULTURE

Danny Sells was named as the associate chief of the Natural Resources Conservation Service, effective March 1, 1998 Mr Sells joined the agency in 1993 as special assistant to the chief and has served concurrently as its director of legislative affairs since 1994

The Natural Resources Conservation Service has federal leadership for the nation's voluntary natural resources conservation program on private lands

Mr Sells helped guide the 1993 reorganization effort of the agency in response to Vice President Al Gore's National Performance Review These efforts served as a guide for the Departmental Reorganization Plan that resulted in legislation passed in 1994 He also provided guidance for the development of the conservation provisions in the Federal Agriculture Improvement and Reform Act of 1996 (Farm Bill) Additionally, he served as an advisor to the USDA Farm Bill teams and program managers in the implementation of this new farm legislation. From 1985 to 1993, Mr Sells served as a field representative and advisor on agricultural issues to United States Senator Al Gore.

Mr Sells and his wife Katherine have been Angus cattle and horse breeders for over 20 years As a conservation leader he has served as a district supervisor on the Washington County, Tenn Soil Conservation District and as a director of the Tennessee Association of Conservation Districts in the late 70's

Mr Sells, a native of Gray, Tenn holds a B A. degree in political science from the University of Tennessee in Knoxville

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February 1998

Dana D. York

Acting Director, Budget Planning and Analysis Division
U.S. Department of Agriculture
Natural Resources Conservation Service

Dana D. York was named the Acting Director of the Natural Resources Conservation Service, Budget Planning and Analysis Division in May 1999. As acting director, she provides leadership and staff support for the NRCS budget formulation process.

Prior to her current appointment, she served as a Special Assistant to the Chief of NRCS for Workload Analysis. Ms. York provided leadership for the development and oversight of the NRCS Field Workload Analysis which is part of the agencies overall Integrated Accountability System.

Prior to coming to Washington, Ms. York worked for NRCS for 22 years. In 1997 she was selected to serve as the Deputy State Conservationist in Ohio where she assisted with the leadership of NRCS programs. From 1994-1997, she served as the Executive Director of the Southeast Regional Agriculture and Natural Resources Forum and Southeast Regional Operations Partnership Liaison which coordinated regional partnership activities and programs with the Tennessee Valley Authority and other State and Federal natural resource organizations. During this period, she obtained her Masters Degree with honors from Middle Tennessee State University in Industrial and Organizational Psychology with an emphasis on the leadership and evaluation of transitioning organizations.

From 1987-1994, Ms. York served in several leadership positions for NRCS in Tennessee including State operation, programs and management, technology and resource conservation. She began working for NRCS in 1977 as a student trainee for NRCS. After receiving her degree in Agricultural Science with honors from Tennessee Technological University in 1979, she served as a soil conservationist in three field offices and district conservationist in two field office in Tennessee.

CURRENT YEAR STAFFING

Mr. SKEEN. And we will begin—let's take care of the current fiscal year before we talk about the budget request. And I think Mr. Lyons gave us a good overview of this situation. We share the same feeling. The technicians and the technical people that you have had on the ground have been sorely missed to some degree because we have just not had the force that we had at one time and the technical advice that you had. That is a large employment problem, very difficult to find people, because a lot of people don't have any technical tie to the ground and the environment that we had at one time. Do you have adequate financial resources to ensure that NRCS will not have to use reduction in force and layoffs or furloughs in the fiscal year 2000?

Mr. REED. Yes, sir. We do. But we have done that at the expense of cutting back to the point where we are doing things like not maintaining our fleet at an acceptable level. We have eliminated virtually all of our temporary employment, and we have done these things with the anticipation that as we move through this fiscal year into next fiscal year, we will be in a much better financial position. But we cannot continue to operate into fiscal year 2001 at the level of cutbacks we have made in the basic support structure in 2000.

TECHNICAL ASSISTANCE FOR FY 2001

Mr. SKEEN. In our meeting yesterday we talked about the funding priorities in this bill, and I just want to let you know that I appreciated your candor on the subject. But we just want to make sure that the financial resources that we do have are being managed in the best way possible. Your budget request in conservation operations includes an increase of $86 million. How much of that increase would go to on-the-ground technical assistance, and how much of that increase would be passed through the NRCS?

Mr. REED. All of the proposed increase will ultimately end up in the provision of technical assistance at the field office.

Mr. SKEEN. The field-office level.

Mr. REED. The field-office level. With the exception of, I think, there is a proposal for a $10 million or so grant program to be passed on to watershed sponsors, local conservation districts, to hire non-Federal coordinators.

STAFFING CHANGE

Mr. SKEEN. Last year the President's budget proposed an almost 1,000-person decrease in NRCS staffing. And this year the budget proposal increased the funding that will be result in over 1,800 staff year increase. Why the change in the philosophy?

Mr. REED. The 1,800 staff year increase, of course, reflects what Mr. Lyons talked about earlier. The 1,000—I think it was 1,055, to be precise—decrease that we thought we were facing last year at this time was a real figure at that time, but because of the direction that we got in the appropriations, and because of some of the things I mentioned earlier relative to us cutting back, we were able to manage, we believe, through this fiscal year without making that kind of reduction. We are going to have approximately 350 or

so staff year reduction this year, and we think we can manage that with attrition.

FY 2001 TECHNICAL ASSISTANCE PRIORITY

Mr. SKEEN. Within the $86 million increase, please identify the top priorities.

Mr. REED. The top priorities for the administration, of course, would be the provision of conservation technical assistance, to beef up our AFO/CAFO-type work.

Mr. SKEEN. On-the-ground personnel.

Mr. REED. On-the-ground work to work with farmers and ranchers, to deal with the challenges associated with comprehensive nutrient management planning, those kinds of issues.

Mr. SKEEN. I think that covers it pretty well. And we are in agreement on that.

Ms. Kaptur.

CCC FUNDING SHORTFALL

Ms. KAPTUR. Thank you, Mr. Chairman.

First of all I wanted to thank Mr. Lyons and Mr. Reed and all those others who have come from the Department for some of the excellent information that you are preparing that help the Congress and help the country get their arms around these questions of resource conservation. I am sitting here listening to you, and I am looking at these pictures of orchards, and I am looking at land converted to development here, and I am thinking, hmm, this is where I live. This makes sense to me.

I have some questions on your budget, and following on what the Chairman has asked, for this fiscal year it is my understanding that the NRCS may not have sufficient funds available through the CCC to carry out your technical assistance programs. I am wondering if you do have sufficient funds to maintain current level of services this year, and if not, how many positions are you going to have to reduce by the end of this fiscal year if you do not have sufficient funds?

Mr. REED. Okay. Where we have a big shortfall is in our ability to service what we believe now will be the program level for the Conservation Reserve Program, and that is about $35 million shortfall. And we believe that on or about the 30th or so of July, we will have exhausted the resources that have been made available to service that program. We have pretty much eliminated our temporary employment. We have cut back on just about every so-called nonfixed item of expense to try and ensure that we can maintain our permanent full-time work force. And we will be able to do that, but we won't be able, based on what we think is going to happen with the Conservation Reserve Program, to service that program in August and September.

SUPPLEMENTAL FOR TECHNICAL ASSISTANCE

Ms. KAPTUR. Mr. Reed, I don't know this, but has the administration included that additional need in its supplemental request to the Congress?

Mr. REED. I will have to ask Mr. Lyons or Mr. Dewhurst to respond to that.

Mr. LYONS. I think that is one for you, Steve.

Mr. DEWHURST. Well the answer is not yet. We are working with OMB. We are looking at the fiscal 2000 issue. The administration's proposal for 2001 would raise this legislative cap so that there is sufficient money beginning in 2001 to make the servicing available. But the issue this year we are still looking at with our folks at OMB.

SECTION 11 CAP

Ms. KAPTUR. What is the reason for the shortfall? Underfunding last year, or just something that was unanticipated?

Mr. REED. A combination of both. The reason for the shortfall is basically the section 11 cap, the CCC section 11 cap, which provides for only x amount of dollars to be spent, and there is not enough money within that cap to provide for the reimbursement for the technical services of NRCS to service CCC programs.

Ms. KAPTUR. Does that have any relationship to the fact that we quadrupled shipments through the CCC last year internationally, and some of those funds were drawn for other purposes?

Mr. REED. I don't believe so, but, again, I would have to defer to Mr. Dewhurst.

TECHNICAL ASSISTANCE FOR FARM BILL PROGRAMS

Mr. DEWHURST. Not directly. When the Congress enacted the farm bill in 1996, the Congress also authorized a series of conservation programs. The Congress also in the farm bill limited the amount of money the Commodity Credit Corporation can pay to other Federal agencies for services to the 1995 level.

The conservation programs that were created in the 1996 farm bill were not in existence in 1995, so there has never been sufficient money within this legislative cap to provide sufficient funds to the NRCS to service the programs. We have sort of struggled along the last 3 or 4 years. We found a few dollars here and there that were legally available, but, frankly, we have sort of exhausted all those resources now. So we don't have a lot of places to go unless the law is changed and this cap is eliminated or increased.

Ms. KAPTUR. Yes, Mr. Lyons.

Mr. LYONS. Ms. Kaptur, I would just say that the section 11 cap has been a source of debate for quite some time, particularly as demand has grown for conservation programs, as Steve has alluded to. I would implore you and all the members of the subcommittee, who I think understand this issue very well, to talk to your colleagues on the authorizing committee about this particular issue, because I think the assumptions that were made in establishing the section 11 cap don't fit today.

The belief was we should limit the number of bureaucrats we hire while we expand programs. It misses the mark in understanding that you need conservationists, you need the people who could provide the technical assistance to provide the additional services that come as those programs and demands have grown. And I think we need to correct that misperception. This isn't simply about more FTEs, it is about service to your constituents, it is

about service to the people we serve directly. That section 11 cap has become a tremendous problem for us to make sure we have the resources we need, not simply to grow the size of the agency. That is not the intent, but to make sure that we can actually provide adequate and appropriate service to the people who need it.

SOURCE OF TECHNICAL ASSISTANCE IN FY 2001

Ms. KAPTUR. I know that I am out of time here. I don't expect the authorizing committee is going to move anything this year, but I know they are doing hearings. But in talking to some of the Members, they don't expect that there is going to be any authorizing legislation passed relative to farm legislation. So where does that leave us?

Mr. LYONS. Well, not that I am a proponent of legislating on appropriations bills, but there is a place to fix it.

Ms. KAPTUR. I will have several additional questions in succeeding rounds. Thank you very much.

Mr. SKEEN. Mrs. Emerson.

VOLUNTARY AND REGULATORY RULES FOR CONSERVATION

Mrs. EMERSON. Thank you, Mr. Chairman. I want to welcome you all here and state for record that I really appreciate the great people that you all have working on the State and on the local level, particularly Roger Hanson, who is our State conservationist, and Ron Darden, who is one of our district conservationists. They and the field staff do a tremendous job, and I can't compliment them enough for their hard work.

Before I get into some specific questions, let me just say that I am a little bit confused, because on the one hand, Mr. Lyons, you talk about voluntary and incentive-based programs that promote best land management practices, a partnership effort, and then on the other hand suddenly we have TMDL regs, we have animal feeding operation strategies, we have roadless initiatives, we have got Forest Service management plans, and there is a lot of heavy-handed regulation here. These regulations are not voluntary. Consequently I guess I am somewhat confused by your statement that the administration committed to voluntary programs, because I get the feeling at times that there is a misunderstanding on the part of the administration that, quite frankly, our farmers know that if they don't take care of the land, the land is not going to take care of them. And I think that I am a little bit put off by the heavy-handedness. I just state that for the record.

REGULATION OF TOTAL MAXIMUM DAILY LOADS BY EPA

And let me go ahead and ask you, do you really feel like your involvement with the TMDL regs represents a partnership effort? I mean, these regulations are not voluntary.

Mr. LYONS. I don't know if you heard my comments earlier about a letter that was sent.

Mrs. EMERSON. I did indeed.

Mr. LYONS. I would submit to you that we are not going to get anything done unless we work in partnership with farmers and ranchers and that USDA representing the interests of agriculture

and forestry works with EPA to make sure that whatever rules they promulgate make sense, that they achieve the goal we all share, which is improving water quality and maintaining the productive capacity of the land and the capability of producers to farm, to stay in business.

We are working with EPA to try and address those concerns, and I respectfully request that you hold fire until you see what comes of that dialogue and what comes out of the rules. The rules are not done yet.

ADMINISTRATION'S POSITION ON VOLUNTARY CONSERVATION

With regard to your comment, though, I know you didn't ask me to respond, but I couldn't help but respond to your comment about heavy-handedness. You know, I would suggest to you that public land issues are certainly different than the private land issues, but in none of those instances are we in the administration proposing, at least not from the USDA standpoint, any new or significant regulations. AFO/CAFO is a good example. It is largely a voluntary strategy. Ninety percent of all AFOs and CAFOs would not be affected in any regulatory way. The discretion exists to deal with those remaining 5 percent which EPA would administer. That is not a role that USDA would play. Demands that will be placed on NRCS and agriculture will come providing additional technical assistance and support. We pushed hard to make sure that that was the way to do business because we don't think a regulatory strategy will work in addressing these issues. We have proof to the contrary in terms of what we have succeeded with, as you commented in your opening remarks.

So I don't think there is any inconsistency here. The right tool for the right issue. When it comes to conservation issues, when it comes to dealing with clean water and private lands, et cetera, we need to stick with these voluntary approaches. We need to invest in them. We need to help land owners help themselves.

REGULATION AND PROPERTY RIGHTS

Mrs. EMERSON. I certainly don't think the TMDL is anything that is voluntary and does, in fact, deal with private property. Speaking of which, have you all done—and I understand you were asked this by Senator Lugar last week a cost benefit analysis on the TMDL regs. If not, are there plans in place for doing that before final regs are issued?

Mr. LYONS. We are in the process of assessing the workload that it would create for USDA doing a cost analysis there.

USDA SUPPORT FOR PROPERTY OWNERS

Mrs. EMERSON. How about for the property owners and farmers and ranchers?

Mr. LYONS. The EPA has an obligation in promulgating their own rule to assess what the costs are going to be. They have to do that in clearance and under SBREFA, as you understand. So we are in the process of assessing what we think the costs of implementation will be. That is a part of the ongoing dialogue. And we have some questions about the adequacy of the analysis they did,

and we are pushing back hard to try and make sure we get the right information.

Mrs. EMERSON. I would appreciate your pushing even harder because it remains to be seen that any of their analyses are balanced.

So you can't tell me right now what role you see USDA playing in the implementation process of the TMDL regs, or can you?

Mr. LYONS. Well, I can tell you that we don't have a role in implementing the regs. The EPA regs, that is EPA responsibility. We certainly have a role in dealing with non-point source pollution and water quality issues. We will continue to play that role aggressively spending upon the resources that this committee gives us.

Mrs. EMERSON. But you won't actually be working in EPA in making sure that——

Mr. LYONS. Not at all. Not in any way, shape or form.

Mrs. EMERSON. I have other questions. I will wait for the next round.

Mr. SKEEN. Mr. Farr.

URBAN SPRAWL

Mr. FARR. Thank you, Mr. Chairman.

You know, I fly across in country every week from here to California, and I am convinced just flying across the United States that the American landscape is more in the hands of USDA than it is in Interior, and that these programs we are talking about are really the key essence of the landscape. As you said, it is the mostly in private ownership.

First of all, I would like to thank you Mr. Sells and Mr. Reed for releasing the money and meeting with my constituents on this on the Salinas Valley water project. I appreciate your leadership on that.

AGRICULTURAL ISSUES IN CALIFORNIA

Secondly, I would like to tell you that I think that the attitude that we have in California is a little bit different than Missouri. Land owners in California have 33 million people. Urban sprawl is the number one political issue in the State. Farmers are getting much more progressive. They are realizing it is all about land use.

I think the frustration I have in looking at all these Federal programs is that it is not interrelated with local land use. I think you give away too much. I mean, most land owners in our area would be willing to give up the land that is necessary for habitat management and streambed riparian protection without being paid for it as long as the rest of the land they could manage without a lot of regulation.

WATER QUALITY PROTECTION

So the couple of things that are going on, we have the Farm Bureau and all of the ag interests signed into a program in Monterey Bay, which is a huge three-county region, the watershed goes into the national marine sanctuary which is one Federal policy. So what we are looking at is a water quality protection program for the whole watershed. I think this is the first time in the United States that it is going to be so comprehensive. It is a consortium of 25 gov-

ernment and private groups. It will be a partnership to enhance and protect the physical, chemical and biological conditions of the sanctuaries, the wetlands, into the sanctuary and the adjacent watersheds. The project will cover 5,000 square miles of marine water and 11 major watersheds covering 7,000 square miles; includes the regional monitoring, data sharing, urban and agricultural runoff, the marinas, the boating, the wetland, the riparian issues, point source pollution. And the focus of the program is to effectively integrate the large number of existing programs, State, Federal and local, and projects related to these issues, and to eliminate the gaps, redundancy, and pool resources to address the problem.

This will all be done by cooperative agreement, which has been signed. What I am asking NRCS to do is to help with some technical and financial assistance. And I really want you to look into this program and help us with this financial assistance. Your people on the ground are very keen on it. And we can talk more about that.

EASEMENTS

I am trying to figure out all these CSP and conservation reserve programs—you indicated that under the Conservation Security Program we give annual payments to farmers. And if we didn't do it, they would just abandon these conservation measures because they don't have the necessary financial resources. And the purpose of giving it to them is to reduce erosion, to improve wildlife habitat and sustainable soil.

Why don't we get back more? I mean, why don't we just have permanent covenants on that land? You are paying them for it. Why don't we buy an easement—rather than just make these annual payments? Relating to Mrs. Kaptur's comment, how much of this million acres per year that has been converted have we put Federal dollars there to try to keep that land in its proper natural state, and then the land owner gives up and says, well, I am not doing this anymore, we are going to sell it for housing.

We have already put a lot of dough in there to try to do the opposite. If, indeed, we are going to have preservation of ag land, and it is really complicated in California. You know what it is worth, $35,000 an acre. You got to make a living. If you buy ag land, you got to still make—payments on it, you got to make a killing. We grow things like strawberries and high value-added products. But we are in a new era where land owners who are serious about being in agriculture realize that they are going to have to manage their land properly. They are willing to put their own money into it to do it and to stay permanently in agriculture.

FEDERAL RETURN FOR PAYMENTS

I can't understand why we don't as a Federal Government get more permanency from the money that we put in and the aid that we give them so that when they do, if they do sell it, all the stuff that we have tried to do is for naught.

Mr. LYONS. I will attempt to address that, Mr. Farr. I think in part your question reflects the extent to which California is different from the rest of the world in that I think there is or has been stronger interest in California in designing programs that

would provide more permanency. But those aren't going to fly in Missouri or other parts of the world that the folks on the other side of the dais, I think, represent.

When we worked with the Congress in 1996 in putting together the farm bill programs, we tried to design programs, you know, as the authorizing committee that ultimately put this together, that would fit in the different circumstances across the landscape. So we do have provisions and programs that provide for permanent easements. But, for example, in the WRP program, the Wetland Reserve Program, we have provisions that wetland owners choose whether they want short-term or permanent easements. We have tools that provide for a range of circumstances in response to the needs of different land owners.

Mr. FARR. In that short term what happens if they give up and they abandon it? What have we gotten out of it?

Mr. LYONS. Well, we have gotten some conservation over the periods of time. Hopefully, through their experience, land owners are going to stick with it. We haven't had enough experience under this incremental easement program to know what the permanency will be. But the critical thing—

Mr. FARR. Do they have to pay back anything?

CONSERVATION INCENTIVES

Mr. LYONS. They would if they were to break the terms of the contract during its tenure, but not after the fact, as I recall.

I think an important point is, you know, in 1985, 1990, the original concepts for CRP, et cetera, were designed with a philosophy that what we got back was as producers participated in farm programs, they had to put conservation programs in place. They couldn't sod-bust, they couldn't swamp-bust. And they had to have conservation plans under conservation compliance in place. So what we, quote, got back was a commitment to conservation where term producers got farm program payments.

Now, the question is in 2002 if farm programs does appear, what are we going to have? So we are redesigning the system. The conservation security payments you referenced are a proposal to come up with a different system of investing in conservation, providing incentives, not threatening land owners, but saying we are going to compensate you for those commodities you can't capture in the marketplace; for the work you do to generate clean water, we are going to pay you for that. It is a public good. For the work you do to improve wildlife habitat which you can't capture unless you lease hunt your farm, we are going to pay you for that.

Mr. FARR. Don't you have to extract some permanency? Here is what happens is the better you take care of the land, in the long run the more valuable that land is going to be. So you have had the government essentially assist you in upgrading the quality of your land. Then you go and sell it for development, and you get a big price because the land is in better condition, and it is more attractive for building homes on, and the government gets nothing back.

I mean, let's take out an equity interest so when the development goes, at least we can share in the value of the development. I think we need to use more business sense here.

Mr. LYONS. Some of our programs provide for permanent easements. Farmland protection would. Forest legacy, which is actually a forest program, would. That is a philosophical debate that you all have to have, because ultimately you will write the laws that we have to implement in that context. That is how we came out in 1996.

Mr. SKEEN. Mr. Bonilla.

USDA'S POSITION ON EPA CLEAN WATER RULE

Mr. BONILLA. Thank you, Mr. Chairman.

Mr. Lyons, I will be very frank this morning because I think I speak for a lot of farmers and ranchers out there. We were so proud of the USDA's initial letter on the TMDL situation that came out of the EPA initially, that some of us in a bipartisan way, and including the Ranking Members on the authorizing committee as well, and the Chairman and key members of this subcommittee, again bipartisan, said, in essence, thank you.

I want to submit that letter for the record, if I could, Chairman.

[The information follows:]

Congress of the United States

Washington, DC 20515

December 15, 1999

The Honorable Carol M. Browner
Administrator
Environmental Protection Agency
401 M Street, SW
Washington, D.C. 20460

Dear Administrator Browner:

We are writing to convey our strong objections to the Environmental Protection Agency's (EPA) proposed rules to revise the Total Maximum Daily Loads (TMDL) program and the National Pollution Discharge Elimination System (NPDES) published in the Federal register on August 23, 1999, along with the guidance manual for the permitting of concentrated animal feeding operations (CAFOs) published on August 6, 1999. These proposed rules and guidance would have a significant negative impact on our nation's farmers, ranchers, dairymen, and forest landowners and operators.

In addition, and, regardless of the highly questionable legality of the proposals, they will prove detrimental to the constructive efforts and programs, which are currently employed to address non-point source pollution that may occur in rural areas. We would also like to clearly state our support for the positions expressed by the Department of Agriculture's (USDA) comment letters to EPA, as signed by Under Secretary James Lyons on October 22, 1999, on the aforementioned proposed rules and guidance.

Our concerns with the EPA proposed rules and guidance are many, but the most significant issues are:

-We seriously doubt the EPA has the legal authority to implement the proposed regulations.

-EPA's abuse of congressional intent regarding the distinction in non-point source pollution and point source pollution is arbitrary and capricious. Legislative history provides clear direction that non-point source pollution is distinctly different from point source pollution, therefore the procedures used to identify and manage these types of pollution must be different.

-EPA's disregard for administrative procedure attempts to establish new regulatory policy under the guise of "guidance" without supporting authorization in law.

-EPA's total disregard of the need for enhanced support to implement effective voluntary land management practices and programs impedes solving non-point source pollution problems. EPA is attempting to regulate non-point sources with antiquated point source pollution control requirements.

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-EPA's requirement for private information on CAFOs is abusive in its regulatory nature and may further erode the trust that farmers and ranchers have in USDA agencies and may well raise constitutional questions.

In closing, we wish to emphasize the importance of the following items as EPA considers any rules and guidance documents regarding TMDLs, NPDES permits and CAFOs:

1. Incorporate the recommendations offered by USDA, and also consider potential workload effects on USDA agencies.

2. In light of the negligible scientific foundation underlying watershed management, incorporate a much broader time-frame for planning and implementing non-point source programs than is suggested in the TMDL rules.

3. Enhance support for the existing non-point source programs authorized in Sections 208 and 319 of the Clean Water Act, emphasizing flexibility and partnerships for State, Tribal, and local decision makers.

4. Cease defining traditional non-point source pollution as point source pollution. We insist you avoid a regulatory approach to non-point source pollution abatement.

Thank you for considering our comments. We fully expect your agency to keep us informed as you continue to deal with these important issues.

Sincerely,

Joe Skeen, M.C.

Larry Combest, M.C.

Charles W. Stenholm, M.C.

Marcy Kaptur, M.C.

Henry Bonilla, M.C.

Allen Boyd. M.C.

Bill Barrett, M.C.

Bob Goodlatte, M.C.

David Minge, M.C.

cc: Secretary Glickman

Mr. BONILLA. We wrote to Ms. Browner saying thank you to USDA for standing up for the farmers and ranchers of this country and, quite frankly, standing up to some of the radical, extreme efforts by the EPA on TMDL. And we were disappointed that in the end you guys wimped out on the farmers and ranchers.

You are the U.S. Department of Agriculture. You don't have to carry the water for the EPA. You need to stand up for this Nation's agricultural industry. That is, after all, what this agency was set up for in the beginning, to look after those interests, and not some other agenda that might be out there that, quite frankly, is in contrast and adverse to what a lot of our farmers and ranchers are trying to accomplish out there.

At a recent hearing on TMDL before the Transportation Committee, you stated you were trying to work out concerns you have over the proposed regulations. I would just appreciate it—you don't have to get into it now if you don't want because this subject has been brought up a couple of times already—if you provide the committee with a list of those concerns and how USDA would like to see them resolved and the progress made on each one, because if the USDA does not take a strong stand in this area, the EPA is going to roll anything, any concerns that you might have.

[The information follows:]

TOTAL MAXIMUM DAILY LOAD

The main concerns of USDA are as follows. First, we want the EPA rules to show support for and recognition of the key role USDA conservation programs play in achieving water quality improvements. The USDA has forged many significant partnerships implementing Best Management Practices (BMPs). Farmers put in streamside buffers and idle environmentally sensitive lands to improve water quality. The Wetlands Reserve Program, the Environmental Quality Incentive Program (EQIP) and one of its predecessors the Water Quality Incentive Program have benefited thousands of farmers and ranchers and helped them to improve the productivity of their operations through improved conservation. The Conservation Reserve Enhancement Program (CREP) is playing an important role in protecting the waters of the Chesapeake Bay, salmon habitat in Oregon and Washington, and drinking water supplies for New York City. We want these voluntary partnerships to be given due credit. These on-the-ground actions need to be includes in what EPA considers "reasonable assurance" a Total Maximum Daily Load (TMDL) will be implemented. Second, we are discussing with EPA when and if silvicultural activities should be subject to National Pollutant Discharge Elimination System (NPDES) storm water permits. Implementation of BMPs can often alleviate water quality problems and EPA should utilize BMPs to the greatest extent possible. Third, we want the best-available science to be used by the EPA, States, and Tribes in setting and implementing TMDLs. Theoretical models sometimes have high levels of uncertainty and there are often gaps in the data regarding what is natural background pollution versus what is caused by human actions. When data or analytical techniques are lacking, that uncertainty needs to be recognized by the TMDL. Fourth, we want to work with EPA in developing comprehensive cost projections of the proposed TMDL rule. Finally, we want to establish good communication between USDA and the EPA, as well as our state and local partners. USDA has formed an interagency group with EPA to work through our concerns. That group has been meeting regulatory and while progress is being made, this is a technical area involving a great deal of complexity. The work of the interagency group is ongoing so it is difficult to provide specific conclusions at this time about the progress we have achieved.

REPRESENTING AGRICULTURE'S POSITION ON CLEAN WATER RULES

Mr. BONILLA. So I hope that the concerns of farmers and ranchers, agriculture, are addressed in this area. So if you would like to

comment briefly, fine; otherwise I would ask in essence to submit this for the record.

Mr. LYONS. I appreciate the opportunity to comment, Mr. Bonilla. I would assure you that we are not wimping out, to use your term.

Mr. BONILLA. You can see how a lot of people perceive that.

Mr. LYONS. I understand that. But what I have to worry about in the end is where we end up.

Mr. BONILLA. For agriculture.

Mr. LYONS. Where we end up for agriculture, and the Nation as a whole.

Mr. BONILLA. No, agriculture, U.S. Department of Agriculture.

Mr. LYONS. I understand that, Mr. Bonilla. I understand that perfectly well. I know what I need to do in my job to make sure that Agriculture's interests are represented, and we do a good job of ensuring we address clean water in a way that represents, reflects and is responsive to Agriculture's needs. I understand that perfectly well. But the way that letter was drafted unfortunately addressed legal issues that I don't have the authority nor the expertise to address, but a lot of legal opinions with whether or not EPA has the legal authority to do what they are doing. I will not engage——

Mr. BONILLA. It was your letter.

Mr. LYONS. Yeah, it was my letter. It had my signature block on it. I made that point before, Mr. Bonilla. I don't back down from that in any way, shape or form.

Mr. BONILLA. It sounds like you are.

Mr. LYONS. I am not. I am trying to make this clear, and if you let me finish, I will.

In addition, I don't think the way you fix a problem is getting in the face of the person that you have to work with to resolve this. And so we have taken a little different tack on this. We made our point, and now we are trying to work this out. The letter is great legal fodder for the litigation that may follow whatever rulemaking ends up with, but that was not my goal. My goal was to make clear we have some serious problems with the rule, how it has been drafted. We have worked as partners before. We need to get back to the table and work as partners again. That was my intent. I can assure you that is my goal.

We would be glad to give you a list of the issues that we are attempting to address here as well as describe for you the nature of the dialogue and what we hope that accomplishes.

URBAN RESOURCES PARTNERSHIP PROGRAM AUDIT

Mr. BONILLA. I appreciate that.

I would like to move to a different area. Last year Mr. Reed testified that the NRCS was being spread too thin. He outlined some concerns he has today as well that he has dealt with recently. Fleet maintenance is one thing you addressed. This question relates directly to a budgeting and prioritizing of funds. Once again, the budget this year is full of new initiatives and programs; however, at this time I would like to focus on a program that was started in fiscal year 1994 by Mr. Lyons. It was not authorized by Congress. The Urban Resources Partnership Program.

Recently the OIG audit identified approximately $21 million in misappropriated funds, funds that could have been used for fleet maintenance and personnel issues and office equipment and things that Mr. Reed was talking about earlier. This includes money spent to pay for Sierra Club outings, wall murals, and money used to fund civil lawsuits. But even more disturbing is your reluctance to accept the responsibility for programs placed under your leadership and created by you.

Under what authority did you expend these funds, and could you please provide the committee a detailed list for each of the fiscal years the program has been run by your Department, the exact money spent for each fiscal year, and from what accounts the money was taken?

Mr. LYONS. Be glad to provide that to you Mr. Bonilla.

[The information follows:]

URBAN RESOURCES PARTNERSHIP AUTHORIZATION

The authorizing legislation used by Natural Resources Conservation Services to support the Urban Resources Partnership is the Soil Conservation and Domestic Allotment Act, Public Law 74–46, 49 Stat. 163, 16 U.S.C. 590a–f.

URBAN RESOURCES PARTNERSHIP

Atlanta:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Street of Trees	99	Conservation Education	$24,300	$ 24,300	$ 54,887
Native Landscaping	99	Forestry, Community Gardens, Open Space Enhancement	$30,000	$ 30,000	$ 120,500
Oak Grove Park Restoration	99	Erosion and Sediment Control	$30,272	$ 30,272	$ 29,728
Whittier Mill Village Park	99	Forestry, Community Gardens, Open Space Enhancement	$38,483	$ 38,483	$ 36,517
Spring Green Day 2000	99	Conservation Education	$10,000	$ 10,000	$ 21,000
Stream Monitoring Network	99	Riparian, Flood Plain, Wetlands Enhancement	$14,900	$ 14,900	$ 17,587
Community Water Quality Partnership	99	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$ 25,000	$ 30,000
Garden Hills Park Improvements Program	99	Forestry, Community Gardens, Open Space Enhancement	$ 6,250	$ 6,250	$ 13,700
Partnership for Sustainable Communities	99	Conservation Education	$ 5,000	$ 5,000	$ 7,764
Springvale Park Restoration Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,750	$ 9,750	$ 12,030
Mt. Carmel Park	99	Forestry, Community Gardens, Open Space Enhancement	$42,500	$ 42,500	$ 81,000
Atlanta Total FY 99			**$ 236,455**	**$236,455**	**$ 424,713**
Total Projects		**11**			
Skipper Drive & Harwell Heights-Sandy Creek	98	Riparian, Flood Plain, Wetlands Enhancement	$43,073	$ 43,073	$ 33,077
Adopt-A-Stream Network	98	Conservation Education	$10,900	$ 10,900	$ 1,380
Wonder Wetlands	98	Riparian, Flood Plain, Wetlands Enhancement	$64,000	$ 64,000	$ 120,000
South Fulton Stream Protection Project	98	Conservation Education	$14,500	$ 14,500	$ 3,960
Land Between the Lakes	98	Erosion and Sediment Control	$33,461	$ 33,461	$ 66,182
Utoy Creek Watershed Project	98	Erosion and Sediment Control	$41,000	$ 41,000	$ 250,000
Tree Ordinance Revision	98	Conservation Education	$ 8,500	$ 8,500	$ 2,400
Samuel L Jones Boys and Girls Club	98	Erosion and Sediment Control	$14,150	$ 14,150	$ 1,395
Children and Urban Habitats Program	98	Wildlife Habitat Enhancement	$ 3,835	$ 3,835	$ 16,140
Cobb Trails as Outdoor Classrooms	98	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 2,500
Margaret Mitchell Outdoor Education Center	98	Wildlife Habitat Enhancement	$13,000	$ 13,000	$ 8,000
Big Haynes Creek Nature Center	98	Forestry, Community Gardens, Open Space Enhancement	$31,752	$ 31,752	$ 39,248
Atlanta Total FY 98			**$ 288,171**	**$288,171**	**$ 544,282**
Total Projects		**12**			
Atlanta Urban Gardening Program	97	Forestry, Community Gardens, Open Space Enhancement	$52,500	$ 52,500	$ 25,000
Wonderland Gardens, Inc	97	Forestry, Community Gardens, Open Space Enhancement	$ 89,200	$ 89,200	--
Mini-Park Environmental Facility	97	Riparian, Flood Plain, Wetlands Enhancement	$16,485	$ 16,485	$ 8,607
Pates Creek Nature Preserve Park	97	Conservation Education	$ 5,000	$5,000	$ 1,300
Utoy Stream Team	97	Conservation Education	$ 27,000	$ 27,000	$26,500
Daniel Johnson Neigh Replanting Project	97	Erosion and Sediment Control	$ 3,150	$3,150	$ 390

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Lake Claire Neighbors Watershed	97	Erosion and Sediment Control	$13,835	$ 13,835	$ 1,710
Carver Hills/Proctor Creek Riparian Corridor	97	Riparian, Flood Plain, Wetlands Enhancement	$95,200	$ 95,200	$ 216,550
The Chattahoochee Riverway Project	97	Conservation Education	$80,000	$ 80,000	--
Upper Chattahoochee Riverkeeper Fund, Inc	97	Conservation Education	$ 5,000	$5,000	--
Greater Atlanta Community Corps., Inc.	97	Erosion and Sediment Control	$10,000	$ 10,000	$ 782
Friends of Nancy Creek	97	Conservation Education	$ 1,700	$1,700	--
Environmental Youth Apprenticeship Program	97	Conservation Education	$33,119	$ 33,119	--
Young Atlantan's for the Environment (YAP)	97	Conservation Education	$ 1,119	$1,119	--
Harwell Heights and Collier Heights	97	Riparian, Flood Plain, Wetlands Enhancement	$16,927	$ 16,927	--
Atlanta Total FY 97			**$ 450,235**	**$450,235**	**$ 280,839**
Total Projects	**15**				
Benjamin E Mays High School Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,144	$5,144	--
Findley Oaks Forest	95	Conservation Education	$ 3,842	$3,842	--
Saporta Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,400	$5,400	--
Campus Wildlife Sanctuaries and Outdoor Learning Ctrs.	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,325	$6,325	--
Davidson-Arabia Nature Preserve	95	Other Community Conservation Improvements	$20,000	$ 20,000	--
David Baughman Memorial Nature Trail and Garden	95	Forestry, Community Gardens, Open Space Enhancement	$11,763	$ 11,763	--
Environmental Revitalization & Neighborhood Improve.	95	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$4,500	--
Peachtree Road in Brookhaven	95	Forestry, Community Gardens, Open Space Enhancement	$40,172	$ 40,172	--
Oxbo Road Linear Park	95	Riparian, Flood Plain, Wetlands Enhancement	$35,000	$ 35,000	--
Streambank Stabilization of Nancy Creek Pilot Project	95	Erosion and Sediment Control	$15,000	$ 15,000	--
Sandy Springs Revitalization Demo Streetscape Project	95	Forestry, Community Gardens, Open Space Enhancement	$28,798	$ 28,798	--
Nature Trails and Outdoor Classrooms in DeKalb County	95	Forestry, Community Gardens, Open Space Enhancement	$37,791	$ 37,791	--
Carver HillsTransformation	95	Forestry, Community Gardens, Open Space Enhancement	$53,600	$ 53,600	--
Cool Communities Education Project	95	Conservation Education	$ 7,720	$7,720	--
The Henry County Red Tail Nature Trail	95	Riparian, Flood Plain, Wetlands Enhancement	$20,000	$ 20,000	--
West Atlanta's for a Greener Environment	95	Other Community Conservation Improvements	$ 8,096	$8,096	--
Community Preservation & Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$ 15,000	--
Enhancement and Restoration of Wildlife Habitat	95	Wildlife Habitat Enhancement	$8,000	$8,000	--
Thomasville Heights Community Park & Beautification proj	95	Forestry, Community Gardens, Open Space Enhancement	$ 21,890	$ 21,890	--
Summerhill Community Park	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	--
Adopt-A-Park Program	95	Other Community Conservation Improvements	$10,044	$ 10,044	--
Community Preservation & Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,972	$1,972	--
Atlanta Total FY 95			**$ 385,058**	**$385,058**	--
Total Projects	**22**				

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Atlanta Community Gardening Project	94	Forestry, Community Gardens, Open Space Enhancement	$50,515	$ 50,515	--
Community Service Partnership with AURP	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,850	$5,850	--
Bankhead Courts Family Gardening Program	94	Forestry, Community Gardens, Open Space Enhancement	$ 1,800	$1,800	--
Organic Gardening and Community Landscaping Project	94	Forestry, Community Gardens, Open Space Enhancement	$35,914	$ 35,914	--
Whisper Park	94	Other Community Conservation Improvements	$ 1,760	$1,760	--
Brown Village Cool Communities	94	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 15,000	--
Community Recycling Campaign and Environmental Educ.	94	Conservation Education	$ 4,335	$4,335	--
Chattahoochee River Corridor Project	94	Riparian, Flood Plain, Wetlands Enhancement	$43,042	$ 43,042	--
Mozely Park Greenway Trail	94	Forestry, Community Gardens, Open Space Enhancement	$32,000	$ 32,000	--
Waddell Park	94	Other Community Conservation Improvements	$19,950	$ 19,950	--
Volunteer Outreach Training Program	94	Other Community Conservation Improvements	$19,136	$ 19,136	--
Inman Park Neighborhood Parks' Restoration	94	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	--
Lake City Community Park	94	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$9,000	--
Citizen Stream Monitoring and Community Partnership Proj	94	Riparian, Flood Plain, Wetlands Enhancement	$23,489	$ 23,489	--
Operation Stream Team	94	Riparian, Flood Plain, Wetlands Enhancement	$ 2,236	$2,236	--
Big Creek Volunteer Monitoring and Education Pro.	94	Conservation Education	$25,000	$ 25,000	--
Environmental Collaborative Education project	94	Conservation Education	$ 8,476	$8,476	--
Butterfly Habitat	94	Wildlife Habitat Enhancement	$ 2,673	$2,673	--
Project Wetlands	94	Riparian, Flood Plain, Wetlands Enhancement	$16,514	$ 16,514	--
A Giant Step Into Nature's Classroom	94	Other Community Conservation Improvements	$25,000	$ 25,000	--
Atlanta Total FY 94			**$ 361,689**	**$361,689**	--
Total Projects	**20**				
Grand Total			**$ 1,721,608**	**$ 1,721,608**	**$ 1,249,834**

Boston:

Projects	FY	Project Category	URP Award*	Match**	Other Funds Leveraged
The Nonquit Street Green	99	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--
Native and Edible Demonstration Projects	99	Forestry, Community Gardens, Open Space Enhancement	$35,000	$35,432	--
Condor Street Beach Urban Wild Restoration	99	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$25,000	--
Community Composting Network	99	Other Community Conservation Improvements	$28,420	$33,250	--
Imani Community Garden for Children and Families	99	Forestry, Community Gardens, Open Space Enhancement	$15,000	$18,080	--
West Cottage Street Sustainable Development Initiative	99	Forestry, Community Gardens, Open Space Enhancement	$ 1,600	$1,600	--
East Boston Schoolyard Initiative	99	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,898	--
Urban Forestry and Gardening Through Effective Collaboration	99	Forestry, Community Gardens, Open Space Enhancement	$35,000	$45,700	--

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Rainbow Stewards Program	99	Forestry, Community Gardens, Open Space Enhancement	$22,500	$26,525	--
History Roxbury Orchard Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$15,000	--
Chelsea Creek Action Group	99	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Green Schoolyards: Planting the Seeds of Environmental Stewardship	99	Forestry, Community Gardens, Open Space Enhancement	$15,000	$19,000	--
Youth Action to Enhance Roxbury's Environmental Resources	99	Conservation Education	$30,000	$68,825	--
Boston Total FY 99			**$ 287,520**	**$354,310**	
Total Projects	**13**				
Safe Food from Langdon Street	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 34,469	--
Community Land Management and Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$17,202	$ 28,062	--
The Peace Garden	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 41,955	$-
Chelsea Creek Action Group	98	Forestry, Community Gardens, Open Space Enhancement	$ 100,000	$ 116,330	$-
Chelsea Community Gardening and Education Project	98	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,425	$-
Cooper Greenhouse	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 26,400	$-
Historic Fruit and Orchard Demonstration Project	98	Forestry, Community Gardens, Open Space Enhancement	$27,500	$ 33,187	$-
Water in the City Urban Garden Connections	98	Forestry, Community Gardens, Open Space Enhancement	$16,200	$ 16,200	--
Boston Total FY 98			**$ 255,902**	**$ 317,028**	--
Total Projects	**8**				
A Church Based Environmental Stewardship Program	97	Conservation Education	$ 7,500	$ 2,270	$-
Bessie Barnes Garden Extension	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	--	--
Chelsea Creek, A Boston URP Pilot Project	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$ 82,673	$ 19,265
Community Garden and Neponset River Access	97	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 18,703	$-
Fields Corner Open Space Renovation	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 13,968	--
Harbor Vision Crew 1998	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 21,750	--
Historic Fruit Orchard and Demo Orchard Proj	97	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	--	--
Lots of Growth	97	Forestry, Community Gardens, Open Space Enhancement	$15,000	--	$-
Youth Build Garden Project	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	--	--
Boston Total FY 97			**$ 150,000**	**$ 139,364**	**$ 19,265**
Total Projects	**9**				
Grand Total			**$ 405,902**	**$ 456,392**	**$ 19,265**

Buffalo:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
URP project awards - started 3rd quarter FY99	99				
Buffalo State College/Buffalo Community Beautification I	99	Forestry, Community Gardens, Open Space Enhancement	$ 7,800		
Crane Gardens Pocket Park	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,112		
Wildlife Habitat and Community Park	99	Wildlife Habitat Enhancement	$ 6,100		
Seeing Green	99	Forestry, Community Gardens, Open Space Enhancement	$ 20,000		
Fillmore Parkway Beautification	99	Forestry, Community Gardens, Open Space Enhancement	$ 24,000		
Plymouth-West Beautification	99	Forestry, Community Gardens, Open Space Enhancement	$ 40,000		
Outdoor Learning Center	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,616		
We Have A Little Garden	99	Forestry, Community Gardens, Open Space Enhancement	$ 4,000		
Symphony Circle Restoration I	99	Other Community Conservation Improvements	$ 17,980		
Fox Street Yard and Garden	99	Forestry, Community Gardens, Open Space Enhancement	$ 5,860		
Lewis/Holt/Lyman Streets Neighborhood Improvement	99	Forestry, Community Gardens, Open Space Enhancement	$ 18,000		
CURB. Community Understanding Revitalizes Buffalo	99	Other Community Conservation Improvements	$ 3,000		
Putting the Gardens Back in Towne Gardens	99	Wildlife Habitat Enhancement	$ 25,000		
Valley Park Restoration	99	Riparian, Flood Plain, Wetlands Enhancement	$ 30,000		
Japanese Gardens Restoration	99	Forestry, Community Gardens, Open Space Enhancement	$ 8,000		
Heacock Park Green Space Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000		
Parkside Tree Planting Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000		
Buffalo State College/Buffalo Community Beautification II	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,785		
Outdoor Sanctuary - Urban Green Space Development	99	Forestry, Community Gardens, Open Space Enhancement	$ 6,000		
Symphony Circle Restoration II	99	Other Community Conservation Improvements	$ 16,400		
Buffalo Total Projects FY 99			**$ 280,653**	**$-**	**$ -**
Total Projects	**20**				
	98	Not Active			
Buffalo Total Projects FY 98	**0**		--	**$-**	**$ -**

Chicago:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Garden Galleries	99	Open Space Enhancement	$12,000	$12,000	$179,200
Evergreen Lake Restoration/ Demonstration	99	Erosion Sediment Control	$15,000	$15,000	$37,525
Ecolgical Restoration Project	99	Wildlife/Hab Enhancement	$10,500	$10,500	$279,000
Greencorps Chicago River Project	99	Erosion/ Sediment Control	$45,000	$45,000	$168,750
Urban Native Tree Home & Nursery	99	Forestry/ Open Space	$5,000	$5,000	$303,712

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
St. Josephs Creek Restoration	99	Community Conservation	$10,000	$10,000	$49,427
Nature Trail Chicago Ag Sciences	99	Conservation Education	$37,000	$37,000	$21,525
Hamilton Greenway	99	Open Space Enhancement	$20,000	$20,000	$226,000
Youth Stewardship Ed Program	99	Forestry/ Wildlife	$20,000	$20,000	$12,755
Raceway Woods Restoration	99	Habitat Restoration	$27,000	$27,000	$82,740
Chicago Total FY 99			**$201,500**	**$201,500**	**$1,360,634**
Total Projects	**10**				
Englewood Conservation Project	98	Open Space Enhancement	$30,000	$30,000	$40,000
School Garden Initiative	98	Conservation Education	$20,000	$20,000	$917,254
Growing Jobs For Homer Homes 2	98	Open Space Enhancement	$20,000	$20,000	$166,500
South Chicago Clean & Green Task Force	98	Community Conservation	$25,000	$25,000	$11,550
Chicago Origins	98	Conservation Education	$10,000	$10,000	$33,000
Raceway Woods	98	Conservation Education	$35,000	$35,000	$66,740
Mighty Acorns Preservation	98	Forestry Open Space	$12,000	$12,000	$5,010
Project Vida	98	Open Space Enhancement	$28,000	$28,000	$43,500
Origin Site Extension	98	Community Conservation	$20,000	$20,000	$226,000
Altgeld School Garden Club	98	Community Garden	$15,000	$15,000	$22,350
Wolf Road Prarie Education	98	Forestry / Cons Education	$6,100	$6,100	$4,263
Project Soul II	98	Community Conservation	$50,000	$50,000	$0
Chicago Total FY 98			**$271,100**	**$271,100**	**$1,513,817**
Total Projects	**12**				
After school Action Programs, Montrose Point	97	Conservation Education	$18,000	$0	$24,700
Archi-Treasures, Garden Galleries	97	Conservation Education	$30,000	$48,420	$257,400
Chicago Academy of Sciences, Eco-Citizen II	97	Conservation Education	$5,000	$1,575	$5,000
Chicago Housing Authority-Horner Homes	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$1,000	$226,500
Chicago Housing Authority-Wentworth Garden Homes	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$7,125	$55,200
Chicago Partners for the American Dream, Pocket Parks	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$0	$117,900
Community Economic Development Association, Lincoln Park Harvey	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$0	$229,802
Fishin' Buddies, Beaubian Woods	97	Conservation Education	$20,000	$21,000	$20,000
Friends of the Chicago River, Lathrop Homes	97	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$0	$140,928
Joliet Park District, Pilcher Park	97	Conservation Education	$20,000	$0	$10,000
Lawndale Business and Local Development Corp /Openlands, lawdale Renaissance	97	Conservation Education	$38,000	$0	$38,000
Mid-South Planning and Development Commission, Bronzeville Greenway	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$11,000	$228,396

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Oak Lawn Park District, wetlands Education	97	Conservation Education	$10,000	$0	$11,000
Southeast Chicago Development Commission, Calumet Industrial Corridor	97	Forestry, Community Gardens, Open Space Enhancement	$22,000	$0	$22,842
Street Level Youth Media, Eco-Hood Video II	97	Conservation Education	$40,000	$11,412	$60,000
Village of Robbins, Midlothian Creek	97	Riparian, Flood Plain, Wetlands Enhancement	$60,000	$0	$268,500
Chicago Total FY 97			**$563,000**	**$101,532**	**$1,716,168**
Total Projects		**16**			
Black Metropolis Convention and Tourism Council, Project P R.I D.E.	96	Conservation Education	$25,611	$0	$25,398
Chicago Youth Centers, Fellowship House, Origins Site	96	Conservation Education	$112,000	$100,364	$112,000
DuPage County Forest Preserve District, Brewster Creek	96	Riparian, Flood Plain, Wetlands Enhancement	$100,000	$175,056	$104,391
Geneva Park District, Peck Farm	96	Conservation Education	$71,200	$79,153	$97,800
Illinois Department of Natural Resources, Urban-Watch	96	Conservation Education	$65,000	$157,917	$273,000
Kilbourn Park, Organic Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$8,050	$2,470	$21,950
Nobel Neighbors, Garden/Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$96,000	$5,607	$98,000
Northwest Austin Council, Garden/Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$6,300	$3,575	$43,700
Openlands Project, Neighborhood Native Plants	96	Conservation Education	$40,000	$22,906	$47,000
Pilsen Coalition for Families/Latino Youth Inc , Garden	96	Forestry, Community Gardens, Open Space Enhancement	$18,000	$20,329	$64,000
Community Renewal Society, Pleasant Valley Outdoor Center	96	Conservation Education	$51,006	$27,000	$51,489
Save the Prairie Society, Wolf Road Prairie	96	Forestry, Community Gardens, Open Space Enhancement	$3,300	$3,882	$148,700
Sleepy Hollow Elementary School, Prairie/Garden	96	Conservation Education	$4,500	$44,602	$8,500
Chicago Total FY 96			**$600,967**	**$642,861**	**$1,095,928**
Total Projects		**13**			
U of I, Cooperative Extension Service, Project S.O.U L.	95	Conservation Education	$110,000	$109,143	$145,000
Chicago Youth Centers, Elliot Donnelley Youth Center, Eco-Hood Video	95	Conservation Education	$20,000	$19,986	$20,000
Chicago Youth Centers, Fellowship House, Bubbly Creek	95	Conservation Education	$30,700	$37,764	$71,300
Citizens for Conservation, Flint Creek	95	Riparian, Flood Plain, Wetlands Enhancement	$18,750	$36,847	$31,250
Cook County Forest Preserve District Beaubeian and Schiller Woods	95	Conservation Education	$83,060	$146,096	$314,940
Friends of the Chicago River, U-CAN	95	Conservation Education	$13,580	$14,689	$17,000
George Rogers Clark Elementary School, Garden	95	Conservation Education	$13,000	$14,689	$12,420
Greater Washington Park Advisory Council, Discovery Proj.	95	Conservation Education	$20,000	$0	$43,000
John Hay Academy, Garden	95	Conservation Education	$19,650	$120,000	$124,350
Kane County Forest Preserve District, Burnige	95	Forestry, Community Gardens, Open Space Enhancement	$34,000	$8,606	$50,000
Lathrop Homes Boys and Girls Club,	95	Forestry, Community Gardens, Open Space Enhancement	$30,009	$31,099	$47,000

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Nicholson Specialty School for Math and Science, Prairie	95	Conservation Education	$5,000	$0	$5,000
North Park Village Nature Center, Savanna	95	Conservation Education	$50,000	$50,700	$53,000
Oak Lawn Park District, Wetlands Education	95	Conservation Education	$20,000	$27,623	$25,000
Wredling Middle School, Prairie	95	Conservation Education	$30,000	$265,997	$219,000
Chicago Total FY 95			**$497,749**	**$883,239**	**$1,178,260**
Total Projects	**15**				
Chicago Academy of Sciences, Eco-Citizen	94	Conservation Education	$64,500	$87,500	$173,500
Chicago Park District, Gompers Park	94	Riparian, Flood Plain, Wetlands Enhancement	$15,000	$52,342	$108,000
Chicago Youth Centers, Fellowship House, Garden	94	Forestry, Community Gardens, Open Space Enhancement	$2,500	$29,300	$7,700
Cook County Forest Preserve District, Beaubean Woods	94	Other Community Conservation Improvements	$125,000	$86,214	$323,000
Friends of the Chicago River, Prairie Wolf Slough	94	Riparian, Flood Plain, Wetlands Enhancement	$78,000	$64,110	$170,000
Jane Addams Conference, Westside Greenbelt	94	Forestry, Community Gardens, Open Space Enhancement	$55,000	$38,813	$67,000
The Nature Conservancy, Swalllow Cliff Woods	94	Conservation Education	$50,000	$57,400	$50,000
Chicago Total FY 94			**$390,000**	**$415,679**	**$899,200**
Total Projects	**7**				
Grand Total			**$2,524,316**	**$2,515,911**	**$7,764,007**

Denver:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Ken-Caryl Ranch Bird Monitoring & Education Project	98	Other Community Conservation Improvements	$4,896	$ 4,896	$ 10,776
East High School Angel Botanic Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$ 4,500	$499
Colorado Wildlife in the City	98	Conservation Education	$ 4,000	$ 4,000	$ 2,985
Neighborhood Garden Project - RAAP, Project PAVE, DMMDT	98	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$ 15,000	$22,300
Youth Conservators Initiative	98	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$122,500
Hallett Academy Garden Partners	98	Forestry, Community Gardens, Open Space Enhancement	$4,450	$ 4,450	$ 1,130
Peck Environmental Garden Center	98	Forestry, Community Gardens, Open Space Enhancement	$3,000	$3,000	$ 60
BioBox II: Exploring the Earth, Coming Home	98	Conservation Education	$5,000	$5,000	$1,180
Our Place on Cherry Creek: Lessons in Stewardship for ALL of Us	98	Conservation Education	$ 10,000	$ 10,000	$7,018
Aurora Nature and Tarascan Folklorico Summer Camp	98	Conservation Education	$ 10,990	$ 10,990	$8,797
City Park Nature Clubs and Camps	98	Conservation Education	$2,708	$ 2,200	--
Stencil-A-Drain Project for the City of Arvada	98	Conservation Education	$ 2,840	$ 2,840	$ 6,111
Denver Youth Naturally	98	Conservation Education	$ 7,000	$ 7,000	$ 60,454
The Green City Conifer-Hill-Kearney Habitats Project	98	Conservation Education	$ 7,500	$ 7,500	$ 3,800
Bridging the Generations Project	98	Conservation Education	$ 10,500	$ 10,500	$ 122,782

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Global Garden at Denison Montessori School	98	Forestry, Community Gardens, Open Space Enhancement	$4,100	$ 4,100	$ 8,060
Memorial Peace Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 20,000	$ 20,000	$ 22,005
Good Stewardship Program	98	Conservation Education	$ 7,000	$ 7,000	$ 4,316
Youth Renew	98	Other Community Conservation Improvements	$ 5,000	$ 5,000	$ 35,749
Arvada Sunrise Community Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,400	$ 4,400	$1,744
Cultiva!	98	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$2,592
Children's Garden at the Children's House	98	Forestry, Community Gardens, Open Space Enhancement	$4,875	$ 4,875	$ 8,181
James P. Beckwourth Outdoor Education Center	98	Conservation Education	$ 22,000	$ 22,000	$ 65,988
Earth Force: Youth Bringing Civic Action and the Environment Together	98	Conservation Education	$ 20,000	$ 20,000	$ 31,228
Urban Environmental Education Project	98	Conservation Education	$ 5,000	$ 5,000	$10,985
Expanding Community Partnership Through a Beautification Planting	98	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$51,311
Tree-Union	98	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 4,760
Enviro-Teens	98	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 49,960
Environmental Education Project: Enhancing the Urban Environment	98	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$ 31,900
Finding our Roots	98	Conservation Education	$23,500	$ 23,500	$ 14,350
Crossover / AYP Eco-Culture Summer Camp	98	Conservation Education	$10,595	$ 10,595	$ 1,200
Denver Total FY 98			**$ 276,854**	**$ 276,346**	$714,721
Total Projects	**33**				
Colorado Wildlife in the City	97	Conservation Education	$ 5,000	$ 5,000	$4,890
Stewardship/Science Summer Camp	97	Other Community Conservation Improvements	$ 5,000	$ 5,000	$8,500
Our Roots Youth Gardens	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,000	$ 4,000	$9,700
University Park School,"Peace Garden"	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,250	$ 4,250	$1,420
Radical Youth Discovering Environment	97	Conservation Education	$ 3,500	$ 3,500	$4,370
Valdez Hot Bed Honor Patch	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,600	$ 4,600	$11,725
Fruitdale Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,000	$ 4,000	$ 100
Native Youth & Native Environment	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,142	$ 3,142	$6,939
Arvada Sunrise Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 2,200	$ 2,200	$ 5,746
The Greening of Steele	97	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$ 19,439
4-H Entrepreneur's Eagle's Nest and Owl's Roost	97	Conservation Education	$ 10,770	$ 10,770	$ 42,110
Greening of Slavens Field	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 136,500
Butterfly Hope Summer Enrichment Program	97	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$ 48,670
Youth Renew	97	Other Community Conservation Improvements	$ 6,400	$ 6,400	$ 31,155
Good Stewardship Program	97	Conservation Education	$10,000	$ 10,000	$ 5,344

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Ken-Caryl Ranch Bird Monitoring & Education Project	97	Other Community Conservation Improvements	$ 4,000	$ 4,000	$ 4,867
Stencil-A-Drain Project for the City of Arvada	97	Conservation Education	$ 2,850	$ 2,850	$8,883
McAllisterGarden-Project PAVE Garden Collaboration	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 14,485
North West Aurora Cultural ECO-Garden Camp	97	Conservation Education	$ 8,000	$ 8,000	$3,320
Bluff Lake Env .Ed. Prog/Bridging the Generations Proj.	97	Conservation Education	$10,000	$10,000	$ 94,670
Wind, Water and the Urban Environment	97	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$ 18,388
The Greening of Capitol Hill	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 200
Student Stewardship	97	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$5,275
Denver Digs Trees	97	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 84,797
Boulder Creek Watershed Awareness Program	97	Conservation Education	$ 9,000	$ 9,000	$ 32,443
Urban Land Project	97	Forestry, Community Gardens, Open Space Enhancement	$18,000	$18,000	$ 23,620
Plant the Seed for Community Partnership	97	Conservation Education	$ 8,500	$ 8,500	$3,000
Project "Fostering Commun-A-Tree"	97	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 255
Commerce City Enviro-Teens	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 19,200
Honoring Our Mother Earth	97	Conservation Education	$13,000	$ 13,000	$ 47,803
City Park Urban Nature Clubs	97	Conservation Education	$16,500	$ 16,500	$ 184
Memorial Peace Garden	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 22,068
James P. Beckwourth Outdoor Education Center	97	Conservation Education	$15,000	$ 15,000	$ 54,836
Project GEESE	97	Conservation Education	$20,000	$ 20,000	$ 1,125
Folklorico Aurora – Tarascan	97	Conservation Education	$13,500	$ 13,500	$7,436
Finding Our Roots - A Project of the Urban Farms	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$ 50,000	$ 24,000
Eagleton Elementary School	97	Forestry, Community Gardens, Open Space Enhancement	$27,650	$ 27,650	$ -
Extending Your Reach	97	Conservation Education	$ 5,000	$ 5,000	$ 67,250
Denver Total FY 97			**$ 432,362**	**$ 432,362**	**$874,713**
Total Projects		**38**			
Howard Morarie Memorial Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$1,140
Metro Mobile Museum	96	Conservation Education	$ 4,960	$ 4,960	$ 129
Samuels Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,430	$ 5,430	$1,220
SOIL + H20 = WHAT?	96	Conservation Education	$ 3,930	$ 3,930	$ 30,343
Stewardship Camp	96	Other Community Conservation Improvements	$ 5,000	$ 5,000	--
Student Stewardship	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$4,450
Together We Can Save the Earth	96	Conservation Education	$ 5,000	$ 5,000	$9,400
Tri-District Children's Water Festival	96	Conservation Education	$ 2,400	$ 2,400	$2,123
Adopt-A-Park and Garden/An Intergenerational Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 8,900	$ 8,900	$ 33,700
Arvada Sunrise Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,500	$ 6,500	$821
Corridor Sculputre Garden/Ecosystem	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$10,000	$ 22,118

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Environmental Education for Early Childhood Education	96	Conservation Education	$ 9,100	$ 9,100	$ 4,577
Four Mile Park Pasture Revitalization	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,500	$ 6,500	$ 88
The Global Garden: An Environmental & Cultural Education Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	$ 6,805
Good Stewardship Program	96	Conservation Education	$ 5,000	$ 5,000	$820
Hamilton/Holm Outdoor Environmental Education Area	96	Riparian, Flood Plain, Wetlands Enhancement	$ 5,000	$ 5,000	$955
Hot Bed Honor Patch	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$15,700
The I Have A Dream Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,882	$ 4,882	$ 633
Wyman Accessible Playground	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,621	$ 6,621	$ 3,127
Youth and the Environment	96	Conservation Education	$ 5,000	$ 5,000	$ 83
A Sustainable Community Forest	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 29,520
Bluff Lake Environmental Education Program	96	Conservation Education	$10,000	$10,000	$71,583
Boulder Creek Watershed Environmental Education Prog	96	Conservation Education	$ 9,500	$ 9,500	$ 17,908
Children's Garden & Community Pumpkin Patch	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$11,480
Denver Digs Trees (DDT)	96	Forestry, Community Gardens, Open Space Enhancement	$24,000	$24,000	$ 83,300
Denver Summer of Stars Program	96	Other Community Conservation Improvements	$ 7,000	$ 7,000	$17,354
Folklorico Aurora - Aztec	96	Conservation Education	$ 8,500	$ 8,500	$2,648
Hocokato Ya (The Circle Project)	96	Conservation Education	$ 8,500	$ 8,500	$ 21,092
Kids For Parks	96	Forestry, Community Gardens, Open Space Enhancement	$12,500	$12,500	$15,950
Mi Jardin (My Backyard)	96	Forestry, Community Gardens, Open Space Enhancement	$16,000	$16,000	$ 1,308
Embracing Horses	96	Conservation Education	$18,500	$18,500	$ 27,340
Urban Land Stewardship Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	$ 13,382
Youth in Environmental Action	96	Other Community Conservation Improvements	$15,000	$15,000	$ 24,890
Commerce City Enviro-Teens	96	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$ 154,635
Fairview/Harrington Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 33,900
Honoring Our Mother Earth (Home)	96	Conservation Education	$26,880	$ 26,880	$ 21,378
Memorial Peace Garden	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 30,200
The Outdoor Classroom at the Oberon Shop Site	96	Riparian, Flood Plain, Wetlands Enhancement	$20,000	$ 20,000	$ 8,595
Villa Park Neighborhood & Youth Enhancement Project	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 62,320
Environmental Education Classroom	96	Forestry, Community Gardens, Open Space Enhancement	$ 270	$ 270	$ 1,445
Bicycle Water Testing Program	96	Conservation Education	$ 1,000	$ 1,000	$ 2,625
Denver Community Initiative	96	Conservation Education	$ 75,000	$75,000	$ 20,000
Urban South Platte Vegetation Survey	96	Conservation Education	$ 10,000	$10,000	$ 2,468
Operation Fit Kids	96	Conservation Education	$ 2,600	$ 2,600	$400
Enterprise Community Assistance Project	96	Other Community Conservation Improvements	$ 13,200	$13,200	$ 13,980
American Indian Environmental Institute	96	Conservation Education	$ 7,800	$ 7,800	$ 8,512

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Plant the Seed for Community Service	96	Conservation Education	$ 2,500	$ 2,500	$ -
4-H Young Entrepreneurs/ENOR	96	Conservation Education	$ 4,500	$ 4,500	$ 37,730
Denver Youth Naturally	96	Conservation Education	$ 5,000	$ 5,000	$ 13,700
Youth Environmental Entrustment Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$ 4,500	$ 18,662
Extending Your Reach	96	Other Community Conservation Improvements	$ 5,000	$ 5,000	$ 53,000
Denver Total FY 96			**$ 547,973**	**$547,973**	**$ 959,537**
Total Projects	**51**				
Environmental Service/Education Camp	95	Other Community Conservation Improvements	$ 4,000	$4,000	$1,110
Urban Habitats Development - Phase III	95	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$7,977
Environmental Edge	95	Forestry, Community Gardens, Open Space Enhancement	$ 13,500	$ 13,500	$3,218
Honoring Our Mother Earth	95	Conservation Education	$ 22,018	$ 22,018	$ 33,104
Aurora-Jewell Wetland Fence	95	Riparian, Flood Plain, Wetlands Enhancement	$ 20,132	$ 20,132	$2,318
Howard Morarie Memorial Garden/Educational Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,100	$ 3,100	$ 100
Adopt -A-Neighborhood Park/An Intergenerational Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,750	$ 5,750	$ 14,370
Commerce City Enviro-Teens	95	Forestry, Community Gardens, Open Space Enhancement	$13,326	$ 13,326	$6,818
Berkeley & Highlands Neighborhood Tree Project	95	Forestry, Community Gardens, Open Space Enhancement	$40,000	$ 40,000	$ -
Sun Valley Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$15,100	$ 15,100	$ 19,900
Stuart & Bayaud Garden Improvements	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,200	$3,200	$2,430
Wyman Park & Playground	95	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 15,000	$8,720
Community Garden Accessibility	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$4,539
Environmental Education Program for Early Childhood Ed	95	Conservation Education	$ 6,964	$ 6,964	$ 13,522
Mi Jardin	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$7,962
Corridor Sculpture Garden	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$8,146
Philips Science - Ecology Project	95	Conservation Education	$ 5,000	$ 5,000	$5,688
Denver Digs Trees (DDT)	95	Forestry, Community Gardens, Open Space Enhancement	$24,000	$ 24,000	$ 88,128
Karlis Family Center	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 29,250
Urban Habitat Classrooms	95	Forestry, Community Gardens, Open Space Enhancement	$50,000	$ 50,000	$ 73,940
Stedman Family Resource Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,000	$ 1,000	$
Denver Adopt-A-Trail	95	Forestry, Community Gardens, Open Space Enhancement	$13,150	$ 13,150	$ 12,874
The Troy Chavez Memorial Peace Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 7,000	$ 7,000	$ 35,352
Organizing Youth for Environmental Justice	95	Conservation Education	$ 7,000	$ 7,000	$ 3,010
Family Star Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$24,493	$ 24,493	$ 3
Youth in Environmental Action	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 31,192
Environmental Justice Project	95	Conservation Education	$11,000	$ 11,000	$ -

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Chatfield Discovery Pavilion	95	Forestry, Community Gardens, Open Space Enhancement	$ 13,132	$ 13,132	$ 116,868
Hope Center Interactive Environmental Education Project	95	Conservation Education	$ 15,000	$ 15,000	--
I-25/8th Ave. "On Ramp" Landscape Improvement/Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$ 113,305
The Urban Living Center	95	Conservation Education	$ 2,500	$2,500	$ 2,500
Hot Bed Honor Patch	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,400	$6,400	$500
Bluff Lake Education Project	95	Conservation Education	$ 9,000	$9,000	$ -
Youth Environmental Entrustment Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 14,000	$ 14,000	$ 14,570
Four Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 12,000	$ 12,000	$ 24,000
Denver Total FY 95			**$ 466,765**	**$466,765**	**$ 685,414**
Total Projects	**35**				
Grand Total			**$ 1,723,954**	**$ 1,723,446**	**$ 3,234,385**

East St. Louis

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Katherine Durham Artisanal Village Ed. Enhancement	99	Wildlife Habitat Enhancement	$42,000	$42,000	--
ESL Area Wetlands Project	99	Riparian, Flood Plain, Wetlands Enhancement	$50,000	$50,000	
Putting Water Resources to Good Use Through Installation of Dry Hydrants	99	Conservation Education	$9,740	$9,740	
Fountain of Youth	99	Forestry, Community Gardens, Open Space Enhancement	$1,775	$1,775	
East St. Louis Total FY 99 (Funding Pending Completion of Audit)			**$103,515**	**$103,515**	
Total Projects	**4**				
Tree Management and Water Quality in Hall Park	98	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Virginia Park Landscaping Project	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Neighborhood Law Office	98	Other Community Conservation Improvements	$22,000	$22,000	--
Operation New Spirit	98	Conservation Education	$30,000	$30,000	--
ASN-URP Beautification Project	98	Forestry, Community Gardens, Open Space Enhancement	$31,000	$31,000	--
Students for City Wildlife Habitats	98	Conservation Education	$15,000	$15,000	--
Project Clean Sweep III	98	Forestry, Community Gardens, Open Space Enhancement	$31,000	$31,000	
Greening Emerson Park	98	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
East St. Louis Total FY 98 (Funding Pending Completion of Audit)			**$354,000**	**$354,000**	--
Total Projects	**8**				
Blooming Warriors	97	Riparian, Flood Plain, Wetlands Enhancement	$50,000	$50,000	--
Carver Community Center Park/Playground	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Project Clean Sweep II	97	Forestry, Community Gardens, Open Space Enhancement	$50,400	$50,400	--
Neighborhood Law Office	97	Other Community Conservation Improvements	$37,200	$37,200	--
Emerson Park Revives, Reduces, Recycles!	97	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Katherine Dunham Artisanal Village	97	Other Community Conservation Improvements	$75,000	$75,000	--
Project Lansdowne: Block by Block	97	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Neighbors Place Tree Planting/Beautification Initiative	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--
Village in Transformation	97	Other Community Conservation Improvements	$29,300	$29,300	--
East St. Louis Total FY 97			**$461,900**	**$461,900**	--
Total Projects		**9**			
Neighborhood Mulching and Beautification	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
Project Lansdowne· Let Lansdowne Bloom and Grow	96	Forestry, Community Gardens, Open Space Enhancement	$24,000	$24,000	--
Alta Sita Community Parks	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
MetroLink MCC Trail	96	Other Community Conservation Improvements	$69,600	$200,000	--
Blooming Warriors Project	96	Riparian, Flood Plain, Wetlands Enhancement	$31,655	$31,655	--
Environmental Awareness/Control 2000	96	Other Community Conservation Improvements	$67,188	$67,188	--
Project Clean-Up Emerson Park	96	Other Community Conservation Improvements	$50,000	$50,000	--
Project Clean Sweep	96	Forestry, Community Gardens, Open Space Enhancement	$57,900	$57,900	--
Golden Garden Park Restoration	96	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Hall/Jones Park Lagoon Restoration	96	Erosion and Sediment Control	$100,000	$100,000	--
Alorton Eco-Awareness & Safe Haven Project	96	Other Community Conservation Improvements	$25,000	$25,000	--
ESL Neighborhood Demolition and Environmental Law	96	Other Community Conservation Improvements	$14,555	$14,555	--
God is Vital in Natures Goodness (GIVING)	96	Conservation Education	$7,000	$7,000	--
East St. Louis Total FY 96			**$531,898**	**$662,298**	--
Total Projects		**13**			
Gray Boulevard Beautification Project	95	Forestry, Community Gardens, Open Space Enhancement	$27,690	$27,690	--
Project Lansdowne· Vacant Lots to Pocket Parks	95	Forestry, Community Gardens, Open Space Enhancement	$22,000	$22,000	--
Fairlawn 4-H Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$5,750	$5,750	--
Developing a Tree and Shrub Nursery & Greenhouse	95	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Centreville Urban Park Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Neighborhood Pumpkin/Christmas Tree Farm	95	Conservation Education	$38,129	$38,129	--
SCC Natural Resources Corps	95	Other Community Conservation Improvements	$33,800	$33,800	--
East St Louisiana United to Save Mother Nature	95	Other Community Conservation Improvements	$20,000	$20,000	--
Renovation, Restoration & Creation of Lovejoy Educ Park	95	Other Community Conservation Improvements	$48,000	$48,000	--
Future Growth	95	Forestry, Community Gardens, Open Space Enhancement	$60,000	$60,000	--
Environmental Justice Awareness Education Project	95	Other Community Conservation Improvements	$12,000	$12,000	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
God is Vital in Nature's Goodness (GIVING)	95	Other Community Conservation Improvements	$13,300	$13,300	--
Triple AAA (Advocacy, Action, Awareness)	95	Other Community Conservation Improvements	$22,000	$22,000	--
Prairie for the Prairie State	95	Conservation Education	$10,100	$10,100	--
Alta Sita Community Parks	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Environmental Awareness/Control 2000	95	Other Community Conservation Improvements	$33,648	$33,648	--
Educational Video	95	Conservation Education	$12,000	$12,000	--
Blooming Warriors Project	95	Conservation Education	$20,000	$20,000	--
East St. Louis Total FY 95			**$478,417**	**$478,417**	--
Total Projects	**18**				
Grand Total			**$1,929,730**	**$1,929,730**	

Los Angeles

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
A Botanical Learning Center at Venice High School	98	Conservation Education	--	$-	--
A Children's Guide to Watchable Wildlife / Debs Pk	98	Conservation Education	--	$-	--
Ballona Dunes Restoration	98	Riparian, Flood Plain, Wetlands Enhancement	$ 9,805	$ 17,441	$ 17,754
Elyria Canyon Park Erosion Control & Wetland	98	Erosion and Sediment Control	$ 8,335	$7,818	--
Fairfax Village Community Greening	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Gateway to Silver Lake	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,630	$5,772	--
Glassell Park Elementary School Greening	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Hollywood Sunset Free Clinic	98	Conservation Education	--	$-	--
LA Grows - Greenwaste Recyc. & Composting	98	Conservation Education	$13,154	$-	--
Learning Trees - Fairburn Elementary School	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
The Naturalist	98	Conservation Education	--	$-	--
Reseda Trees & Greens	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Rosewood Community Garden	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Sun Valley Tree Planting & Maintenance Project	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
LA Regional Foodbank Urban Garden	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Los Angeles Total FY 98			**$35,924**	**$ 31,031**	**$ 17,754**
Total Projects	**15**				
A River Runs Through It - The Arroyo Seco .	97	Other Community Conservation Improvements	$46,585	$ 46,585	$ 26,317
Adopt-a-Beach School Program	97	Other Community Conservation Improvements	$47,465	$ 47,465	$ 30,004
Ballona Wetlands Dune Restoration & Educ Prog.	97	Riparian, Flood Plain, Wetlands Enhancement	$23,312	$ 23,312	$ 23,972
Building a Green Community - Samuel Gompers MS	97	Conservation Education			
Citywide Vine Planting Program	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,455	$3,455	$188
Cleaners Assistance Program	97	Other Community Conservation Improvements			
Downtown San Pedro Clean n' Green	97	Forestry, Community Gardens, Open Space Enhancement	$14,957	$ 14,957	$ 11,365

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Eastside Community Garden & Education Center	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	
Echo Park Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,978	$3,978	$ 4,222
Eco-Heroes	97	Forestry, Community Gardens, Open Space Enhancement	$52,494	$ 52,494	
Fire Ecology in an Urban Woodland	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,115	$3,115	$ 3,227
Greening of Reseda	97	Other Community Conservation Improvements			
LA Grows - A Community Garden Service Center	97	Forestry, Community Gardens, Open Space Enhancement	$39,584	$ 39,584	$ 65,651
La Tuna Canyon Wildflower Corridor	97	Wildlife Habitat Enhancement	$12,000	$ 12,000	$ 16,500
Multicultural Gardening	97	Forestry, Community Gardens, Open Space Enhancement	$49,771	$ 49,771	$761
The River Through Downtown	97	Riparian, Flood Plain, Wetlands Enhancement	$10,500	$ 10,500	$ 6,255
Santa Susana Mountains Docent Training Program	97	Conservation Education	$ 1,400	$1,400	$ 2,336
Selma Ave. Elementary School Gardens	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,346	$4,346	
T.R.E E.S.	97	Conservation Education	$30,000	$ 30,000	$ 57,108
Urban Environment & Ecology	97	Conservation Education	$ 4,500	$4,500	$ 2,881
Los Angeles Total FY 97			**$ 357,462**	**$357,462**	**$ 250,787**
Total Projects		**20**			
A Garden for Our Children	96	Forestry, Community Gardens, Open Space Enhancement	$26,000	$ 26,000	$ 22,688
Ballona Dunes Restoration	96	Riparian, Flood Plain, Wetlands Enhancement	$15,000	$ 15,000	$ 40,449
Cabrillo Coastal Park Native Plant Garden	96	Erosion and Sediment Control	$26,074	$ 26,074	$ 6,386
Earth Science - Dolores Mission Alternative School	96	Conservation Education	$30,971	$ 30,971	$ 19,753
Expo Neighbors Assoc. / LACC Greening Project	96	Forestry, Community Gardens, Open Space Enhancement	$21,760	$ 19,929	
Francis Avenue Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$23,394	$ 23,394	$ 9,230
Gardens for Birds & Edible Plants	96	Erosion and Sediment Control	$27,692	$ 27,692	$ 5,957
Inner City Outings	96	Conservation Education	$ 3,488	$3,488	$ 3,992
LA Grows - A Community Garden Service Center	96	Forestry, Community Gardens, Open Space Enhancement	$98,000	$ 98,000	$ 18,289
North East Environmental Leadership Coalition	96	Forestry, Community Gardens, Open Space Enhancement	$22,000	$ 22,000	$ 16,602
River Rangers of the Los Angeles River	96	Conservation Education	$ 3,811	$3,811	$ 14,562
StreetWorks	96	Other Community Conservation Improvements	$13,999	$ 13,999	$ 76,580
Whales on Wheels	96	Conservation Education	$ 5,000	$5,000	$ 2,922
You Are the Connection - Outdoor Experience Prog.	96	Conservation Education	$16,000	$ 16,000	$ 5,168
Helping Children Grow	96	Forestry, Community Gardens, Open Space Enhancement	$35,220	$ 35,220	$ 26,296
Urban Forest Restoration & Education	96	Wildlife Habitat Enhancement	$ 2,700	$2,700	$175
Water Wetlands & Wildlife ('96-'97)	96	Conservation Education	$27,000	$ 27,000	$ 15,844
Los Angeles Total FY 96			**$ 398,109**	**$369,278**	**$ 284,893**
Total Projects		**17**			
Los Angeles Total			**$ 1,250,226**	**$ 1,215,959**	**$ 942,826**
Adopt-a-Parkway	95	Forestry, Community Gardens, Open Space Enhancement	$30,000	$ 30,000	$ 25,938
Ballona Lagoon Marine Preserve	95	Wildlife Habitat Enhancement	$ 5,946	$5,946	$ 9,054
Beethoven Beautiful	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,000	$1,000	

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Belmar Child & Family Center	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,000	$ 6,977
Boyle Heights RCO / LANI	95	Forestry, Community Gardens, Open Space Enhancement	$22,000	$ 22,000	$ 33,300
Child Care & Parenting Program Organic Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,085	$3,085	$ 1,387
El Sereno Beautification & Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$21,000	$ 21,000	$ 15,699
Environmental Education for Disadvantaged Children	95	Conservation Education	$ 3,682	$3,139	
Environmental Justice/ Racism & Sustainable Living	95	Conservation Education	$ 2,500	$2,500	$ 7,781
Erosion Control - Santa Susana Mountains	95	Erosion and Sediment Control	$ 3,000	$3,000	$402
Fish, Our Valuable Natural Heritage	95	Conservation Education	$11,000	$ 11,000	$ 3,831
Greening of Castle Heights Elementary School	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,000	$414
Hands-on Equipment for Research Opportunities	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 17,425
Jordan Downs Urban Garden Project	95	Forestry, Community Gardens, Open Space Enhancement	$15,966	$ 15,966	
Lemert Park Village Streetscape/Beautification	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,865	$6,865	$270
Look Mom, No Soil	95	Conservation Education	$10,000	$ 10,000	$ 3,013
Los Angeles Regional Foodbank Urban Garden	95	Forestry, Community Gardens, Open Space Enhancement	$19,500	$ 19,500	$520
Los Angeles River Naturalist Training Program	95	Conservation Education	$25,000	$ 25,000	$ 1,227
Nickerson Garden Composting & Urban Garden	95	Conservation Education	$11,671	$ 11,671	
North East Trees/NOHO Art Dist Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$26,000	$ 26,000	$ 27,616
Operation Clean Sweep Vining Project ('95-'96)	95	Other Community Conservation Improvements	$16,764	$ 16,764	$ 11,648
PACE Urban Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$700
Ramona Gardens Informed Kids in Charge	95	Conservation Education	$12,320	$ 12,320	$ 3,317
Reseda Substation Greenscape Improvement	95	Other Community Conservation Improvements	$ 1,700	$1,700	$ 106,350
School Greening Project ('95-'96)	95	Forestry, Community Gardens, Open Space Enhancement	$23,364	$ 23,364	$ 3,676
StreetWorks -- Central City East	95	Other Community Conservation Improvements	$19,998	$ 19,998	$ 1,306
Sunland Blvd / Vineland Ave. Greening	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,940	$9,940	$ 11,279
Urban Forest Revegetation & Education	95	Wildlife Habitat Enhancement	$ 2,300	$2,300	$ 5,304
Urban Greening Project	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 7,722
Vermont Square Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 14,233
Vernon - Central Community Garden #2	95	Forestry, Community Gardens, Open Space Enhancement	$16,500	$ 16,500	$900
Water, Wetlands & Wildlife ('95-'96)	95	Conservation Education	$15,000	$ 15,000	$ 8,672
Watts Markham Middle School LA River Restoration	95	Riparian, Flood Plain, Wetlands Enhancement	$ 1,190	$1,190	$837
West Valley Occupational Center	95	Conservation Education	$19,457	$ 19,457	$ 1,662
Youth Empowerment Project Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$16,983	$ 16,983	$ 20,182
Youth Leadership Clean-up Project	95	Other Community Conservation Improvements	$10,000	$ 10,000	$ 36,750
Los Angeles Total FY 95			**$ 458,731**	**$458,188**	**$ 389,392**
Total Projects	**36**				
Grand Total			**$ 1,250,226**	**$ 1,215,959**	**$ 942,826**

Las Vegas:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Clark County Conservation Booklet	98	Conservation Education	$ 3,000	$ 3,000	$ 2,300
UNLV Dept of Environmental Studies Composting Study	98	Other Community Conservation Improvements	$ 1,500	$ 1,500	$ 533
Clark County Conservation Booklet II	98	Conservation Education	$ 2,000	$ 2,000	$ 3,300
Clark County Wetlands Park	98	Forestry, Community Gardens, Open Space Enhancement	$75,500	$ 75,500	$ 3,745
City of North LV Tree Planting/Cheyenne	98	Forestry, Community Gardens, Open Space Enhancement	$ 3,600	$ 3,600	$ 135
Clark County Museum Guild	98	Conservation Education	$40,000	$ 40,000	$84,480
City of Boulder City-Demonstration Proj II	98	Forestry, Community Gardens, Open Space Enhancement	$34,075	$ 34,075	$ 1,151
City of Boulder City-Community Gardens	98	Forestry, Community Gardens, Open Space Enhancement	$21,000	$ 21,000	$ 50
Las Vegas Total FY 98			**$ 180,675**	**$ 180,675**	**$95,694**
Total Projects	**8**				
O.K. Adcock Elementary School Landscape Retrofit	97	Conservation Education	$ 5,000	$ 5,000	$ 6,430
Boulder City Adams Boulevard Demonstration Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$27,835
KNPR Environmental Education Project	97	Conservation Education	$ 2,000	$ 2,000	$24,208
Martha P. King Elementary School Tortoise Oasis Project	97	Wildlife Habitat Enhancement	$ 2,500	$ 2,500	$ 9,807
Las Vegas Total FY 97			**$14,500**	**$ 14,500**	**$68,280**
Total Projects	**4**				
Grand Total			**$195,175**	**$195,175**	**$163,974**

New York:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Friends of Gateway/Neighborhood Open Space Coalition-Bringing Comm. to Jamaica Bay	97	Riparian, Flood Plain, Wetlands Enhancement	$ 182,500	$ 182,500	--
Partnership for Parks - NYC Dept of Parks and Recreation - Bronx River Program	97	Riparian, Flood Plain, Wetlands Enhancement	$ 182,500	$ 217,500	--
New York Total 97			**$ 365,000**	**$ 400,000**	--
Total Projects	**2**				
Citizens Committee of NYC - Neighborhood Environmental Leadership Institute	96	Conservation Education	$ 60,000	$ 140,908	--
City Parks Foundation - Urban Soil Mix Research and Demonstration Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 50,000	$ 237,360	--
City Parks Foundation - Urban Forest and Education Program - Preservation and Conservation of Staten Island Woodlands	96	Forestry, Community Gardens, Open Space Enhancement	$ 45,000	$ 92,707	--
Council on the Environment of NYC - Koskiusko St. Garden/Learning Center	96	Forestry, Community Gardens, Open Space Enhancement	$ 76,970	$ 88,527	--
Henry Street Settlement-Urban Force Environmental Internship and Stewardship Projects	96	Conservation Education	$ 90,000	$ 180,480	--
NYC Dept. of Parks and Rec.-Urban Park Ranger-Willow Lake Wetlands Nature Trail	96	Riparian, Flood Plain, Wetlands Enhancement	$ 22,000	$ 37,601	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Open Road of New York, Inc. - Community-Based Compost/Garden Systems	96	Forestry, Community Gardens, Open Space Enhancement	$ 80,000	$ 95,600	--
Regional Plan Association - Setting the NYC Agenda for the Future of the Regional Forest Ecosystem	96	Forestry, Community Gardens, Open Space Enhancement	$ 50,000	$ 57,644	--
Settlement College Readiness Program - Urban Resources Environmental Internship Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 20,000	$ 73,225	--
South Bronx Overall Development Corp - Third Avenue Urban Design Studio	96	Other Community Conservation Improvements	$ 39,930	$ 98,285	--
Staten Island Institute of Arts & Sciences - Burial Ground Environmental & Historic Documentation Project	96	Other Community Conservation Improvements	$ 8,500	$ 12,625	--
New York Total 96			**$ 542,400**	**$1,114,962**	--
Total Projects		**11**			
Mid-Bronx Desperadoes – Rock Garden Park Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 218,750	$1,800,000	--
Andrew Freedman Home – Grounds Restoration Project	95	Other Community Conservation Improvements	$ 138,022	$ 187,712	--
Phipps Community Development Corp. - Bronx River / Zooway	95	Other Community Conservation Improvements	$ 183,228	$ 406,200	--
New York Total 95			**$ 540,000**	**$2,393,912**	--
Total Projects		**3**			
American Forests – Conference Scholarships	94	Conservation Education	$ 8,400	$ 572	--
Andrew Freedman Home – Tree Pruning	94	Forestry, Community Gardens, Open Space Enhancement	$ 18,000	$ 18,000	--
Citizens Committee of NYC - Capacity Building Grants	94	Other Community Conservation Improvements	$ 50,000	$ 50,000	--
City Parks Foundation – Small Mammal Study	94	Wildlife Habitat Enhancement	$ 13,000	$ 22,675	--
Friends of Van Cortland Park - Forest Trail Map	94	Conservation Education	$ 17,500	$ 26,600	--
Green Guerillas – Composting Demonstration Sites	94	Forestry, Community Gardens, Open Space Enhancement	$ 6,685	$ 6,786	--
Learning Alliance/NYC Environmental Justice Alliance - Community Greening/Environmental Leadership Program	94	Conservation Education	$ 25,000	$ 53,984	--
Lower East Side Ecology Center - Composting Demonstration Sites	94	Forestry, Community Gardens, Open Space Enhancement	$ 6,530	$ 6,000	--
Mid-Bronx Desperadoes – Rock Garden Park Startup	94	Forestry, Community Gardens, Open Space Enhancement	$ 40,000	$ 89,642	--
NY Academy of Sciences Junior Academy - Black Rock Forest Video Project	94	Other Community Conservation Improvements	$ 15,000	$ 15,000	--
NY Academy of Science Summer Science Res. Training Program - URP Scholars	94	Conservation Education	$ 10,000	$ 10,000	--
NYC Audubon Society – Jamaica Bay Restoration Project	94	Riparian, Flood Plain, Wetlands Enhancement	$ 25,000	$ 25,000	--
North Brooklyn YMCA – After School Program	94	Conservation Education	$ 25,000	$ 25,000	--
Phipps Community Development Corporation - Bronx River/Zooway Startup	94	Other Community Conservation Improvements	$ 10,000	$ 15,825	--
Prospect Park Alliance -- Lake Monitoring and Restoration	94	Riparian, Flood Plain, Wetlands Enhancement	$ 25,000	$ 26,110	--
New York Total 94			**$ 295,115**	**$ 391,194**	--
Total Projects		**15**			
Grand Total			**$1,742,515**	**$4,300,068**	--

Philadelphia:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Making Way for New Trees	97	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	--	--
Environmental Leadership Development Initiative	97	Conservation Education	$5,382	$ 950	--
Chinatown Community Garden Project	97	Forestry, Community Gardens, Open Space Enhancement	$4,550	$21,612	--
Nature Saturdays West Park and 'Hood'	97	Conservation Education	$ 14,120	$24,853	--
Norris Square Teen Tree Tenders	97	Forestry, Community Gardens, Open Space Enhancement	$5,500	$ 6,374	--
Wissahickon at Schuylkill Streambank Restoration	97	Riparian, Flood Plain, Wetlands Enhancement	$8,805	$ 6,217	--
Water Quality Through Conservation & Education	97	Conservation Education	$ 15,000	$ 9,977	--
Urban Quality Monitoring Mentor Program	97	Conservation Education	$ 10,921	$10,921	--
The North Philadelphia Environmental Excellence Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 39,000	$31,948	--
Green Team II	97	Forestry, Community Gardens, Open Space Enhancement	$ 35,133	$51,196	--
Neighborhood Open Space Program	97	Conservation Education	$ 20,000	$17,012	--
Protecting Water Quality from Animal Wastes	97	Forestry, Community Gardens, Open Space Enhancement	$ 25,000	$ 5,783	--
Edison Community BIOME	97	Conservation Education	$ 50,050	--	--
Awbury Arboretum Restoration and Interpretation Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 80,150	--	--
Living in a Watershed	97	Conservation Education	$ 72,000	$20,764	--
Earth YES!	97	Conservation Education	$ 60,600	$ 316,582	--
Philadelphia Total FY 97			**$456,211**	**$ 524,189**	
Total Projects	**16**				
Demonstration Garden for Visually Impaired People	96	Forestry, Community Gardens, Open Space Enhancement	$5,000	$ 9,877	--
Turtle Park Greening	96	Forestry, Community Gardens, Open Space Enhancement	$9,660	$ 8,282	--
Nature Saturdays. West Park and the Hood	96	Conservation Education	$ 11,478	$34,684	--
Vernon Park Improvements	96	Forestry, Community Gardens, Open Space Enhancement	$ 16,300	$24,837	--
Garden of Industry	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,380	$32,799	--
Eastern State Penitentiary Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 53,377	$ 124,373	--
Learning Grove Project	96	Conservation Education	$ 15,510	$87,154	--
Liberty Lands	96	Forestry, Community Gardens, Open Space Enhancement	$ 59,000	$72,751	--
Community Land Resource Initiative	96	Forestry, Community Gardens, Open Space Enhancement	$ 51,848	$56,516	--
9th & Indiana Community Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,523	$15,278	--
Green Neighborhood Network II	96	Forestry, Community Gardens, Open Space Enhancement	$ 27,000	$30,299	--
Urban Environmental Education Camps	96	Conservation Education	$ 49,445	$64,629	--
Green Team	96	Forestry, Community Gardens, Open Space Enhancement	$ 54,000	$ 112,309	--
Operation Rain Barrel	96	Riparian, Flood Plain, Wetlands Enhancement	$ 20,021	$20,575	--
Urban Water Quality Monitoring Project	96	Conservation Education	$ 20,091	$20,091	--
Environmental Labs for Community Improvements	96	Conservation Education	$ 55,000	$65,560	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
PURP Community Conference	96	Conservation Education	$ 16,095	$28,929	--
Philadelphia Total FY 96			**$484,728**	**$ 808,943**	
Total Projects	**17**				
Garden for the Disabled	95	Forestry, Community Gardens, Open Space Enhancement	$ 20,845	$20,690	--
Streambank Restoration Demonstration Site	95	Riparian, Flood Plain, Wetlands Enhancement	$ 50,000	$97,033	--
Beautification Conservation Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 17,368	$17,787	--
Inner City Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$18,916	--
Pennypack Park Improvements	95	Riparian, Flood Plain, Wetlands Enhancement	$8,500	$ 9,165	--
Urban Environmental Education Camps	95	Conservation Education	$ 39,703	$72,305	--
Green Neighborhood Network	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$18,048	--
Baltimore Ave in Bloom: an Urban Botanical Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 17,500	$32,665	--
Garden Improvements	95	Forestry, Community Gardens, Open Space Enhancement	$4,994	$ 5,025	--
Johnnie Tillmon Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,051	$19,311	--
Vacant Land Education Project	95	Conservation Education	$ 28,580	$36,863	--
Food for Thought Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 26,336	$29,925	--
Environmental Labs for Community Improvements	95	Conservation Education	$ 49,000	$51,871	--
Environmental Theater	95	Conservation Education	$6,263	$ 6,313	--
Sustaining the Urban Forest	95	Forestry, Community Gardens, Open Space Enhancement	$ 19,956	$22,052	--
Garden Cultivators	95	Conservation Education	$ 36,575	$46,658	--
Green Team	95	Forestry, Community Gardens, Open Space Enhancement	combined w/1996 Green Team		
Reforestation of the Wissahickon Valley	95	Riparian, Flood Plain, Wetlands Enhancement	$ 28,500	$45,770	--
Urban Water Quality Monitoring Program	95	Conservation Education	$ 22,661	$22,661	--
Bartram Wetland Community Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 28,977	$49,779	--
Family Learning Garden	95	Forestry, Community Gardens, Open Space Enhancement	$2,454	$ 7,177	--
Philadelphia Total FY 95			**$453,263**	**$ 630,014**	
Total Projects	**21**				
Grand Total			**$1,394,202**	**$1,963,146**	--

San Francisco:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Adopt-A-Watershed Program Expansion	99	Conservation Education	$20,000	$20,000	
Arts Commission	99	Forestry, Community Gardens, Open Space Enhancement	$ 13,150	$13,150	$ 6,550
SF Community School	99	Conservation Education	$7,700	$ 7,700	
Friends of McKinley Square	99	Erosion and Sediment Control	$5,000	$ 5,000	
Friends of the Urban Forest, Youth Program	99	Conservation Education	$ 28,000	$28,000	$72,000

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Girls 2000	99	Conservation Education	$8,150	$ 8,150	
Green City Project	99	Conservation Education	$ 10,000	$10,000	
Heron's Head Wetland, Team Leaders	99	Conservation Education	$ 14,000	$14,000	
Kids in Parks	99	Conservation Education	$2,000	$ 2,000	
Literacy for Environmental Justice	99	Conservation Education	$5,000	$ 5,000	
Mariners Village	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$10,000	
Mission Housing Development Corp.	99	Forestry, Community Gardens, Open Space Enhancement	$ 40,000	$40,000	$33,000
Mission Neighborhood Centers	99	Conservation Education	$ 10,000	$10,000	
Randall Museum Friends, School Stewardship	99	Conservation Education	$ 11,000	$11,000	$50,000
SE Natural Areas Restoration Project	99	Wildlife Habitat Enhancement	$ 40,000	$40,000	
Visitacion Valley Greenway	99	Forestry, Community Gardens, Open Space Enhancement	$ 35,000	$35,000	$10,000
Visitacion Valley Middle School Garden	99	Conservation Education	$ 10,000	$10,000	
YO Recyclers	99	Conservation Education	$ 5,000	$ 5,000	
San Francisco Total FY99			**$ 274,000**	**$ 274,000**	**$ 171,550**
Total Projects		**18**			
Adopt-A-Watershed Program Expansion	98	Conservation Education	$ 25,000	$25,000	$43,450
Amador Street Trees – project terminated	98	Forestry, Community Gardens, Open Space Enhancement	$-	$-	--
Bay Trail Route Guide	98	Conservation Education	$ 2,500	$ 2,500	--
Earth Day Garden Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,462	$ 5,205	--
Friends of the Urban Forest, 3rd St. Corridor	98	Forestry, Community Gardens, Open space Enhancement	$ 14,070	$14,070	$ 370,794
Friends of the Urban Forest, Youth Program	98	Conservation Education	$ 16,082	$24,753	
The Garden Project	98	Forestry, Community Gardens, Open Space Enhancement	$ 25,000	$25,000	
Girls 2000 Gardening Employment Training	98	Conservation Education	$ 17,974	$17,974	--
Gloria Davis Middle School	98	Conservation Education	$ 7,833	$ 7,833	
Hunters Point Boys and Girls Club Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$ 8,957	$ 8,957	--
Kids In Parks, Hilltop Park	98	Conservation Education	$ 4,690	$ 4,690	
Literacy of Environmental Justice	98	Conservation Education	$ 5,190	$17,744	--
Pier 98 Wetlands Team leaders	98	Riparian, Flood Plain, Wetlands Enhancement	$ 9,790	$ 9,790	--
Project Area Committee, Open Space Planning	98	Other Community Conservation Improvements	$ 14,700	$14,700	--
SE Natural Areas Restoration Program	98	Other Community Conservation Improvements	$ 40,000	$40,000	$11,249
SE Health Center, Community Garden Program	98	Conservation Education	$ 3,390	$ 3,390	
SE Health Center, AIDS Grove Planning	98	Forestry, Community Gardens, Open Space Enhancement	$ 3,155	$ 3,155	
SF Arts Commission, Endangered Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 9,582	$15,775	
SF Conservation Corps	98	Forestry, Community Gardens, Open Space Enhancement	$ 5,574	$ 5,574	
Sojourner Truth Third Street Faire	98	Conservation Education	$ 15,227	$15,227	$44,228
Young Organized Recycles	98	Conservation Education	$ 12,100	$12,100	--
San Francisco Total FY98			**$ 245,277**	**$ 273,437**	**$ 469,721**
Total Projects		**21**			
Grand Total			**$519,277**	**$547,437**	**$641,271**

Seattle:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
People for Puget Sound	98	Riparian, Flood Plain, Wetlands Enhancement	$ 150,000	$ 115,118	$50,000
Seattle Total FY 98			**$ 150,000**	**$ 115,118**	**$50,000**
Bradner Gardens Park Project	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$28,210
Cascade Neighborhood Beautification and Stewardship Project	97	Other Community Conservation Improvements	$15,000	$15,000	$ 200
Duwamish Young Environmental Stewards	97	Conservation Education	$15,000	$15,000	--
Growing Green Gardens	97	Conservation Education	$10,500	$10,500	$ 8,475
Naturescaping for Urban Communities Project 2	97	Wildlife Habitat Enhancement	$44,000	$44,000	$ 4,610
Recreational Urban Water Trails	97	Riparian, Flood Plain, Wetlands Enhancement	$20,040	$20,040	$11,165
Building Greg Davis Park	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	$ 120,575
Thornton Creek Project	97	Conservation Education	$36,000	$36,000	$24,290
TREC - Teen Recreation and Environment Conservation	97	Conservation Education	$40,000	$40,000	$54,587
Urban Environmental Stewardship Project	97	Conservation Education	$45,000	$45,000	$ 100
Urban Youth Community Greening Project	97	Forestry, Community Gardens, Open Space Enhancement	$18,000	$18,000	$25,500
Central Area Community Greening project	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	$ 7,780
SODO Urban Corridor	97	Forestry, Community Gardens, Open Space Enhancement	$20,250	$20,250	$26,300
Urban Forestry Explorer Program	97	Forestry, Community Gardens, Open Space Enhancement	$35,000	$ 3,500	$ 350
Seattle Total FY 97			**$ 398,790**	**$ 367,290**	**$ 312,142**
Total Projects		**13**			
100 Vegetable Gardens	96	Forestry, Community Gardens, Open Space Enhancement	$14,440	$14,440	$19,910
Bayside P-Patch Improvement Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,900	$ 5,900	$ 100
Bresemann Forest Restoration	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,984	$ 3,984	$ 16
Partnership for Enhancement of Mount Lake Terrace	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$ 832
Creating an International Community Forest	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
Cultivating Communities: Building Community & Milk Gardens	96	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$98,625
Discover Roots	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,496	$ 9,496	$19,704
Dwamish Youth Initiative-Phase 2	96	Riparian, Flood Plain, Wetlands Enhancement	$30,000	$30,000	$49,060
Eastside Garden Projects	96	Forestry, Community Gardens, Open Space Enhancement	$13,229	$13,229	$14,421
Foothills Linear Trails/Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,684	$ 2,684	$ 2,816
Black River Buffer Planting	96	Riparian, Flood Plain, Wetlands Enhancement	$ 2,499	$ 2,499	$ 225
G R.E E.N Inner City Environmental Education Project	96	Conservation Education	$30,000	$30,000	--
Guadeloupe Garden Phase 2	96	Forestry, Community Gardens, Open Space Enhancement	$16,600	$16,600	$28,800
Hilltop Community Garden Expansion	96	Forestry, Community Gardens, Open Space Enhancement	$ 7,734	$ 7,734	$ 7,766
Homeless Youth Gardening and Wetland Restoration Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,625	$ 3,625	$ 235

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Kandle park Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,644	$ 4,644	$ 506
Kent Youth Horticulture Apprenticeship Program	96	Conservation Education	$ 3,541	$ 3,541	$ 459
Master urban Forest Plan for 72 Parks	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,984	$ 3,984	$ 8,266
Multi-cultural Household Hazardous Waste Education	96	Conservation Education	$20,058	$20,058	$ 46
Native Plant Supply Program	96	Forestry, Community Gardens, Open Space Enhancement	$28,000	$28,000	$ 3,800
Neighbors Park and Garden Project	96	Conservation Education	$10,426	$10,426	$13,742
Pelly Place Ravine	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 500	--
Piper Creek Watershed-Streets to Sound	96	Riparian, Flood Plain, Wetlands Enhancement	$ 9,900	$ 9,900	$16,149
Puyallup Tribe Habitat Preserve	96	Wildlife Habitat Enhancement	$ 8,100	$ 8,100	--
Restoring Native Plants in Open Space Areas #2	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,000	$ 2,000	--
School and Community Garden and Park	96	Forestry, Community Gardens, Open Space Enhancement	$11,973	$11,973	--
Snohomish Watershed Assistance Team	96	Wildlife Habitat Enhancement	$ 5,715	$ 5,715	$ 9,735
South Park Organic Cooperative Farm	96	Other Community Conservation Improvements	$10,000	$10,000	$41,905
Streetside Tree Planting	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,300	$ 3,300	$ 450
Sumner Sports Complex Trees and Trail Projects	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,034	$ 9,034	$ 7,116
Taking Back the Garden - Making the Garden Safe for the Elderly	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,865	$ 9,865	$66,265
Taylor Creek Restoration	96	Wildlife Habitat Enhancement	$ 9,600	$ 9,600	$19,380
TREC Teen Recreation and Environment Challenges	96	Conservation Education	$10,000	$10,000	$13,987
Tree Steward Field Guide	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,300	$ 2,300	--
Tree's for a Better Everett	96	Forestry, Community Gardens, Open Space Enhancement	$ 940	$ 940	$ 1,060
Urban Community Forestry Project	96	Forestry, Community Gardens, Open Space Enhancement	$20,000	$20,000	--
Urban Environment Project	96	Conservation Education	$ 8,000	$ 8,000	--
Urban Tree Project	96	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Weowana Park CITY Green Project	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$92,161
YMCA Earth Service Corps 96	96	Conservation Education	$15,500	$15,500	$ 600
YWCA Community Garden and Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,168	$ 3,168	$ 1,402
Naturescaping for Urban Communities #1	96	Wildlife Habitat Enhancement	$30,000	$30,000	--
The Urban King County Kitchen - Garden Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,564	$ 9,564	$ 1,123
56th Ave., West Tree planting	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,500	$ 5,500	$ 8,800
Adopt Everett Train Station	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	--
Seattle Total FY 96			**$ 505,803**	**$ 501,303**	**$ 549,462**
Total Projects	**45**				
Adams School Wildlife Habitat	95	Wildlife Habitat Enhancement	$23,452	$23,452	$25,240
Northwest Stream Center	95	Riparian, Flood Plain, Wetlands Enhancement	$32,000	$32,000	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
3701 Beach Drive SW Design	95	Forestry, Community Gardens, Open Space Enhancement	$13,680	$13,680	$15,330
Capital Hill Community Council St Mark's Greenbelt Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$30,633	$30,633	$ 8,792
Carkeek Park Play Area Improvement	95	Wildlife Habitat Enhancement	$46,537	$46,537	$20,123
Youth After School Adventures Program	95	Conservation Education	$12,500	$12,500	--
Dumas Bay Open Space Interpretive Signs	95	Conservation Education	$ 7,210	$ 7,210	--
Kent Apartment Based Compost/P-Patch	95	Conservation Education	$19,595	$19,588	$43,560
Brookside Elementary Environmental Education Gardening Project	95	Conservation Education	$ 2,516	$ 2,516	$ 9
Urban Park Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 7,000	$ 7,000	--
City of Renton Multifamily Recycling	95	Conservation Education	$ 3,502	$ 3,502	$ 5
Clover Creek Fish Ladders	95	Wildlife Habitat Enhancement	$ 7,500	$ 7,500	--
Neighborhood Tree Plantings	95	Conservation Education	$18,300	$18,300	$10,000
Gardens Renovation	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,300	$ 1,300	$ 772
,Young Gardeners	95	Riparian, Flood Plain, Wetlands Enhancement	$ 6,800	$ 6,800	$ 595
Hillside Creek Restoration	95	Wildlife Habitat Enhancement	$ 3,550	$ 3,550	$28,650
Filipino Youth Empowerment for Neighborhood Projects	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$20,000	$ 2,200
Franklin Pierce School District Horticulture Program	95	Conservation Education	$ 9,500	$ 9,500	$ 300
Hilltop Gardens Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 7,800
Guadeloupe Garden and Urban Farm Project	95	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	$22,000
Native Plants Center	95	Conservation Education	$22,522	$22,522	$ 1,782
Community Garden and Family Recreation Area	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	--
A Wild and Wooly Tale of Wetland Recovery	95	Conservation Education	$15,101	$15,101	$ 412,298
King County Surface Water Management Division White Center, Youth and Business Water Quality Improvement Proj	95	Conservation Education	$ 6,433	$ 6,433	--
Golden Hemlock Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	--
The Secret Garden Phase 2	95	Forestry, Community Gardens, Open Space Enhancement	$13,150	$13,150	$22,960
Know Your Urban Resources	95	Conservation Education	$12,500	$12,500	--
King School Neighborhood Forestry Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 4,150	$ 4,150	$ 850
Muckleshoot Environmental Project	95	Conservation Education	$20,000	$20,000	--
Clark's Creek Footbridge	95	Riparian, Flood Plain, Wetlands Enhancement	$ 6,900	$ 6,900	--
Rainier Valley Rose	95	Other Community Conservation Improvements	$49,450	$49,450	$ 7,830
Center Street Revegetation	95	Forestry, Community Gardens, Open Space Enhancement	$17,900	$17,900	$ 2,100
Redmond Elementary Stream Ecology and Rehabilitation Proj.	95	Forestry, Community Gardens, Open Space Enhancement	$19,927	$19,927	$ 7,778
The Neighborhood Environmental Team	95	Conservation Education	$18,670	$18,670	$ 1,662
Shoreline Environmental Project	95	Riparian, Flood Plain, Wetlands Enhancement	$ 2,500	$ 2,500	--

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Snohomish Native Plant Salvage	95	Wildlife Habitat Enhancement	$22,200	$22,200	$22,300
Longfellow Creek Youth Education and Employment	95	Conservation Education	$13,209	$13,209	$ 831
Spanaway Creek Riparian Enhancement	95	Riparian, Flood Plain, Wetlands Enhancement	$ 4,500	$ 4,500	--
Tacoma City Assoc of Colored Women's Club	95	Erosion and Sediment Control	$ 3,300	$ 3,300	--
Restoring Native Plants in Open Space Areas #1	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$ 1,500
YMCA Earth Service Corps 95	95	Forestry, Community Gardens, Open Space Enhancement	$30,900	$30,900	$ 800
Snoqualmie Valley Wetlands Project	95	Riparian, Flood Plain, Wetlands Enhancement	$ 2,500	$ 2,500	--
3701 Beach Drive SW Design	95	Forestry, Community Gardens, Open Space Enhancement	$13,680	$13,680	$15,330
Urban Market Garden Partnership	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,900	$ 9,900	$20,700
Seattle Total FY 95			**$ 626,967**	**$ 626,960**	**$ 704,097**
Total Projects		44			
Central Park Trail	94	Forestry, Community Gardens, Open Space Enhancement	$37,080	$37,080	$38,920
Young Environmental Savers	94	Conservation Education	$30,000	$30,000	--
Jackson Place P-Patch	94	Forestry, Community Gardens, Open Space Enhancement	$ 3,118	$ 3,118	$ 1,134
Phinney/Greenwood Street Tree Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 3,950
Ecosound '95	94	Conservation Education	$25,000	$25,000	--
Seattle P-Patch Building Community and Market Gardens for Seattle Housing Sites	94	Forestry, Community Gardens, Open Space Enhancement	$36,000	$36,000	$29,293
Duwamish Youth Initiative	94	Riparian, Flood Plain, Wetlands Enhancement	$40,000	$40,000	$13,670
University Heights P-Patch Expansion	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,996	$ 4,996	$ 2,364
Grassy Hill Environmental Enhancement Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,958	$ 4,958	$ 2,431
Baker Property Park Construction	94	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$ 658
Cleveland Memorial Forest Restoration Project	94	Wildlife Habitat Enhancement	$50,000	$50,000	$50,000
Jackson Street Murals and Flower Boxes	94	Forestry, Community Gardens, Open Space Enhancement	$ 2,451	$ 2,451	$ 1,822
Rainier Rose Pilot Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 4,045
Urban Wildlife Habitat at Alternative School #1	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,326	$ 4,326	--
Seattle Total FY 94			**$ 297,929**	**$ 297,929**	**$ 148,287**
Total Projects		14			
Grand Total			**$1,979,489**	**$1,908,600**	**$1,763,988**

South Florida:

Title	FY	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Bahama Village Landscape Proposal	98	Open Space Enhancement	$ 10,000	$ 10,000	
Beautification of Communities Served by Ft. Lauderdale Housing Authority	98	Conservation Education	$ 7,000	$ 7,000	
Cape Florida Wetland Restoration	98	Wetlands Enhancement	$ 10,000	$ 10,000	
Certification Training for Eco-tourism Guides/Interpretive Naturalists in Palm Beach County	98	Conservation Education	$ 8,800	$ 8,800	
City of West Palm Beach Street Tree Planting Project	98	Open Space Enhancement	$ 5,000	$ 5,000	
Comprehensive Invasive Exotic Removal Plan and Native Outdoor Classroom Project	98	Conservation Education	$ 10,000	$ 10,000	
Creation of Native Plant Nurseries in Four School	98	Conservation Education	$ 10,000	$ 10,000	
Eastside Community Garden	98	Community Gardens	$ 4,000	$ 4,000	
Florida Keys Sustainable Landscape Restoration	98	Conservation Education	$ 10,000	$ 10,000	
Inner City Neighborhood Environmental Enhancement and Empowerment	98	Open Space Enhancement	$ 9,989	$ 9,989	
Island City Park Preserve Construction Phase	98	Wetlands Enhancement	$ 10,000	$ 10,000	
Keep it Green	98	Open Space Enhancement	$ 10,000	$ 10,000	--
Metamorphosis	98	Wildlife Habitat Enhancement	$500	$500	--
Miami Urban Youth Environmental Education Program	98	Open Space Enhancement	$ 6,250	$ 6,250	--
Non-indigenous Tree Removal	98	Other Community Conservation Improvements	$ 5,000	$ 5,000	--
Paradise in Progress	98	Community Gardens	$ 10,000	$ 10,000	--
Pigeon Key Boot Key Harbor Learning Center	98	Conservation Education	$ 5,000	$ 5,000	--
Poinciana Special Needs Housing Landscaping Project	98	Open Space Enhancement	$ 10,000	$ 10,000	--
Richmond Heights Green Team	98	Conservation Education	$ 10,000	$ 10,000	--
Seminole Environmental Educational Outreach	98	Conservation Education	$ 9,987	$ 9,987	--
South Florida Community Forestry Sustainability Study	98	Conservation Education	$ 10,000	$ 10,000	--
Students S.O.A.R. (Sharing Our Agricultural Roots)	98	Conservation Education	$ 10,000	$ 10,000	--
Tremendous Miami Neighborhood Tree Planting Project	98	Open Space Enhancement	$ 10,000	$ 10,000	--
The Greening of Hollywood Little Ranches	98	Open Space Enhancement	$ 3,000	$ 3,000	--
The Kids Ecology Corps	98	Conservation Education	$ 19,474	$ 19,474	--
Tropical Crane Point Hammock Educational Trail	98	Wildlife Habitat Enhancement	$ 6,250	$ 6,250	--
West Grove Tree Planting Project	98	Open Space Enhancement	$ 8,000	$ 8,000	--
Total Projects FY 98			**$ 228,250**	**$ 228,250**	--
Total Projects	**27**				

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
ESL Site Environmental Education	97	Wildlife Habitat Enhancement	$ 3,750	$ 3,750	--
Limestone Creek Sustainable Development Project	97	Open Space Enhancement	$ 3,750	$ 3,750	--
Miami Urban Youth Environmental Education Program	97	Open Space Enhancement	$ 3,750	$ 3,750	--
Tropical Crane Point Hammock Educational Trail	97	Wildlife Habitat Enhancement	$ 3,750	$ 3,750	--
Total Projects FY 97			**$ 15,000**	**$ 15,000**	--
	Total Projects	**4**			
Grand Total			**$243,250**	**$243,250**	--

Mr. LYONS. If I could have 2 minutes to respond, I appreciate it.

Mr. BONILLA. I am out of time, but I am sure the Chairman will permit.

Mr. SKEEN. Go ahead.

Mr. LYONS. Let me state at the outset that I have strong exception to Mr. Viadero's study and review. What Mr. Viadero didn't have the benefit of, or at least didn't communicate to the committee, I don't believe, was a response memo that I prepared to his study. I would like to submit copies of that for the record, Mr. Chairman, if I could.

[The information follows:]

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

February 3, 2000

MEMORANDUM

TO: Roger Viadero
Inspector General

FROM: James R. Lyons
Under Secretary
Natural Resources and Environment

SUBJ: Departmental Response to OIG's Evaluation No. 50801-1-Te

Thank you for providing my office with a copy of your final report, Evaluation Number 50801-1-Te, on the Urban Resources Partnership (URP). I was disappointed that you did not incorporate many of the substantive comments made by both myself and the Chiefs of the Forest Service (USFS) and the Natural Resources Conservation Service (NRCS), whom I asked to respond on behalf of their agencies. Their joint response to the final report is attached.

The Chiefs inform me that the administrative oversights you cited in your report have been or are being corrected. I trust that their actions, many of which were decided upon with OIG input, are satisfactory. As the Chiefs' report makes clear, a number of these actions are already underway. In 1998, regional foresters and state conservationists began a review of URP grants, partially to ensure that FY98 and FY 99 projects were in compliance with FS and NRCS legislative authorities. The regional foresters and state conservationists report that "they have now brought projects or elements of projects that deviated from the agencies' legislative authorities into compliance." In addition, the USFS and NRCS also began a management review of all URP cities in 1998. Five of the URP cities have been reviewed to date.

Both Chiefs, their staffs and the field personnel have been extremely responsive to the OIG's concerns as well as to the overall goals of the URP. I would like to take this opportunity to thank all of them for their continued efforts.

As you know, I asked the Office of General Counsel (OGC) to reconsider its July 26, 1999 ruling on NRCS' authorities to provide grants under the URP. It is unfortunate that their response, which is attached, was not issued before you released your final report. As I have stated previously, it is my belief that NRCS has sufficient legal authority to undertake the conservation practices and provide the technical assistance and limited financial support for urban conservation activities conducted under the URP initiative. To seek clarification of this legal authority, I requested further review by the OGC of NRCS authorities as they pertain to URP activities. Attached is a copy of the OGC's clarifying opinion.

The OGC, after a comprehensive review of both the language in the Conservation Operations appropriations and the legislative history for the appropriations acts "confirms the Secretary's broad authority under the 1935 Act to undertake soil and water conservation measures relating to soil erosion to achieve the policies and purposes of the 1935 [Soil Conservation and Domestic Allotment] Act."

The OGC states:

> "Our prior opinion on this subject did not take into consideration the Conservation Operations appropriations language and its relevance for understanding the breadth of the 1935 Act. The 1935 Act, read in conjunction with the Conservation Operations appropriations, and its accompanying legislative history, provides the Secretary broad authority to undertake soil and water conservation measures relating to soil erosion. While the Secretary's authority is broad, the agency must ensure that any activity proposed for funding under URP falls within the scope of that authority."
>
> "... We note that our July 26th opinion responded to a request by the NRCS and the Forest Service for us to comment on whether the agencies have authority to fund certain specified activities, listed A through E in our July opinion. We based our legal analysis on the very limited information provided to us by the agencies, i.e., the brief project descriptions. We were not asked and did not do a detailed analysis of each project to determine if the project was authorized. At times, our opinion may have appeared to unequivocally state that there is no authority to provide funding under the 1935 Act for a certain project, e.g. purchasing recreation equipment and benches. That is because, based upon the descriptions provided to us, we did not see a nexus between the project and soil erosion prevention. However, the agency is in the best position to determine initially whether there is a nexus, and our statements in the July memorandum should not be taken as conclusive as to the agency's authority to fund a particular project."

I believe that the OGC's revised ruling clearly confirms NRCS' authority to provide technical assistance and fund activities as part of the URP initiative under the 1935 Act. Based on OGC's revised opinion, I suggest that you may want to reconsider your finding "that 131 URP awards in four cities valued at $3.4 million did not meet the purposes of the statutes from which the awards were funded," as stated in your report.

Finally, while the URP may have been referred to as a "program," it was never intended to be a program. The URP was and remains an experiment in improving the delivery of federal services through the use of existing authorities and programs. In 13 cities, despite some administrative lapses, that experiment has proven largely a success. A success in leveraging nonfederal funds -- by as much as 10-1 in some cases. A success in interagency cooperation. And a success in

helping people living in urban areas feel more connected to their natural resources and the environment. Why is this so critical? Given that eighty percent of our Nation's population lives in urban areas, children growing up in Chicago, Atlanta, New York and other cities will be the stewards of our farmland, national parks and forests in the future. The URP recognizes their vital role in enhancing and preserving not just open space and natural resources in their neighborhoods and communities, but also in protecting the natural resource treasures valued by all Americans.

Please contact me if I can be of any further assistance.

Attachments

USDA United States Department of Agriculture | Natural Resources Conservation Service | P.O. Box 2890 Washington, D.C. 20013

INFORMATIONAL MEMORANDUM FOR THE UNDER SECRETARY

FROM: Pearlie S. Reed
Chief
Natural Resources Conservation Service

DEC 17 1999

Mike Dombeck
Chief
Forest Service

DEC 16 1999

SUBJECT: Response to the Office of Inspector General's (IG) Urban Resources Partnership (URP) Evaluation No. 50801-1-Te

Response to Recommendation - 1a

Review all URP grants issued during FY's 1994 through 1999 and determine if there was legal authority for each grant. Develop a strategy to resolve all grant funds issued without proper legal authority.

In August 1998 FS Regional Foresters and NRCS State Conservationists received written guidance to review all FY 98 and FY 99 URP grants. A significant part of this review was to ensure that FY98 and FY 99 projects are in compliance with FS and NRCS legislative authorities. Regional Foresters and State Conservationists with URP responsibilities have reported that they have brought projects or elements of projects that deviated from the agencies' legislative authorities into compliance.

The FS and NRCS started a management review process of all URP initiative locations in FY 98. To date Chicago, East St. Louis, New York, Philadelphia, and Seattle URP locations have been reviewed. As a part of the management review process, a representative sampling of projects that received grants prior to FY98 were evaluated for compliance with agencies' legislative authorities. During these reviews, some projects or project elements were found to be outside FS and NRCS legislative authorities.

However, URP grants were awarded to small, local nonprofit organizations and often community-based grassroots organizations and neighborhood associations. All URP grant recipients acted in good faith with their local URP steering teams in the planning, development, and implementation of their individual projects goals and objectives. We estimate that it would require a minimum of 18 months and a number of staff to complete the recommended review of all projects completed between FY94 and 98. This would severely reduce the availability of these key staff to provide appropriate administrative oversight to the ongoing work of the agency to ensure current actions adhere to appropriate procedures. Further, it is not in the public interest to attempt recovery of funds from grass-roots organizations that completed project activities accepted by the local URP steering team. However, the agencies will review all projects initiated prior to FY 98 that are still ongoing and correct any deficiencies found.

RECEIVED

Response to Recommendation - 1b

Publish applicable requirements and procedures for the URP program in the Federal Register. Submit the proposed regulations to OGC for review prior to publishing in the Federal Register.

The Secretary of Agriculture's letter of December 15, 1997 responded to the request from the Honorable Joe Skeen, Chairman, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies to reprogram NRCS funds for use in the URP initiative. The Secretary's response was that the URP initiative is consistent with the NRCS existing authorities. Thus, publishing requirements and procedures governing the URP initiative in the Federal Register is not required.

The House Agricultural Committee Report provided language that supported NRCS's participation in URP. The following excerpt comes from that 1998 report with similar language in the committee's 1999 report:

> *The Committee recognizes the participation of NRCS in the Urban Resources Partnership. The Urban Resources Partnership (URP) is a multi-agency effort to assist urban and suburban communities to improve management and conservation of their natural resources. It has served as a catalyst to encourage local communities to participate in conservation activities. The Committee expects the NRCS will continue their participation in URP.*

The URP Guidance Document has been reviewed by OGC and will be issued in final form in January 2000. The FS has developed the Urban and Community Forestry Program guidelines used to govern its program since 1991. These guidelines are being revised and will be published in the Federal Register.

Response to Recommendation - 1c

Establish controls at the Under Secretary level to ensure that all "initiatives" are forwarded to OGC for review prior to implementation.

All policies pertaining to the URP initiative will be reviewed by OGC prior to implementation. As an example, OGC has already reviewed the URP Guidance Document, which will be released in January 2000 to direct FS and NRCS activities related to URP.

be specific to grants and cooperative agreements with emphasis on the Grant and Cooperative Agreement Act of 1977. This will include agency statutory authorities, instrument determination, announcements, advertising, evaluation of proposals, use of SF-424's, 269's, etc., negotiations, award, and administering agreements. Follow-up reviews by national and/or regional staff will be completed to ensure proper decisions are being made relative to URP grants and cooperative agreements.

FS and NRCS provided grants and cooperative agreements training to local URP coordinators and steering team members in January of 1999. Training was through Management Concepts, Inc. and included, but not limited to, a review of the agencies legal authorities, application process, award review process, and post award requirements.

Response to Recommendation – 3a

Design and implement controls for the Office of the Under Secretary for Natural Resources and Environment and the Offices of the Chiefs of FS and NRCS to assure that USDA and OMB regulations are adhered to for all award programs.

The Office of the Under Secretary for NRE does not engage in the implementation of FS or NRCS programs or initiatives. Therefore, designing and implementing controls is not required.

Both FS and NRCS have established controls in place to ensure proper grants management. Warranted administrative specialists for both agencies review both pre and post award, all URP grants. NRCS within the last year has issued its Federal Grants and Cooperative Agreements Handbook to all regional and state administrative staff. Training will be provided in January 2000 to NRCS administrative staff reviewing grants and agreement procedures. (See response 2c)

Response to Recommendation – 3b

For those URP grants made with proper legal authority (Recommendation1a) and that met the purpose(s) of applicable statutes (Recommendation 2a), review the receipts' cost claims and determine allowability of costs. Develop a strategy to resolve any unallowable costs (including waivers).

Both FS and NRCS regional and state administrative specialist will continue review of pre and post URP grant awards. All FY 98 and FY 99 grants have been reviewed including a determination of allowable costs. Agency administrative staff in conjunction with agency financial management officials will provide recommendations on a case-by-case basis to Regional Foresters and State Conservationists to resolve unallowable cost issues.

United States Department of Agriculture
Office of the General Counsel
Washington, D.C. 20250-1400

January 5, 2000

MEMORANDUM FOR JAMES R. LYONS
UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

FROM: Janet A. Poling
Associate General Counsel
Natural Resources Division

SUBJECT: Clarification of OGC's July 26, 1999 Opinion as to NRCS Authorities to Provide Grants Under the Urban Resources Partnership (URP)

By memorandum dated October 22, 1999, to General Counsel Charlie Rawls, you requested that we clarify potential inconsistencies within a portion of our July 26, 1999, legal opinion dealing with the Forest Service and Natural Resources Conservation Service (NRCS) authorities to provide grants under the Urban Resources Partnership (URP). We regret any confusion our July legal opinion may have caused and set forth an explanation below.

Our July opinion concluded that while there is no specific authorizing legislation for the URP initiative, the NRCS's primary authority for the URP initiative is the Soil Conservation and Domestic Allotment Act of 1935 (the 1935 Act), 16 U.S.C. 590a et. seq. If the NRCS can show that an URP project relates to soil erosion prevention or control, then the funding of that project is authorized under the 1935 Act.

We want to make clear here that, in our opinion, NRCS has broad authority under the 1935 Act to engage in activities relating to the control and prevention of soil erosion. Under section 1 of the 1935 Act, the Secretary is authorized to coordinate and direct all activities with relation to soil erosion to effectuate Congress' policy to "provide permanently for the control and prevention of soil erosion and thereby to preserve natural resources, control floods, prevent impairment of reservoirs, and maintain the navigability of river and harbors, protect public health, public lands and relieve unemployment..." To effectuate the section's policy, the Secretary is authorized to undertake a wide array of activities listed in paragraphs (1) through (4) of section 1. These activities include: conducting surveys, investigations or research relating to soil erosion and needed preventive measures, and dissemination of information related to these efforts; conducting preventive measures, such as engineering operations, methods of cultivation and the growing of vegetation; and cooperating or entering into agreements with, or furnishing financial or other aid, or acquiring lands or interests therein for the purposes of the 1935 Act. The financial and other assistance and land acquisition authority is not limited to the purposes set

forth in section 1. In fact, these paragraphs specify that they are to carry out the purposes of the 1935 Act. Therefore, assistance relating to soil erosion to achieve the purposes set forth in section 7(a) of the 1935 Act would be covered under section 1. Section 7(a) provides that the Act's purposes shall include: "(1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; [and] (4) the protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control;...."

We note that our July 26th opinion responded to a request by the NRCS and the Forest Service for us to comment on whether the agencies have authority to fund certain specified activities, listed A through E in our July opinion. We based our legal analysis on the very limited information provided to us by the agencies, i.e., the brief project descriptions. We were not asked and did not do a detailed analysis of each project to determine if the project was authorized. At times, our opinion may have appeared to unequivocally state that there is no authority to provide funding under the 1935 Act for a certain project, e.g. purchasing recreation equipment and benches. That is because, based upon the descriptions provided to us, we did not see a nexus between the project and soil erosion prevention. However, the agency is in the best position to determine initially whether there is a nexus, and our statements in the July memorandum should not be taken as conclusive as to the agency's authority to fund a particular project.

In reviewing our July opinion pursuant to your request, we again reviewed relevant NRCS authorities to carry out the URP initiative. As part of this effort, we reviewed the annual appropriation authority for NRCS from 1993 to the present. The Congress has enacted the following recurring appropriation for "Conservation Operations" each year:

> "For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants...." (See, e.g., Pub. Law 106 -78, Oct. 22, 1999) (emphasis added).

We believe that the recurring "including" language in the Conservation Operations appropriations confirms the Secretary's broad authority under the 1935 Act to undertake soil and water conservation measures relating to soil erosion to achieve the policies and purposes of the 1935 Act. Additionally, the legislative history for the appropriations acts illustrates the extensive range of activities the Congress recognizes can be undertaken consistent with the authority provided by the 1935 Act.

The Senate Report language accompanying the Fiscal year 2000 appropriation describes the activities authorized by the 1935 Act as follows:

"Conservation operations are authorized by Public Law 74-46 (16 U.S.C. 590a-590f). Activities include:

Conservation technical assistance.–Provides assistance to district cooperators and other

land users in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base." (Senate Report 106-80) (emphasis added).

The House Report explains that "[t]he purpose of conservation operations is to sustain agricultural productivity and protect and enhance the natural resource base. This is done through providing America's private land conservation to land users, communities, units of state and local government and other Federal agencies in planning and implementing natural resource solutions to reduce erosion, improve soil and water quantity and quality, improve and conserve wetlands, enhance fish and wildlife habitat, improve air quality, improve pasture and range conditions, reduce upstream flooding, and improve woodlands...." (House Report 106-157) (emphasis added).

The provisions in the Senate and House reports relating to the Conservation Operations account for fiscal years1993 to1999 also contain substantially similar language.

Our prior opinion on this subject did not take into consideration the Conservation Operations appropriations language and its relevance for understanding the breadth of the 1935 Act. The 1935 Act, read in conjunction with the Conservation Operations appropriations, and its accompanying legislative history, provides the Secretary broad authority to undertake soil and water conservation measures relating to soil erosion. While the Secretary's authority is broad, the agency must ensure that any activity proposed for funding under URP falls within the scope of that authority. The Office of the General Counsel is available to assist the agency in determining whether activities proposed for funding are consistent with the authority provided by the 1935 Act.

We hope that this memorandum clarifies any misunderstanding of our earlier opinion. Please let us know if we can be of further assistance in this matter.

AUTHORITY TO CONDUCT URP

Mr. LYONS. This memo, I think, highlights some important problems with Mr. Viadero's analysis. Basically his analysis is focused on a presumption that NRCS does not have the authority to do what we sought to do, but as is pointed out in a subsequent OGC review that I requested, a review of their initial position, OGC pointed out a very important oversight in their initial analysis which was the basis for Roger's commentary. The OGC stated, quote, our prior opinion on this subject did not take into consideration the conservation operations appropriations language and its relevance for understanding the breadth of the 1935 act. And it goes on to explain that the Secretary's authority is quite broad.

In addition, I would point out that we have had extensive conversations regarding this program with the committee in the past, and the Chairman and I did have a chance to visit on this yesterday. I appreciated that.

Mr. BONILLA. Your response, by the way, I am told, and I have a copy here, was included in the OIG's report.

Mr. LYONS. No, it was it was not included in the initial report, I can tell you that. In addition——

Mr. BONILLA. I have a copy here.

Mr. LYONS. What is the date of my memorandum? I don't have any follow-up report to Mr. Viadero. Well, then, I encourage you to read that, because I think it provides important information that perhaps Roger has not looked at closely.

In addition, I would point out in dialogue with the committee we discussed this issue, provided additional information for the committee with regard to funding for this program. And I would also like to submit for the record a letter that Chairman Skeen had sent to Mr. Glickman regarding this issue in which he pointed out at least in 1998 that he didn't have any objection to the allocation of funds related to this program. So we have been open about the dialogue.

[The information follows:]

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Congress of the United States

House of Representatives
Committee on Appropriations
Washington, DC 20515–6015

January 28, 1998

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TELEPHONE
(202) 225-2771

Honorable Dan Glickman
Secretary of Agriculture
Washington, DC 20250

Dear Secretary Glickman:

I appreciate your letter keeping the Committee apprised of your plans to use Conservation Operations funds to finance Natural Resources Conservation Service (NRCS) participation in the Urban Resources Partnership, American Heritage Rivers, and Northwest Salmon Recovery initiatives.

As you know, these programs and spending items came to the attention of the Committee through last year's appropriations hearing process. We believe they are important components of the NRCS work; yet there was little or no mention of these items in the budget justifications. The Committee expressed its concern with the lack of budget details in House Report 105-178. Although the Conservation Operations appropriation is a single account within the NRCS, it carries out many activities. I believe it is important that Congress has a better understanding of how USDA spends an account with over $600 million.

As funding gets more restrictive and both the Executive Branch and Congress have to make fiduciary decisions, detailed information on programs becomes more important. I know of no objection to the allocation of funds mentioned in your letter.

We look forward to more detailed budget justifications as part of the fiscal year 1999 process.

Sincerely,

Joe Skeen, Chairman
Subcommittee on Agriculture, Rural
Development, FDA and Related Agencies

[CLERK'S NOTE.—The subsequent House report 105–588 accompanying the fiscal year 1999 appropriations act continued language that funds were not available for the American Heritage Rivers Initiative, the Urban Resources Partnership and the Northwest Salmon Recovery Initiative until justification and reprogramming requests were approved.]

Mr. BONILLA. Are you pleased with the way the money was distributed to the groups that I mentioned briefly?

Mr. LYONS. Let me suggest two things, if I could, Congressman. I think the one thing I would point out is that you know we designed this program to try and address the large portion of the American population that doesn't understand conservation, doesn't understand agriculture, has no idea where their food comes from, and needs to learn a little bit more about their connections to the land. We are serving disadvantaged communities, we are serving African communities, Latino communities, Asian Pacific communities in ways in which they have never gotten assistance.

We designed the program, though, so there would be no overhead. This is one of those programs where all the money went to the ground. We designed the program so that the guidance would come from local steering committees of agency officials. It was multiagency. We took the NRCS money and we multiplied the benefit in working with Forest Service, with the Fish and Wildlife Service, the Park Service, with HUD and other entities.

Mr. BONILLA. Thank you for extending my time.

I just have a final comment. I think some of these expenditures are way over the line, but we can get into this at another time. Thank you, Mr. Lyons.

Mr. LYONS. I would be glad to visit with you at any time about that, Mr. Bonilla.

ADDITIONAL LOCAL LEVEL TECHNICAL ASSISTANCE

Mr. SKEEN. Mr. Boyd.

Mr. BOYD. Thank you, Mr. Chairman. Secretary Lyons, Mr. Reed and others, thank you for coming. I know you have a tough job and certainly want you, Secretary Lyons, to take a deep breath.

Mr. LYONS. It is getting me excited now.

Mr. BOYD. I don't know really where to start, Secretary Lyons. I know you probably have heard me say this before, Mr. Reed, when I was growing up as a young man, the Soil Conservation Service was a technical assistance agency which helped the farmers through some really severe erosion problems in this country. And Congress put in place this mechanism by which we could continue to conserve our soil, and Soil Conservation Service is an integral part of that.

I remember growing up as a young man that we had a local director, that stayed there for 30 years and we considered him as a part of our family. We loved him, and he helped us do all kinds of things to conserve our soil and make sure that erosion was minimized.

I think the general consensus among my constituents now who are in the farming business, is that NRCS, has transformed itself over the last few years from a technical assistance agency to a compliance enforcement agency. And I know you have probably heard

me say that before. I have had this discussion with Mr. Glasgow at the State office. The State people have a tough job. I am proud of those folks. I work with them regularly. Your county folks, they really do have a tough job, also. My questions are going to be along those lines because I really would like to see NRCS be a technical assistance agency again.

You talk about that in your budget. You have asked for a considerable amount of additional money to provide technical assistance or beef up your technical assistance issues. And I simply would ask you if you did receive the $28 million in funding increase that you requested for field-based technical assistance, what improvements would my constituents see as customers to your local district conservation office?

Mr. REED. Thank you, Mr. Boyd. What you would see in your congressional district would be a reflection of what that—whatever percentage of that $28 million would be as it relates to what has been identified in Florida as the needs on the ground for technical assistance to provide to land owners. An estimate of what that could be I could provide for you later for the record, but every penny of that would be targeted for the local field office operations.

[The information follows:]

FLORIDA STAFF YEAR INCREASE

If the Natural Resources Conservation Service received an additional $28 million in technical assistance, I would ensure the entire amount would be allocated to our field offices, with nothing going to our National Headquarters offices. It is difficult to determine Florida's exact share of the $28 million without knowing which resource concerns the additonal funding will address. However, by comparing the workload analysis staffing need for Florida and the total national staffing need, we can determine Florida would get six to eight new field employees.

IMPROVING THE FOCUS OF TECHNICAL ASSISTANCE

Mr. BOYD. Well, I just want to say that I think the problem is just a little bit larger than throwing a few bucks at it. I think what happened is the focus of Agriculture has changed on the technical assistance side. It is not the fault of the people on the ground, because I don't think some of them are properly trained in technical assistance or have the background.

We have had this discussion before that you are having trouble hiring people at that level with the expertise to know how to solve some of these problems. I think the focus of the agency has shifted to compliance and some other conservation issues on a nationwide basis. But I wanted to make that point, and I appreciate your answer.

FOREST SERVICE ACCESS AND ROAD CONSTRUCTION

Mr. Secretary, I want to go to another issue. Congress clearly states its policy with regard to access and road construction in United States Code 16, section 532, and I quote, "The Congress hereby finds and declares that the construction and maintenance of an adequate system of roads and trails within and near the National Forest and other lands administered by the Forest Service is essential if increasing demands for timber, recreation and other uses of such lands are to be met, and that such a system is essential to enable the Secretary to provide for intensive use, protection,

development and management of these lands under the principles of multiple use and sustained yields of products and services.".

I don't know how much clearer the congressional policy for this issue, road maintenance in our National Forest, could be. How is it that the Forest Service can justify its dismissal of such plainly stated congressional will?

Mr. LYONS. We haven't, sir. I don't think we are in disagreement with you at all. Could you point to where we have?

Mr. BOYD. Well, only that I go to your budget summary, budget request, and you are asking for $13 million additional money for road maintenance, but on the other, the road construction side, you have bypassed any additional funding request, and that temporary suspension is in effect. And I quote from this: "Temporary suspension is in effect until the development of a revised transportation policy and new analytical tools or 18 months, whichever is sooner. A proposed transportation policy rule is expected in 2000."

Mr. LYONS. So you are talking about the temporary road construction to roadless areas, Mr. Boyd. Just to clarify, let me explain why we did so, and, of course, this relates to why we are studying the roadless area issue. I don't want to take the agriculture subcommittee's time to too large a degree, but let me explain.

As I think you are aware, we have over 300,000 miles of roads in the National Forest System. We have 55 percent of all roads on all public lands. That includes Park Service, Fish and Wildlife Service, Bureau of Land Management, et cetera. We have such a huge system, we can't maintain it. We have an $8.4 billion backlog in road maintenance on the National Forest. Every year we only get 20 percent of the opportunities we need to maintain a small percentage of the system, the system, the major part of the system that is used. We can't keep up, so the backlog grows every year.

I think you would agree that the best way to get out of a hole is to, first of all, stop digging. And so we elected to place a moratorium on building new roads until we could get a handle on how to maintain the critical system that exists, just as the law directed us to maintain the system which is essential as a part of the infrastructure of rural America. That is what we are attempting to do.

Just this morning Secretary Glickman is announcing a proposed policy for how we are going to manage and maintain that existing road system. As you are well aware, this past fall the President directed us to look at issues associated with the management and use of roadless areas as well.

We are trying to get a handle on this huge problem. I agree with you completely. I want to be clear, we did get additional road maintenance funds, which I dearly wanted. I wanted additional money for construction and reconstruction not necessarily in roadless areas, but to maintain that system again and to fix problems that exist with the system as it is currently laid out. OMB simply did not provide us the funds. That is evidence to the fact in, my mind, that we have to fix this roadless issue.

As you recall, just 3 or 4 years ago, the Forest Service almost lost its entire road budget on the floor of the House. We missed by one vote. I don't know how the members on this committee voted on this issue. I think you are on different sides of this issue. Mr. Hinchey is very familiar with this from their experiences on the Inte-

rior appropriations committee. That was a clear signal to me that we had to get on this issue, battle over road construction funding for the—to the roadless areas. That is why we are asking the American public to tell us how they want us to use their roadless area in the future. At the same time we are trying to get the resources to manage the existing infrastructure.

Mr. BOYD. Thank you, Mr. Chairman. I see my time is up. I know we will have another round.

Mr. SKEEN. Mr. Latham.

USDA'S POSITION ON EPA PROPOSED WATER QUALITY RULES

Mr. LATHAM. Thank you, Mr. Chairman, and welcome. I guess I—on the proposed rules from EPA, I really want to make it very clear I have to go back and talk to people at home and let them know what your position is, for sure, and the real concern there is waffling on the your opposition. Could you state clearly, you know, what is your position? Do you oppose the proposed regulations? And also I would like your opinion whether or not you believe, and the position of the Department, is that the proposal is not legitimate or does not—it conflicts with current law.

Mr. LYONS. Let me try and address that, Mr. Latham. I think the best way to do this is I will send you copies of my testimony and Secretary Glickman's testimony recently before the relevant committees and subcommittees. As Secretary Glickman stated, the letter does not represent official USDA policy. At the same time, we have grave concerns with a number of elements, provisions of the proposals put forward by EPA. We were never sitting down face to face with them, representing Agriculture's interests, representing a common concern for addressing the water quality concerns of a Nation to the extent that pollution remains a concern and seeking to fix those issues.

On the matter of legal authority, we will not express a position on legal authority, because EPA has responsibility for implementing their legal authorities. We don't ask them to comment on ours, and it is not appropriate for us to comment on theirs.

PROPOSED CRP EXPANSION

Mr. LATHAM. In your budget proposal, you want to go to 40 million acres in the CRP program. First of all, how many acres are currently in CRP? Authorized 36.4 million; how many are actually in?

Mr. LYONS. We will give you the exact number in one second.

Ms. KAPTUR. Would the gentleman yield on that point? I wanted to ask from the testimony that has been submitted, it says 40 million acres. How much is that? Is that Massachusetts? Is that a corner of Ohio? How much is 40 million acres? It would be helpful to express it in terms of something the rest of the country can understand.

Mr. REED. Forty million acres would be about four-tenths the size of California.

Ms. KAPTUR. Oh, all right. Well that is better then.

Mr. LATHAM. It is all in Mr. Farr's district on a permanent basis.

Mr. LYONS. We are at about 31.5 million acres, I believe.

Mr. LATHAM. And I guess begging the question here, why do you want to go to 40 million if you are not using the acres you currently have authority for?

Mr. LYONS. I think there are two answers for that. One is we have heard overwhelmingly from producers and from others who see value in the CRP that they want to have the option and the opportunity to enroll. They like that. Number two is we think that offers us a tremendous opportunity to deal with water quality concerns through continued sign-up of CRP acres in riparian buffers. We want to have the flexibility to address what——

POTENTIAL FOR CRP ENROLLMENT

Mr. LATHAM. I could take care of half a million of those acres tomorrow in Iowa. But the acres are sitting there with the authority to use them. We have producers who would love—land that should never have come out of CRP, but because of the way it was administered previously were not allowed to be put back in. I can show you a lot of very highly erodible land in my district that could not meet the standards, and it is very frustrating knowing that there is that many acres sitting there unused, 5 million acres that is authorized and you are not using it. And now—I mean, I want a bill to go to 45 million acres.

Mr. LYONS. Okay.

Mr. LATHAM. Yeah, fine, except if you are not going to use it, what is the use?

Mr. LYONS. I agree with you, Congressman, that we have had some problems in the administration in the past. We are trying it. Actually NRCS doesn't have the management responsibility. We don't administer CRP. We work in concert with FSA. But we know that we can do a better job of letting land owners know of this option of enrollment of lands in the riparian buffer initiative. We are making progress in that regard. I know Governor Vilsack has launched an initiative to deal with water quality in Iowa. We think CRP could be a tool. So that is why we are trying to provide more flexibility.

Mr. LATHAM. I guess my time is up, Mr. Chairman.

Mr. SKEEN. Mr. Hinchey.

EXCESSIVE CROPLAND EROSION

Mr. HINCHEY. Thank you, Mr. Chairman.

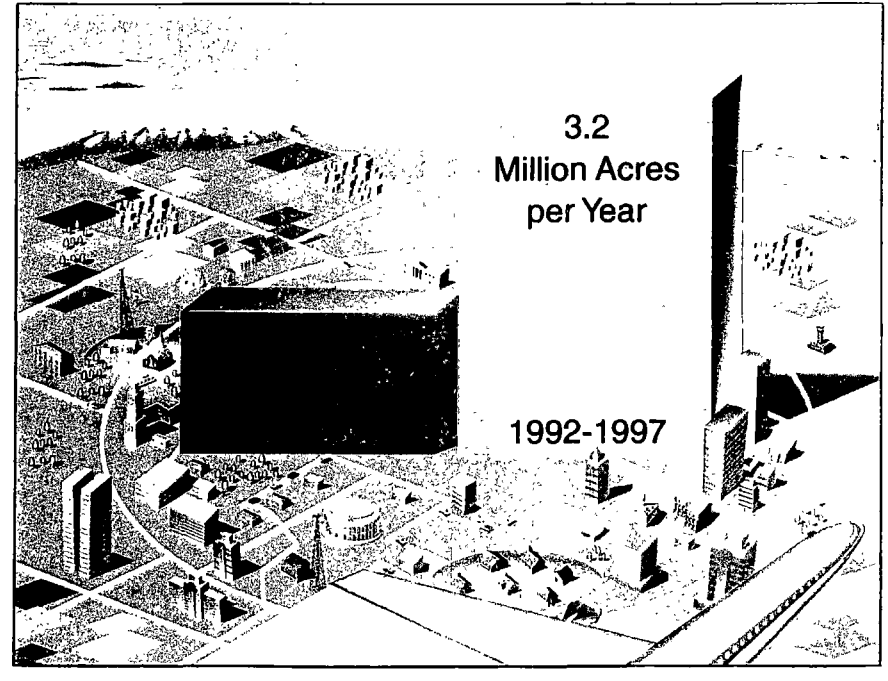
Mr. Lyons, thank you for your testimony. I am sorry I was late, but we have subcommittees meeting at the same time in this building, so it is, as you know, impossible to be two places at the same time. But I am glad I was here for some part of your presentation and to have the opportunity to ask you some questions.

I am fascinated by the chart you have provided us here, the map entitled Excessive Erosion on Crop Land, dated 1997. Is that something that you have given us?

Mr. LYONS. Yes.

[The information follows:]

Land Converted to Development

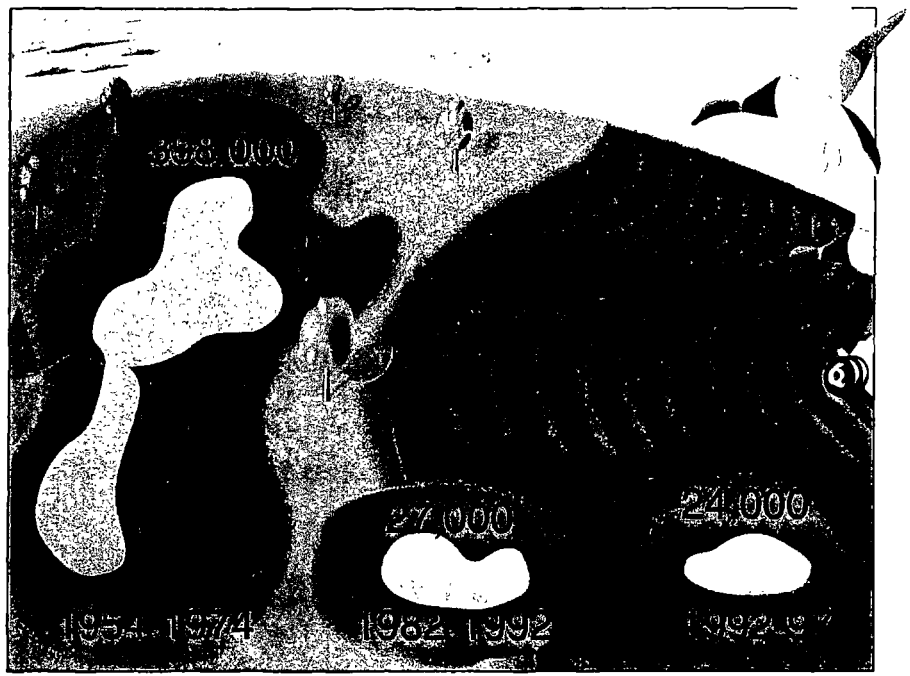


Source: 1997 National Resources Inventory

Total Erosion on Cropland and CRP
Billions of Tons
1.9
1.9
1982
1995
1997

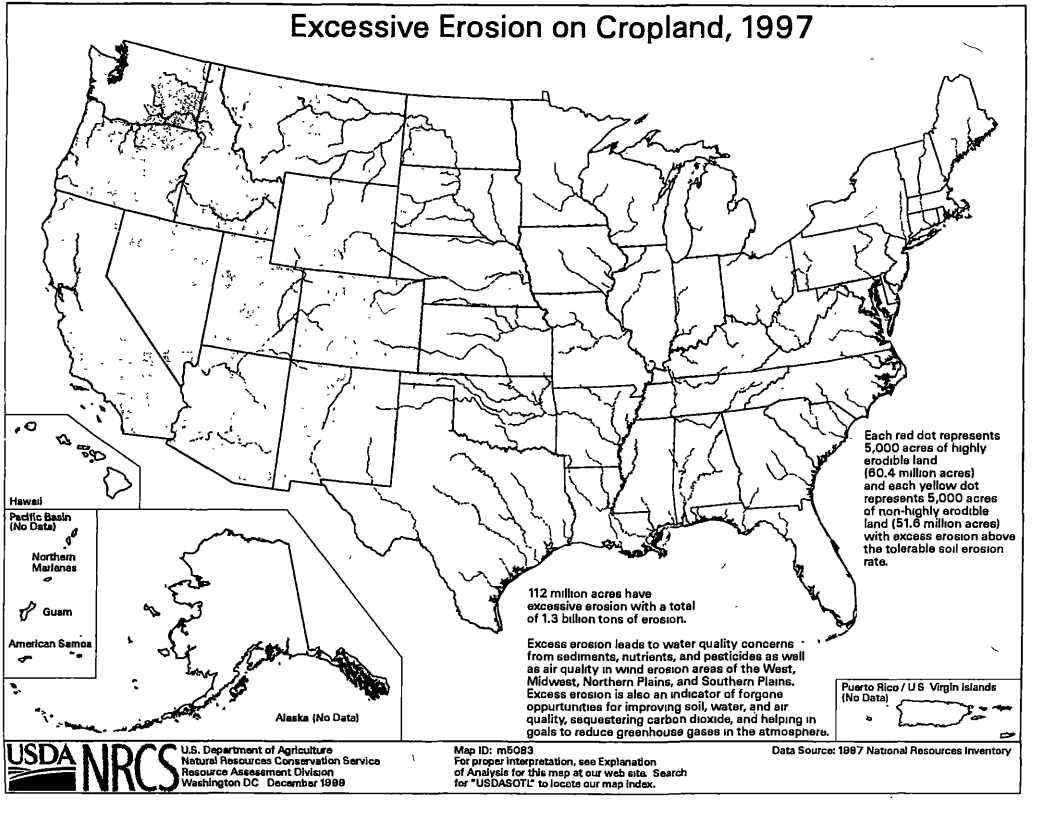
Wetland Losses on Agricultural Land

Average Annual Per Year in Acres

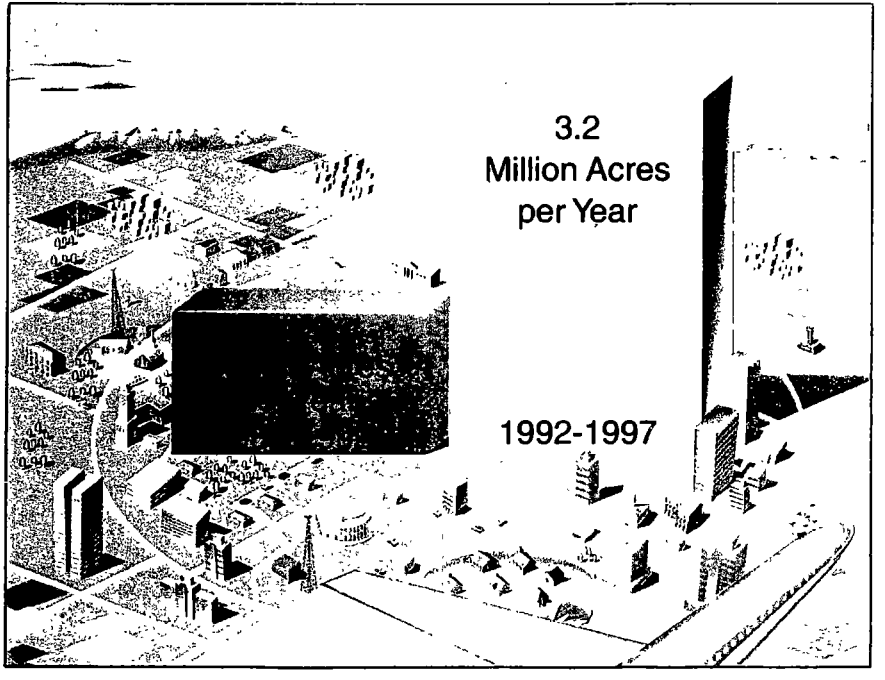


Gross Net Net

Source: 1997 National Resources Inventory


Excessive Erosion on Cropland, 1997
Hawaii
Pacific Basin (No Data)
Northern Marianas
Guam
American Samoa
Alaska (No Data)
Each red dot represents 5,000 acres of highly erodible land (60.4 million acres) and each yellow dot represents 5,000 acres of non-highly erodible land (51.6 million acres) with excess erosion above the tolerable soil erosion rate.
112 million acres have excessive erosion with a total of 1.3 billion tons of erosion.
Excess erosion leads to water quality concerns from sediments, nutrients, and pesticides as well as air quality in wind erosion areas of the West, Midwest, Northern Plains, and Southern Plains. Excess erosion is also an indicator of forgone oppurtunities for improving soil, water, and air quality, sequestering carbon dioxide, and helping in goals to reduce greenhouse gases in the atmosphere.
Puerto Rico / U.S. Virgin Islands (No Data)
USDA NRCS
U.S. Department of Agriculture
Natural Resources Conservation Service
Resource Assessment Division
Washington DC December 1999
Map ID: m5083
For proper interpretation, see Explanation of Analysis for this map at our web site. Search for "USDASOTL" to locate our map index.
Data Source: 1997 National Resources Inventory

Land Converted to Development



Source: 1997 National Resources Inventory

PRESERVING ARABLE LAND

Mr. HINCHEY. It is really very impressive, and truly worrisome because we continue to lose millions and millions of acreage of arable land in the agricultural heartland of the country. This information shows that we have an awful lot of work to do if we are going to reverse that trend, or at least stop it at some point and preserve the arable land that we have. So this is something that we need to pay more attention to than we have in the past and even than we are paying at the moment.

CONSERVATION SECURITY PROGRAM

With regard to the budget, your request for $600 million for a new Conservation Security Program looks very, very good. I am speaking from a parochial point of view because I am quite secure in the statement that this kind of program is very good for the farmers who live in New York State and the Northeast—I would guess Pennsylvania and other parts of the Northeast, probably the Midwest, and I certainly hope it is true of New Mexico as well, which I suspect it is.

Mr. SKEEN. Anything is possible.

Mr. LYONS. You could be assured New Mexico is a part of it.

Mr. HINCHEY. I believe it is a program that looks very good from the point of view of farmers in New York. So I am looking forward to seeing more programs which work directly with the farmers to curb erosion and protect water supplies from pesticide and other kinds of dangerous runoff. So I hope that you are very successful in that movement.

FARMLAND PROTECTION

You also proposed a program for farmland protection which I think is very important. You are asking for $65 million to reauthorize this program, which seems to me like a very small amount of money to do the job; nevertheless, it is something that must be done. So I just congratulate you on having that in there.

INCREASE CONSERVATION TECHNICAL ASSISTANCE

You have asked for an $86 million increase for conservation technical assistance, which is also, I think, something that is very important to farmers and very important to the communities in which farmers operate.

The trouble that I see, frankly, in the budget is not in the programs. I think these programs are very, very good. What I have found in my experience working with your staff in New York is that the programs are good, but you don't have the people to carry them out adequately. NRCS, for example, lost 22 positions during the past few years in New York State. And we understand that at least 20 full-time positions are necessary to satisfy the current demand for technical assistance, not to mention any increase in demand. So the programs are good, but they are not going to be effective unless we have the people on the ground to implement them.

I know this is all part of a plan to reinvent government, which is good in its concept and good also in its implementation up to a point. But I fear that in some areas we may have gone too far. And

I suppose that I would pause now to just hear your comments on that.

Mr. LYONS. You won't hear me disagreeing, Congressman, on that subject. We have tried to pare back and cut back, but I think we have found that we have hurt ourselves in the impact it has had on our delivery system. And you mentioned ceilings and positions in New York, those are in reference to the erosion chart. You will see that erosion is also excessive in the Delaware River Basin and in parts of your country as well as it affects the New York City watershed, which, as you know, we are doing a great deal of work to try address pollutants, to try and address water quality at the source. The fiscal year 2001 request would provide for additional ceilings and additional personnel to try and correct that trend and get people on the ground who could then put those conservation tools to work and working with land owners.

Mr. HINCHEY. Well, I would like it if you could tell me not now necessarily, but how much additional funding would be required to fill key positions in the States across the country, because this kind of activity is very important from the point of view of the farmers.

You mentioned the New York City watershed. The difficulties that we are experiencing in New York are going to be experienced by a lot of other places across the country as population density increases in those other areas. It is important from the point of view of agriculture to keep the land in place, prevent it from eroding and running off, and particularly carrying with it the agricultural inputs that are necessary in many areas to grow productive crops. At the same time when you prevent that runoff, you are preventing the deterioration of important water supplies and watersheds.

In the case of New York you have a watershed that provides water for about 10 million people. With the water supply coming from an agricultural area, there is a real danger that the runoff from the agricultural area is going to pollute the water supply for 10 million people, probably in the future 15 million people. So it is a real concern.

So I applaud you in some of the initiatives that you are taking, but I know from experience that these programs are not going to work unless we have people to operate them.

My time has expired, but I——

Mr. REED. Mr. Hinchey, I would like to respond to that. In doing so, I think I will also respond to a question Mr. Skeen asked earlier as well as a comment Mr. Boyd made in trying to be responsive to one of the directions we received from this committee, and that is to develop an accountability system so that we can provide factual information on the workload and what the true needs are. We are to a point where we have some pretty good data on that. I think we can provide for you real good information about what we actually need at a minimum level in order to maintain this great conservation infrastructure that we have throughout the countryside, the Nation, in partnership with conservation districts and State conservation agencies to have people, like Mr. Boyd mentioned earlier, at the county level working with the farmers and ranchers across America.

Mr. HINCHEY. I appreciate that.

Thank you, Mr. Chairman.

Mr. SKEEN. Miss Kaptur.

RESOURCES AND POLICY TO ADDRESS FARM-SUBURBAN-URBAN CONSERVATION

Miss KAPTUR. Thank you, Mr. Chairman.

I was just looking at what your FTE level is, trying to get the numbers straight in my mind as to what is additionally needed this year. We talked about the $35 million shortfall and how many persons that translates into for fiscal year 2000. Perhaps you could find that information while I ask my next question.

I was very impressed, Mr. Lyons, with your comments about America being in the second century of conservation. And thinking about our ecosystem, we know that the ecosystem doesn't stop at the farm's edge. In fact, many times agriculture itself interrupts the natural ecosystem that has produced the bounty of the natural landscape in this country. I will share some experiences I have had in Ohio with constituents and others. And I guess my fundamental question to you is in the way these programs operate. Where do you have good examples of where USDA works at the local level in trying to implement conservation programs that go beyond the farm's edge?

That is really the basic question, but, for example, I was going through an area in our community which is just incredible. They call it an oak-hickory-beach system—it is a B-E-A-C-H, not beech tree—but east coast beach system. When the glaciers withdrew, they left this unusual system that really shouldn't exist in our part of the country where we have oak forests and we have a lot of sand and many park systems, many wetlands that may not necessarily be on agricultural land. And one of the questions I was asked by one of the local people working for the Nature Conservancy is why are your regulations so narrow? You don't allow wetlands to be designated on private property if it isn't farmed. So we have this really holey system where maybe the farmers protect a wetland and get a payment, but then you have got private property next door. Then you have got the metro parks next door to that. Then you have Nature Conservancy. It is very interesting to take a look at that.

And somehow our Federal programs are rather restrictive. They don't necessarily allow a community to have an umbrella organization that naturally pulls all these interests together and does what is best in terms of restoring the ecosystem.

In the urban context, you, as a department, developed the Backyard Conservation Program, which interested me because though I represent many farmers, not too many ranchers, I live in the urban area myself. And, of course, the urban area is a huge impediment to the ecosystem functioning, and you have to restore a lot of plants and water systems that have been disrupted by the development of this past century. We have major highways come through the most productive land in Ohio, yet the USDA presence in the region doesn't necessarily work with the Federal and State highway people to find a way to use the hundreds of millions of dollars that are going to come in to deal with traffic to also begin looking at easements and how one purchases easements or limited access along that route in order to protect agricultural interests.

And so what I find at the local level, we have all these high, lofty goals at the Federal level, and they are worthy ones, but at the local level the mechanisms for people to even use these programs are so very weak. And Ohio didn't apply for a dime of farmland protection money. I am embarrassed for my State. They all of a sudden discovered maybe it is something important. But if you were to poll in our State, just like Sam was talking about in the Salinas Valley area, there is no more important issue in rural Ohio than sprawl, because we have more urban areas than any other State in the country. So we are pressed at every single corner and place in our State, but something isn't happening at the local level.

CONSERVATION FOR THE ENTIRE LANDSCAPE

So could you discuss a bit how perhaps you have discovered around the country places where some of these disparate interests can be pulled together in the interests of the ecosystem in a more holistic manner?

Mr. LYONS. I would be glad to, Miss Kaptur. I suggest to you in the packet of information left for you last night—and, again, we will make sure it is available to all the members of the subcommittee—some examples of success stories in every State in terms of our conservation efforts.

I want to address the rural-suburban-urban connections and systems. As you know, and we have discussed before, you know, these systems know no boundaries. Watersheds may start in a rural area, but they run right down to the mouth of the river, oftentimes through metropolitan areas.

Miss KAPTUR. May I say that in our community I have been exceedingly frustrated because we are the recipient from watersheds in Michigan and Indiana, and we are sitting in the bowl of that, but the USDA says to us, well, we only deal with watersheds in rural areas. Even though the urban area is completely flooded because of what is happening with the watershed in the rural region, there is no connection. And so do you know the solution in our community? Our mayor of the largest city is saying the answer to runoff, in Toledo, Ohio, we are going to tax every urban home owner on the basis of how much square footage is on their roof and the asphalt on their driveway. That is the answer to runoff in our area, which is not the answer. But what I am saying, there is discretion at the local level.

WORKING TOGETHER ON CONSERVATION ISSUES

Mr. LYONS. Well, we are trying to build those connections. I don't want to belabor the discussion on urban programs, but that is one place where we can make a difference. We do a lot of work in urban-suburban communities in trying to build conservation connections and show that we can work throughout that entire landscape. Part of that is educating communities to the role they can play, while addressing the issues of livability and sprawl; is to make where people live a pleasant place to live, and protecting open space, reducing erosion, restoring vegetation, and at the same time using tools like farmland protection to try and keep those open spaces outside the city limits as they are. So we are trying to build those connections.

Our investment in urban areas is less than 1 percent of our total budget, yet—of course, 80 percent of all Americans live in those environments. I think there is a philosophical difference that exists in the Congress on what role we should play there.

I admit to my bias. I grew up in urban New Jersey not far from Mr. Hinchey's district. You know, I went out in the Catskills and the Adirondacks into rural areas to play. That is why I developed my love for nature.

I think it is unfortunate that the residents in urban environments can't contribute to protecting their environment, their waters, and have a greater appreciation for the connections to those rural landscapes.

Miss KAPTUR. I want to say the way in which one organizes to deal with this at the local level is exceedingly complex, and many times the Federal programs don't create the incentive for people to work together beyond the boundaries of the farm's edge. You sent us this picture which reminds me of McQueen's Orchards in Lucas County, probably our largest orchard. And 2 years ago the farmer and his family who helped develop this incredible set of orchards said, Marcy, come with me. We walked across his back lands. What is coming at him is what is on this, and he said I am going to be overwhelmed. I want to remain in farming. How am I going to do that here? There is nobody to help him.

So I was very interested in the language in your submittal, producers in conservation buffers, trying to help producers in some way with buffers around the edge. I kept thinking, well, maybe that is an initiative that might help a farmer like this. Thank you.

Mr. SKEEN. Mrs. Emerson.

CONCERN ABOUT REGULATIONS

Mrs. EMERSON. Mr. Lyons, I apologize. I am still a little hung up on this volunteer business. Do you think if you asked farmers and producers around the country if they believed the TMDL and the AFO/CAFO programs are voluntary, do you think they would honestly agree with you? Give me your objective opinion about that.

Mr. LYONS. Well, I don't know how to answer that. They have the means, they have the opportunity to deal with these issues as they would like currently. And I think you know we certainly provide them all the tools and the technology to do so. They are not by anything we have done required to do anything under TMDLs, and we have had that discussion.

Under AFO/CAFO we have tried to design a strategy to deal with what is a public concern in a way that is going to minimize impact on producers. It would address the larger operations greater than 1,000 head or more as well as those who fail to come into compliance.

You know, I think—I am saying we still have as a foundation a voluntary system for dealing with these issues. I think, as Miss Kaptur may note, as the orchardist who sees a threat coming, I would suggest to you for American agriculture, concerns about environmental quality represent a threat out there, and I think we are trying to help producers make sure that, you know, they can do what they want to do, stay in production, and so in a way that is going to protect the productivity of their land as best we can.

Mrs. EMERSON. You know, I would have to say that there isn't one producer in my area, and I have a very overwhelming agriculture district, who doesn't understand the need to conserve the land and take care of it. And so consequently, the heavy-handedness of regulation is somewhat problematic because I can tell you that even if these programs really are so voluntary, it just kind of seems funny that all of the "volunteers", my producers and ranchers, oppose them. It is kind of bizarre.

NATIONAL CONSERVATION FORUMS AND SUMMIT

Let me ask you something you just mentioned earlier on in your remarks about these five regional forums and then the national summit on conservation. Can you provide to my office a list not only of the invitees to all of those summits, but actually those who were in attendance? I would appreciate having that.

Mr. LYONS. We can do that.

SMALL WATERSHED PROGRAM BACKLOG

Mrs. EMERSON. Let me just ask a couple of questions, if I could, on Public Law 566, the Small Watershed Program. Could you tell me what the backlog of unfunded projects is in the program and what your agency is doing to complete these projects in a reasonable time frame?

Mr. REED. The unfunded backlog is approximately $1.4 billion. We are doing everything that we can to encourage the funding of these projects from other sources because the level of funding for Public Law 566 has been flat and declining for the last 2 or 3 years.

Mrs. EMERSON. Can I get you all to provide for the hearing record a list of the backlog projects? Could we get a list of those projects? That would be terrific.

[The information follows:]

BACKLOG OF UNFUNDED WATERSHED PROJECTS

PL-566 ACTIVE WATERSHED PROJECTS

STATE	NAME	FEDERAL COST
AK	DELTA CLEARWATER	$5,247,800
AL	TOWN CREEK-DEKALB	753,290
AL	WHITEWATER CREEK	1,252,788
AL	SOUTH SAUTY CREEK	480,784
AL	SHORT-SCARHAM CREEKS	731,776
AL	POWELL CREEK	2,878,117
AL	PATES CREEK	634,696
AL	NORTHEAST YELLOW RIVER	369,100
AL	MEMPHIS-NOXUBEE	100,282
AL	KELLY-PRESTON MILL CREEK	1,174,818
AL	DYNNE CREEK	2,071,553
AL	DRY CREEK	1,404,286
AL	COCHGALECHEE CREEK	220,000
AL	CHOCCOLOCCO CREEK	8,883,256
AL	CHANDLER MOUNTAIN	1,155,508
AL	CAMP BRANCH	1,467,869
AL	BIG NANCE CREEK	2,950,316
AL	HARRISON MILL-PANTHER CREEKS	1,913,028
AL	WILKERSON CREEK	4,906,613
AR	FLAT ROCK CREEK	11,808,372
AR	SOUTH FOURCHE	18,066,390
AR	SOUTH FORK	4,324,313
AR	POINSETT	20,800,728
AR	OZAN CREEKS	12,503,134
AR	NORTH FORK OF OZAN CREEK	5,134,866
AR	LITTLE RED RIVER	4,417,328
AR	FOURCHE CREEK	16,821,223
AR	BUFFALO RIVER TRIBUTARIES	3,658,391
AR	BIG SLOUGH	828,900
AR	UPPER PETIT JEAN	14,877,211
AR	GOULD PORTION OF GRADY-GOULD	1,277,493
AZ	MARICOPA-STANFIELD	5,616,250
AZ	WILLIAMS-CHANDLER	36,859,365
AZ	WHITE TANK MOUNTAINS	1,351,000
AZ	WEST MARICOPA	1,845,000
AZ	NEW MAGMA	7,811,270
AZ	ELOY	6,457,135
AZ	APACHE JUNCTION-GILBERT	8,921,987
AZ	BUCKHORN-MESA	21,812,061
AZ	HOHOKAM	5,770,000
CA	LOWER SILVER CREEK	28,407,517

STATE	NAME	FEDERAL COST
CA	WOODLAKE-ANTELOPE VALLEY	3,141,586
CA	UPPER STONY CREEK	1,801,000
CA	UPPER LLAGAS CREEK	10,533,371
CA	TEHACHAPI	16,295,435
CA	MARSH-KELLOGG CREEK	9,359,058
CA	LOWER LLAGAS CREEK	31,213,551
CA	HAYFORK CREEK	622,000
CA	ELKHORN SLOUGH	1,683,000
CA	CULL CREEK	1,979,202
CA	CENTRAL SONOMA	15,104,415
CA	CARPINTERIA VALLEY	17,077,073
CA	BEARDSLEY	48,966,727
CA	INDIAN CREEK	1,440,000
CA	McCOY WASH	5,729,000
CO	HIGHLINE BREAKS	4,952,300
CO	WOLF CREEK-HIGHLANDS	912,282
CO	TRINIDAD LAKE NORTH	1,492,614
CO	LIMESTONE-GRAVEYARD CREEKS	3,056,500
CT	MILL-HORSE BROOK	5,155,875
CT	NORWALK RIVER	4,128,857
CT	SOUTH BRANCH PARK RIVER	29,492,955
CT	YANTIC RIVER	5,412,863
DE	INDIAN RIVER BAY	3,283,382
DE	UPPER NANTICOKE RIVER	5,343,638
DE	UPPER CHOPTANK RIVER	11,107,322
DE	MARSHYHOPE CREEK	9,474,803
FL	AUCILLA RIVER	2,072,790
FL	NORTH EAST MIDDLE SUWANNEE RIVER	2,230,124
FL	NORTH WEST MIDDLE SUWANNEE RIVER	1,791,137
FL	SOUTH EAST MIDDLE SUWANNEE RIVER	821,562
FL	SOUTH WEST MIDDLE SUWANNEE RIVER	1,377,443
FL	SPRING CREEK	2,883,884
GA	PISCOLA CREEK	4,733,126
GA	UPPER FIFTEEN-MILE CREEK	114,472
GA	TURKEY CREEK	967,239
GA	SHOAL CREEK	1,180,418
GA	LOWER LITTLE TALLAPOOSA RIVER	10,091,327
GA	LITTLE SANDY CREEK & TRAIL CREEK	4,726,560
GA	HORSE CREEK	458,412
GA	FIVE POINTS AREA	3,663,786
GA	CASON BRANCH-DUHART CREEK	369,528
GA	BIG CEDAR CREEK	7,900,910
GA	BEAVER CREEK	1,747,636
GA	TESNATEE CREEK	3,018,686
GA	LITTLE RIVER	1,514,864

STATE	NAME	FEDERAL COST
HI	LAHAINA	2,371,662
HI	LOWER HAMAKUA DITCH	6,047,500
HI	WAIMEA-PAAUILO	3,690,936
HI	WAIMANALO	2,449,743
HI	UPCOUNTRY MAUI	4,738,700
HI	KAHALUU	17,452,929
HI	HONOLUA	17,870,867
HI	WAILUKU-ALENAIO	1,257,027
IA	MOSQUITO OF HARRISON	6,822,254
IA	TWELVE MILE CREEK	5,494,596
IA	TURKEY CREEK	9,544,954
IA	WAUBONSIE CREEK	7,062,060
IA	TROUBLESOME CREEK	11,378,268
IA	HACKLEBARNEY	2,898,197
IA	SOAP CREEK	8,561,188
IA	SIMON RUN	1,579,717
IA	MILL CREEK	3,607,227
IA	LONG BRANCH	1,730,107
IA	LITTLE PAINT CREEK	1,566,885
IA	BEAR CREEK	4,943,600
IA	A&T LONG BRANCH	3,944,408
IA	LITTLE RIVER	4,412,845
IA	MILL-PICAYUNE CREEK	15,370,687
ID	ROCK CREEK-HOUTZ/OUTLET	755,299
ID	UPPER SAND CREEK	597,677
ID	THORN CREEK	1,755,558
ID	TENSED/LOLO	1,091,807
ID	TAMMANY CREEK	952,755
ID	ROCK CREEK-SUMMIT	455,552
ID	ROCK CREEK-ROY EAST	673,605
ID	ROCK CREEK-BIG CANYON/EAST FORK	748,194
ID	MISSION-LAPWAI CREEK	1,865,669
ID	LOWER SAND CREEK	554,228
ID	HAZELTON BUTTE	932,184
ID	BRUNDAGE	2,801,526
ID	BEDROCK CREEK	818,760
ID	ROCK CREEK-SUBLETT	1,088,619
IL	LAKE TAYLORVILLE	147,000
IL	UPPER CRAB ORCHARD CREEK	5,536,756
IL	SPRING LAKE	1,091,973
IL	RACCOON LAKE	1,071,447
IL	MILL CREEK	9,425,295
IL	LOWER DES PLAINES TRIBUTARIES	17,307,819
IL	LICK CREEK	1,349,586
IL	LITTLE CALUMET RIVER	31,834,981

STATE	NAME	FEDERAL COST
IL	LAKE MATTOON	1,690,384
IL	LAKE CARLINVILLE	1,097,000
IL	LAKE BLOOMINGTON	1,468,914
IL	KINKAID LAKE	1,523,505
IL	ASH-LOOP	899,589
IL	ARGYLE LAKE	484,000
IN	MUDDY FORK OF SILVER CREEK	5,331,125
IN	MIDDLE FORK OF ANDERSON RIVER	3,225,799
IN	MARIAH CREEK	1,864,736
IN	JORDAN CREEK	5,605,504
IN	HONEY CREEK	5,188,150
IN	PIGEON CREEK	767,480
KS	UPPER BLACK VERMILLION	9,388,964
KS	PONY CREEK	3,072,033
KS	WET WALNUT NO. 3	9,573,258
KS	WET WALNUT NO. 2	8,637,814
KS	WET WALNUT NO. 1	4,848,023
KS	UPPER DELAWARE AND TRIBUTARIES	8,706,700
KS	SQUAW CREEK LOWER WOLF	5,280,818
KS	SPILLMAN CREEK	8,099,165
KS	SOUTH FORK WOLF	6,309,516
KS	SOUTH FORK	7,150,317
KS	ROY'S CREEK	4,795,346
KS	EAST SECTOR WHITEWATER RIVER	3,401,188
KS	WEST SECTOR WHITEWATER RIVER	4,956,590
KS	NORTH-MIDDLE FORKS WOLF	4,323,774
KS	DOYLE CREEK	3,802,000
KS	ELK CREEK	17,040,040
KS	GRASSHOPPER-COAL CREEK	9,500,129
KS	LOWER ELK RIVER	9,615,650
KS	LYONS CREEK	7,039,593
KS	NORTH SECTOR UPPER WALNUT	7,392,884
KS	MIDDLE CREEK (MORRIS)	4,468,272
KS	DIAMOND CREEK	3,143,640
KS	NORTH BLACK VERMILLION	11,581,906
KY	STEWART CREEK	3,285,102
KY	NORTH FORK NOLIN RIVER	4,085,030
KY	OBION CREEK	1,777,496
KY	PIGEON ROOST CREEK	3,016,085
KY	RED LICK CREEK	3,945,093
KY	UPPER TRADEWATER RIVER	3,879,541
KY	SOUTH FORK OF LITTLE RIVER	325,727
KY	LITTLE AND MIDDLE PITMAN CREEK	912,803
KY	CANOE CREEK	75,157
KY	WEST FORK OF MAYFIELD CREEK	4,609,818

STATE	NAME	FEDERAL COST
KY	SHORT CREEK	2,108,700
KY	BIG MUDDY CREEK	4,416,229
KY	EAST FORK OF POND RIVER	11,139,234
KY	BACON CREEK	1,274,145
KY	HIGHLAND CREEK	4,819,761
KY	BOONE FORK	9,094,000
KY	BRASHEAR'S CREEK	571,021
KY	CANE VALLEY	902,251
KY	CANEY CREEK	10,980,182
KY	EAST AND MIDDLE FORKS OF MASSAC CREEK	817,575
KY	FALL CREEK	850,430
LA	WEST FORK BAYOU L'OURS	2,509,959
LA	WALNUT-ROUNDAWAY	1,964,577
LA	UPPER VERMILION BAYOU	1,708,599
LA	FIFTH WARD	1,561,215
LA	MIDDLE TANGIPAHOA	1,191,486
LA	CYPRESS-BLACK BAYOU	11,701,382
LA	CENTRAL RICHLAND	344,000
LA	CENTRAL MADISON	1,377,975
LA	BAYOU PENCHANT-LAKE PENCHANT	2,314,026
LA	BAYOU MALLET	1,837,216
LA	BAYOU BOURBEUX	4,256,400
LA	AVOYELLES-ST. LANDRY	355,859
LA	SICILY ISLAND	57,798
MA	BAITING BROOK	5,804,434
MA	CLAM RIVER	6,263,983
MA	WASHINGTON MOUNTAIN BROOK	11,041,098
MD	GOLDSBORO	1,225,546
MD	WEST AND RHODE RIVERS	249,623
MD	LINGANORE CREEK	2,405,569
MD	DRY RUN	1,725,200
MD	UPPER CHESTER RIVER	2,773,269
ME	KENDUSKEAG STREAM	2,553,308
ME	LONG-CROSS LAKES	1,013,695
ME	MEDUXNEKEAG RIVER	1,161,220
ME	PRESQUE ISLE STREAM	2,877,890
ME	UPPER PISCATAQUIS RIVER	1,254,766
MI	SOUTH BRANCH KAWKAWLIN RIVER	713,692
MI	SWAN CREEK	779,300
MI	ELK RIVER	2,005,712
MI	MUD CREEK	652,446
MI	BEAR RIVER	2,184,389
MI	BARAGA VILLAGE	2,024,943
MN	CANBY CREEK	8,297,581
MN	KANARANZI-LITTLE ROCK	4,805,015

STATE	NAME	FEDERAL COST
MN	SOUTH ZUMBRO	22,538,510
MN	WHITEWATER RIVER	3,289,700
MO	WILLOW-CRAVENS	6,348,877
MO	McKENZIE CREEK	4,035,700
MO	TOWN BRANCH	883,659
MO	TROUBLESOME CREEK	9,824,925
MO	EAST LOCUST CREEK	8,992,422
MO	UPPER LITTLE BLACK	11,099,995
MO	WEST FORK OF BIG CREEK	24,562,893
MO	MOZINGO CREEK	7,683,770
MO	UPPER LOCUST CREEK	21,388,580
MO	EAST FORK OF BIG CREEK	6,609,207
MO	MONITEAU CREEK	6,847,358
MO	GRASSY CREEK	3,980,816
MO	BIG CREEK-HURRICANE CREEK	13,059,194
MO	EAST FORK OF THE GRAND RIVER	16,755,000
MO	EAST YELLOW CREEK	7,570,603
MO	GRINDSTONE-LOST-MUDDY CREEK	13,959,222
MO	HICKORY CREEK	4,891,600
MO	LOWER LITTLE BLACK	2,194,386
MO	MARTHASVILLE TOWN BRANCH	874,500
MS	DRY CREEK	1,279,771
MS	TOWN CREEK	26,577,056
MS	TALLAHAGA CREEK	12,868,843
MS	SOUTH DELTA	4,051,197
MS	LONG BEACH	2,828,434
MS	TUSCUMBIA RIVER	17,713,379
MS	INDIAN CREEK	3,220,500
MS	DRY CREEK(COLUMBIA)	962,000
MS	COPIAH CREEK	1,882,664
MS	CHUQUATONCHEE CREEK	6,733,661
MS	CHOCTAW	250,000
MS	BAYOU PIERRE	685,987
MS	HAMBRICK	507,000
MT	LOWER BIRCH CREEK	8,716,472
MT	MILL CREEK	4,305,126
MT	THIRTYMILE CREEK	3,270,393
NC	BIG AND DOUBLE CREEKS	39,562
NC	DEEP CREEK (YADKIN)	4,138,574
NC	SECOND BROAD RIVER	13,896,350
NC	CRABTREE CREEK	14,636,572
NC	BLACK CREEK	30,438
NC	UPPER CONTENTNEA CREEK	68,373
NC	TOWN FORK CREEK	7,178,030
NC	STEWARTS CREEK-LOVILLS CREEK	16,973,928

STATE	NAME	FEDERAL COST
NC	UPPER FRENCH BROAD RIVER	1,062,000
NC	SANDY RUN CREEK	716,499
NC	RAMSEUR RESERVOIR	658,526
NC	NAHUNTA SWAMP	1,012,000
NC	LOWER LITTLE & SOUTH YADKIN	1,001,366
NC	LITTLE YADKIN RIVER	3,094,073
NC	LIMESTONE CREEK	3,997,853
NC	SWAN QUARTER	6,784,417
ND	TAYLOR	1,341,119
ND	UPPER TURTLE RIVER	7,002,905
ND	SQUARE BUTTE CREEK	3,327,031
ND	MUSKRAT LAKE BASIN	512,044
ND	BELFIELD	2,430,135
ND	MIDDLE BRANCH-PARK RIVER	6,094,760
NE	MIDDLE FORK MAPLE CREEK	2,722,123
NE	TEKAMAH-MUD CREEK	4,256,107
NE	UPPER MEDICINE CREEK	3,442,313
NE	SWAN CREEK	6,492,515
NE	STEVENS-CALLAHAN(CAMP CREEK)	2,333,330
NE	SOUTH BRANCH LITTLE NEMAHA	6,850,794
NE	PAPILLION CREEK	5,338,143
NE	LOWER MEDICINE CREEK	3,003,277
NE	GERING VALLEY	7,826,897
NE	EAST-WEST-DRY MAPLE CREEKS	2,498,576
NE	BONE CREEK	1,393,491
NE	BLACKWOOD CREEK	4,174,455
NE	AOWA CREEK	7,286,639
NE	WOLF-WILDCAT CREEK	4,004,579
NE	MIDDLE BIG NEMAHA	3,412,826
NE	BALLS BRANCH	1,051,051
NH	DEAD RIVER	2,595,635
NJ	REPAUPO CREEK	757,631
NJ	ASSUNPINK CREEK	34,980,140
NM	COTTONWOOD-WALNUT CREEK	33,060,450
NM	ZUNI PUEBLO	37,999,315
NM	T OR C WILLIAMSBURG ARROYOS	22,720,309
NM	ESPANOLA-RIO CHAMA	4,465,873
NM	ASAAYI LAKE	2,053,400
NM	LARGO-AGUA FRIA	1,515,000
NV	EVANS CREEK	2,261,992
NY	NYC WS (Rondout)	265,920
NY	MILL BROOK	2,560,697
NY	VIRGIL CREEK	4,960,658
NY	TOMHANNOCK RESERVOIR	1,709,372
NY	OTISCO LAKE	908,564

STATE	NAME	FEDERAL COST
NY	NYC WS (Schoharie)	886,400
NY	NYC WS (Neversink)	265,920
NY	NYC WS (Pepacton)	1,063,680
NY	NYC WS (Lower Cannonsville)	709,120
NY	NYC WS (Upper Cannonsville)	531,840
NY	NYC WS (Ashokan)	709,120
NY	NANTICOKE CREEK	5,387,309
NY	BEAVER BROOK	1,888,000
NY	NEWTOWN-HOFFMAN CREEKS	12,879,893
OH	UPPER BLANCHARD RIVER	1,025,838
OH	WILLS CREEK	3,649,586
OH	UPPER TIFFIN	2,070,240
OH	UPPER STILLWATER RIVER	523,000
OH	UPPER MAD RIVER	588,570
OH	SOUTH FORK LICKING RIVER	6,129,759
OH	SHORT CREEK	10,038,893
OH	RUSH CREEK	24,549,427
OH	PRAIRIE-HOAGLIN BR. OF LITTLE AUGLAIZE R	13,950,440
OH	NORTH HOCKING RIVER	2,604,486
OH	LOWER STILLWATER RIVER	349,000
OH	FOUR MILE CREEK	2,145,759
OH	KINGS CREEK	427,066
OH	UPPER KILLBUCK CREEK	814,596
OK	UPPER RED ROCK CREEK	10,444,003
OK	OKFUSKEE TRIBUTARIES	10,772,119
OK	ROBINSON CREEK	5,557,450
OK	SALT-CAMP CREEK	4,291,096
OK	SANDY CREEK	4,471,982
OK	STILLWATER CREEK	16,594,274
OK	TRI-COUNTY TURKEY CREEK	8,349,108
OK	TURKEY CREEK	3,789,844
OK	UPPER BLACK BEAR CREEK	11,687,152
OK	NORTH DEER CREEK	5,961,580
OK	UPPER MUDDY BOGGY CREEK	13,938,601
OK	UPPER BAYOU	4,554,383
OK	WILD HORSE CREEK	747,000
OK	MIDDLE DEEP RED RUN CREEK	9,512,200
OK	UPPER ELK CREEK	15,383,858
OK	COW CREEK	12,635,625
OK	CARNEY CREEK	700,200
OK	UPPER BLUE RIVER	11,930,201
OK	CAMBELL CREEK	745,010
OK	LUGERT-ALTUS	3,563,361
OK	COTTON-COON-MISSION CREEK	7,025,199
OK	DEER CREEK	3,262,657

STATE	NAME	FEDERAL COST
OK	DRY CREEK	5,335,138
OK	HOYLE CREEK	1,043,712
OK	JACK CREEK	3,929,007
OK	LOWER BAYOU	9,128,490
OK	LOWER RED ROCK CREEK	7,812,526
OK	LOWER CLEAR BOGGY CREEK	9,641,525
OK	LOWER BLACK BEAR CREEK	8,611,836
OK	BRUSHY-PEACEABLE CREEK	17,840,702
OK	LOST-DUCK CREEKS	11,569,077
OK	LITTLE BEAVER CREEK	3,535,000
OK	LEADER-MIDDLE CLEAR BOGGY CREEK	2,058,863
OK	KICKAPOO NATIONS	18,855,427
OR	DEADMAN-BULLARD	3,408,382
OR	DRY CREEK	1,238,977
OR	UPPER STAGE GULCH	930,320
OR	BUCK HOLLOW	2,462,700
OR	NORTH SIDE BIG NESTUCCA	821,166
PA	OVEN RUN	3,119,459
PA	YELLOW CREEK	2,066,000
PA	TULPEHOCKEN CREEK	5,977,000
PA	ROCK CREEK	356,274
PA	RED-WHITE CLAY CREEK	6,454,100
PA	PITCHPINE RUN	2,339,000
PA	NESHAMINY CREEK	10,897,020
PA	MONASTERY RUN	575,000
PA	MILL CREEK (CLARION AND JEFFERSON)	3,530,000
PA	LITTLE TOBY	1,601,000
PA	LAUREL HILL CREEK	614,387
PA	JACOBS CREEK	9,240,633
PA	GLENWHITE RUN	770,000
PA	CLOVER CREEK	688,546
PA	BRANDYWINE CREEK	21,315,647
PA	CEDAR RUN	611,760
PB	AUA	263,300
PB	KAGMAN	635,865
PR	ANASCO RIVER	6,930,166
PR	GUAYANES RIVER	30,840,433
RI	AQUIDNECK ISLAND	880,450
SC	THOMPSON-WESTFIELD CREEK	291,240
SC	BUSH RIVER-BEAVERDAM CREEK	967,414
SC	CABIN BRANCH	779,000
SC	WEST ORANGEBURG	546,606
SC	UPPER SAVANNAH	701,737
SC	SOUTH EDISTO	1,496,045
SC	SALKEHATCHIE RIVER	324,846

STATE	NAME	FEDERAL COST
SC	SALEM COMMUNITY	3,288,713
SC	RAFTING CREEK	405,492
SC	NICHOLS	634,000
SC	PICKENS-ANDERSON	214,608
SC	PACOLET RIVER	447,030
SC	OOLENOY RIVER	2,981,625
SC	NORTHWEST CHEROKEE	529,812
SC	FRAZIER PARK	204,952
SC	NORTHEAST CALHOUN	800,828
SC	HOLLY HILL	618,300
SC	NORTH FORK EDISTO	241,356
SC	LITTLE SALUDA RIVER	189,666
SC	RABON CREEK	7,203,890
SC	WALLACE	514,931
SD	FALL RIVER-SOUTH UNIT	21,000
SD	FALL RIVER-NORTH UNIT	40,000
SD	LOWER LITTLE MN RIVER-BIG STONE LAKE	1,603,000
TN	PORTLAND	1,341,069
TN	BIG LIMESTONE CREEK	1,507,937
TN	WHITE OAK CREEK	45,809
TN	SWEETWATER CREEK	9,179,847
TN	SULPHUR FORK CREEK	1,082,759
TN	SPRING CREEK	740,846
TN	REELFOOT-INDIAN CREEK	15,425,092
TN	RED BOILING SPRINGS	7,685,103
TN	BIG CREEK	1,478,353
TN	BEANS CREEK	1,302,427
TN	HURRICANE CREEK	14,953,116
TN	NORTH FORK-FORKED DEER RIVER	4,777,569
TN	BEAR CREEK (SCOTT)	3,188,275
TN	BEAVER CREEK	1,071,873
TN	CANE CREEK	22,044,418
TN	LICK CREEK (1995)	1,937,000
TN	MADISON-CYPRESS CREEK	517,222
TN	MCNAIRY-CYPRESS CREEK	10,958,655
TN	NORTH FORK WOLF RIVER	795,875
TX	UPPER SAN MARCOS RIVER	16,907,312
TX	NOLAN RIVER	2,056,000
TX	PINE CREEK	3,227,290
TX	RED DEER CREEK	15,422,677
TX	PALUXY RIVER	18,371,319
TX	SALADO CREEK	23,493,270
TX	SULPHUR CREEK(WP)	1,355,977
TX	TEHUACANA CREEK	7,015,979
TX	UPPER NORTH BOSQUE RIVER	2,455,357

STATE	NAME	FEDERAL COST
TX	RUSH CREEK	6,164,984
TX	LOWER AQUILLA-HACKBERRY CREEK	1,149,240
TX	THREE MILE AND SULFER DRAW	10,521,745
TX	CHOCTAW CREEK	13,938,700
TX	LOS OLMOS CREEK	624,042
TX	AQUILLA-HACKBERRY CREEK	8,960,020
TX	SAN DIEGO-ROSITA CREEKS	10,128,853
TX	ATTOYAC BAYOU	10,443,894
TX	BIG CREEK(DELTA CO.)	672,017
TX	BIG CREEK(TRI-COUNTY)	4,689,801
TX	CANEY CREEK	2,319,071
TX	CORNUDAS; NORTH AND CULP DRAWS	5,574,878
TX	DONAHOE CREEK	2,186,498
TX	ECLETO CREEK	7,826,596
TX	ELM CREEK (1250)	8,164,208
TX	ELM CREEK (CEN-TEX)	18,685,759
TX	HITSON; C&L AND WASHBURN DRAWS	16,810,970
TX	LEONA RIVER	11,096,166
TX	CADDO CREEK	3,805,642
UT	SAND WASH	478,237
UT	TRI-VALLEY	5,006,610
UT	MUDDY CREEK-ORDERVILLE	263,540
UT	BLUE CREEK-HOWELL	8,339,295
UT	DRY GULCH-MARTIN LATERAL	4,876,034
UT	FERRON	6,386,549
UT	MONROE-ANNABELLA	4,858,747
UT	WARNER DRAW	6,800,484
VA	HAYS CREEK	2,207,008
VA	WATKINS BRANCH	0
VA	THREE CREEK	769,745
VA	SANDY CREEK	2,800,232
VA	LICK CREEK	927,877
VA	CRIPPLE CREEK	2,232,020
VA	COPPER CREEK	2,455,054
VA	CHESTNUT CREEK	5,039,766
VA	CEDAR RUN	13,397,670
VA	BUSH RIVER	16,393,712
VA	ARARAT RIVER	4,459,574
VA	LOONEY-MILL CREEK	1,479,371
VT	BARTON AND CLYDE RIVERS	4,091,402
VT	LOWER WINOOSKI RIVER	1,362,003
VT	LOWER LAMOILLE RIVER	2,109,789
VT	LOWER LAKE CHAMPLAIN	783,778
VT	LEMON FAIR RIVER	2,467,185
VT	BLACK RIVER	2,346,012

STATE	NAME	FEDERAL COST
VT	LOWER OTTER AND DEAD CREEKS	3,473,970
WA	TENMILE CREEK	2,005,201
WA	TUCANNON RIVER	2,356,240
WA	REBEL FLAT CREEK	2,433,575
WA	PLEASANT VALLEY CREEK	2,306,953
WA	OMAK CREEK	2,797,000
WA	NORTH PINE-SPRING VALLEY CREEK	2,092,893
WA	NEWAUKUM	1,509,633
WA	MOXEE	3,656,016
WA	MARSHLAND	7,341,075
WA	EAST SIDE GREEN RIVER	19,293,628
WA	WEST SIDE GREEN RIVER	2,299,368
WI	PINE RIVER	18,176,371
WI	MOSHER-ANDERSON CREEK	222,254
WV	TETER CREEK	2,051,207
WV	WHEELING CREEK	47,040,974
WV	UPPER MUD RIVER	15,710,975
WV	UPPER BUFFALO CREEK	20,791,785
WV	OPEQUON	2,831,346
WV	MILL CREEK	26,785,685
WV	LITTLE WHITESTICK-CRANBERRY CREEKS	28,231,917
WV	HOWARD CREEK	11,073,195
WV	HEADWATERS OF INDIAN CREEK	2,505,417
WV	BRUSH CREEK	5,729,051
WV	ELK TWOMILE CREEK	11,783,797
WY	ALLISON DRAW	5,114,503
WY	NORTH PLATTE RIVER	4,571,785
TOTAL ACTIVE WATERSHED PROJECTS		1,188,532,762

PL-534 ACTIVE FLOOD PREVENTION PROJECTS

STATE	NAME	FEDERAL COST
CA	Los Angeles River and Santa Ynez	$900,000
IA	Little Sioux	18,240,000
MS	Little Tallahatchie and Yazoo	8,617,500
NY	Buffalo Creek	1,400,000
OK	Washita	19,626,000
TX	Middle Colorado and Trinity	139,764,000
VA	Potomac Headwaters	12,758,000
WV	Potomac Headwaters	19,350,750
TOTAL ACTIVE FLOOD PREVENTION PROJECTS		$220,656,250

GRAND TOTAL BACKLOG	**$1,409,189,012**

DEAUTHORIZED SMALL WATERSHED PROJECTS

Mrs. EMERSON. Also, let me reference something that was in the budget summary, in your all's budget summary, that I think is real important. On page 70 it says, "NRCS will continue to reduce the backlog of unfunded work by examining approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong."

Now, I recognize you have to go back and update those plans, but that underscores the inadequacy of funds in the program. Can you tell me how many projects are taken off the list in a given year under this procedure and what percentage that is of the total number of projects on the backlog list?

Mr. REED. I would have to provide that for you for the record.

Mrs. EMERSON. I would be very happy to get that.

[The information follows:]

WATERSHED PROJECTS MODIFIED OR DELETED DURING FY 1999–2000

State	Project name	Date	Status
MS	Box Creek	99/08	Deauthorized.
MS	Houlka Creek	99/08	Deauthorized.
MS	Mantachie; Bogue Fala and Bogue Eucuba	99/08	Deauthorized.
MS	Browns Creeks	99/08	Inactive.
AR	Cedar-Piney Creeks	99/08	Installation Complete.
KS	Middle Walnut	99/04	Installation Complete.
MN	Burnham Creek	99/07	Installation Complete.
NJ	Furnace Brook	99/08	Installation Complete.
VA	Upper Appomattox River	99/08	Installation Complete.
AR	Caney Bayou	99/04	Project Life Over.
AR	Fleschman's Bayou	99/04	Project Life Over.
LA	Baker Canal	99/05	Project Life Over.
LA	Cocodrie-Grand Louis	98/12	Project Life Over.
LA	North Tensas	99/05	Project Life Over.
AZ	New Magma	99/10	Supplemented.
CA	Indian Creek	99/12	Supplemented.
CA	Upper Stony Creek	99/12	Supplemented.
MO	McKenzie Creek	99/08	Supplemented.
MS	Tallahaga Creek	99/11	Supplemented.
PA	Red-White Clay Creek	99/02	Supplemented.
PA	Yellow Creek	99/08	Supplemented.

REDUCED FUNDING FOR SMALL WATERSHEDS

Mrs. EMERSON. But then let me ask you with that big backlog why you have reduced the funding for that program from 90.8 million to 74.4 million?

Mr. LYONS. Maybe I could address that. I take it you are a supporter of Public Law 566 and the watershed program.

Mrs. EMERSON. There are some things I support, yes.

Mr. LYONS. I know there is a lot you support. I was just referring to that program. I would suggest to you, Mrs. Emerson, that the same problem that exists with Public Law 566 and perceptions in that program is the problem that exists with the other programs you referenced as regulatory programs.

There are some who will perceive that the Public Law 566 program is simply a construction program, and it is going to provide for investments and watershed projects that are either outdated and/or inappropriate and will cause environmental harm. I want to

point out that Pearlie and I don't share that view. We see the value of many of these projects. We have not been able to secure funding for these projects. And I think we have an education job to do; you to help us communicate to people that these are valuable programs, and I guess obviously Pearlie and I to help you understand that we are not forwarding or advocating regulatory strategies to deal with the pollution.

Mrs. EMERSON. Can you tell me if the 74 million is your number, or is that the number OMB gave you all? What did you submit in your budget, and what were you given back by OMB? That is a better way of putting it.

Mr. REED. What I asked Mr. Lyons for was substantially more than that.

Mr. LYONS. And we didn't get it.

Mrs. EMERSON. But then, Mr. Lyons, can you tell me whether you cut it, or did OMB cut it?

Mr. LYONS. I don't think I cut it.

Mrs. EMERSON. Okay.

Mr. LYONS. Scout's honor.

FOREST MANAGEMENT PLANS

Mrs. EMERSON. Well, I will take your word for it on this one. But if you could give me the information, that would be helpful.

Let me ask you, since I still actually have some time here, even though obviously our subcommittee doesn't fund the Forest Service, you have responsibility for that agency, and I really can't resist asking you a question or two about it, particularly about the proposed rule on forest management plans, which obviously you can imagine troubles me deeply. I think that the proposed rule takes us from a multiple use to a single use or a no use.

And perhaps I often use the expression that some in the administration would only like us to go meditate and not use wise management of our natural resources, but timber sales, are already dramatically down from 5, 10 years ago. And last year—the appropriated level provided for a total volume offered of just 3.62 billion board feet. Do you have an idea of or an estimate as to what that rule's impact is going to be on timber sales?

Mr. LYONS. I don't know if I can give you a specific answer. I would suggest to you that our view is that the rule is certainly not in any way an effort to walk away from the concepts of multiple use. In fact, what the rule states is—as proposed anyway—is that maintaining the health of the land—use the term ecological sustainability, and actually that termed by a committee of scientists that provided us guidance in reviewing the law and recommending changes in the rule—maintaining ecological sustainability is key to maintaining social and economic sustainability. So our goal simply is that Multiple Use Sustained Yield Act directs us to do—to maintain a sustainable flow of the goods and services that come from the National Forest without impairment of the productivity of the land. That is the critical phrase.

So I don't see that as impacting the timber sale program in any way. In fact, to the contrary, we have hopes that we can increase the use of timbering as a civil cultural tool to achieve multiple objectives in addition to producing timber.

Mrs. EMERSON. Considering the monies that you all have asked to appropriate is a much lower number of board feet, I mean, I am not quite sure that that jibes, but I would ask if you all could provide—I assume you have done an economic impact or evaluated the economic impact on the forest products industry and our rural communities near national forests of lowering the volume that is going to be offered. Have you determined how much it is going to cost our communities and the industry by substantially decreasing the amount of board feet?

Mr. LYONS. I would suggest to you that our proposal for 2001 is not a substantial decrease from where we were in 2000. What was appropriated by the Congress for timber sales in fiscal year 2000, there is a slight decline. We certainly can provide the information we have that was the analysis for preparing that budget if you would like.

Mrs. EMERSON. I would, in fact, like to do that.

[The information follows:]

Your concerns focus on two main issues: multiple use and impacts on timber sales and community economics. The answer below addresses each of these issues.

MULTIPLE USE

Regarding the multiple use concern. I can assure you that the proposed planning rule builds upon, and will foster, the entirety of the agency's legal foundations that encompass the direction given in the Multiple-Use, Sustained-Yield Act (MUBY). Inherent in the proposed rule's three-part goal of sustainability is the promotion of a wide variety of uses, values, products and services through a collaborative process that enhances society's capability to make sustainable choices across the landscapes they care about.

The goal of ecological sustainability is consistent with the multiple use mission of the National Forest System to develop and administer renewable resources for multiple use and sustained yield of the several products and services obtained. It is consistent with the MUSY direction to provide for harmonious and coordinated management of the various resources.

Further, if meets the NFMA requirement to provide for diversity of plant and animal communities based on suitability and capacity of specific land areas for meeting multiple use objectives (16 U.S.C. 1604(G)(3)(B).

TIMBER AND ECONOMIC IMPACTS

A rule, as a regulatory document (in this case, land management planning, has neither economic or timber impacts on any constituent group or local community. However implementation of actions done under that Rule may have impacts. Thus, we consider and evaluate these potential impacts as part of the NEPA process when proposing to revise a forest or grassland plan for proposing project-level actions More specifically, when the currently proposed planning rule is finalized, any proposed plan revisions or subsequent project level proposals will be subject to full consideration of economic impacts on potentially affected groups, including forest industries and local communities. The CEQ Regulations (40 CFR 1508.23) clearly define the point at which a proposal exists for meaningfully evaluating effects.

FOREST PLANNING RULE COMMENTS

Mrs. EMERSON. The comment—well, I ran out of time, didn't I? I am sorry, Mr. Chairman.

Mr. SKEEN. Go ahead with your last question.

Mrs. EMERSON. I know that the comment period on the proposed rule closed on the 3rd of February. Can you give me a general sense and where the comments are in the time line?

Mr. LYONS. I am sorry, for the proposed forest planning rule?

Mrs. EMERSON. Yes.

Mr. LYONS. We actually extended the comment period several times. In fact, the last time we extended it 11 days to accommodate the Chairman of the Senate Energy and Natural Resources Committee. We received, I think, 11,000 comments during that time frame. We are reviewing those comments and meeting with Chief Dombeck and with the Forest Service leadership last week to go through comments and all the feedback we had received on the rule and have given instructions to the rule-writing team to respond to the issues raised, the concerns expressed by the public. Comments were heard from congressional sources to make rewrites, in some cases substantial rewrites, of the rule.

Mrs. EMERSON. So time line?

Mr. LYONS. We hope to get it finished up later this spring.

Mrs. EMERSON. For the summer sometime.

Mr. LYONS. Hopefully, yes.

Mr. SKEEN. Mr. Farr.

TIMBER SALES ON FEDERAL LAND

Mr. FARR. Just a curious follow-up on Mrs. Emerson's question. What is the total percentage of timber sales in America that comes off Federal lands?

Mr. LYONS. I believe our supply—the quantity that we supply right now of soft woods, I would be taking a guess right now, it is certainly less than 10 percent.

Mr. FARR. So the rest of the 90 percent of the market is controlled outside.

Mr. LYONS. Most timber produced in the United States comes from private sources. A great deal actually is imported from Canadian sources in terms of domestic use. We export as well.

LEGAL LIABILITY OF NRCS OPERATIONS

Mr. FARR. Of your NRCS jurisdiction, is there anything in your services that is not voluntary? You provide technical and financial assistance, but people have to ask them, right?

Mr. LYONS. That is correct.

Mr. FARR. So let me just suggest, the committee ought to consider what I see happening in our area where we are in a litigious society, and a lot of the decisions that affect policy are made outside the legislative branch. They are made in the judicial branch. In a tort era what is happening in farming, if you don't learn best management practices, you are going to be sued as the results of your less than best management practice are going to have a downstream effect on somebody's life and property, and they are going to go to court.

USDA CONSERVATION LEADERSHIP

So I want to just, first of all, compliment you because I do think we need some leadership in this country to provide upgrading of skills, and where I have seen it is in any area that we have cattle ranchers now who through learning better skills have totally changed their cattle ranching operation. They are into what they call holistic grazing. They graze cattle, sheep, and cows and horses together and shepherd them from one field to another because they

have open ranges. What they are finding is that the fields are coming back. This is on their own private land they are coming back much stronger and much healthier, and yet they are able to also go to the market because they are working with nature rather than against nature, and they are learning from the technical expertise.

So I think we need to continue this, as I call it, upgrading America's skills on land use, whether it is in our forests or ag lands, wherever it may be, because if we don't, the consequences are going to be that it is just going to fall apart and can't be used for agriculture because there is just too many problems that we can't overcome. So we got to sell it for urban sprawl.

So farming is the best defense against urban sprawl. Look at California, number one ag State, the number one population State, and yet in areas like the Salinas Valley, which I hope our committee can see sometime where our land is worth $35,000 an acre, farmers are still doing best management practices and able to say, I would rather be in farming.

Mrs. EMERSON. Would the gentleman yield?

Mr. FARR. Yeah.

PRIVATE SECTOR CONSERVATION LEADERSHIP

Mrs. EMERSON. Let me comment that my farmers and ranchers are doing the same thing, but they are doing it voluntarily. They are not having the heavy hand of government come down and tell them they have to do it, because they know if they don't do it, they will not be successful.

FARMLAND PROTECTION PROGRAM FUNDING

Mr. FARR. We are not in disagreement, because it is all voluntary in California, only you have many other pressures. You have local and State laws that are so much tougher than anything the Federal Government has ever thought of, and yet they are making it.

The point I would like to get down to here, is your budget request for farmland protection? I mean, we don't have any money in that program. Ms. Kaptur just talked about the fact that people need it, we need to do it. We have $35 million. It was authorized, and it was spent in 1998. What is the Department going to do to send this new authorization language up to the Hill for the $65 million in the budget request? When are you going to do it?

Mr. LYONS. I know we are working on it, Congressman. I think that one is fairly simple. It is simply a change in the authorized cap. So we could get that—Steve has to clear all these things.

Mr. FARR. Do you have $35 million authorization now, so if this committee put $35 million into that program, you are authorized to spend it?

Mr. LYONS. We spent the authorization, so we need an increase in the authorization.

Mr. FARR. And then where would the money come from for the program?

Mr. LYONS. CCC. It would be increased funding out of CCC.

Mr. FARR. You are not going to the land and water conservation fund, I hope.

Mr. LYONS. That is not what we have proposed.

Mr. FARR. It was proposed last year. It didn't work. It was outside our jurisdiction.

ENVIRONMENTAL QUALITY INCENTIVES PROGRAM FUNDING

Your request for EQIP program is $125 million above the authorized level?

Mr. LYONS. It is about $300 million.

Mr. FARR. When are you going to ask for the authorization language?

Mr. DEWHURST. All of these proposals will be part of the administration's safety net program for farmers which will be submitted. I am not in a position to give you an exact date, but certainly within the next couple of weeks. And all the financing for the conservation initiatives in that package comes from the Commodity Credit Corporation.

AIR QUALITY TASK FORCE

Mr. FARR. Okay. Lastly, just let me—time has run out.

Mr. Reed, you served as chairperson of the Ambient Air Quality Task Force. I understand that recently the task force has made recommendations on two major issues of extreme importance to agriculture. The issues are burning of agricultural residue and a proposal to develop voluntary incentives based on the Air Quality Compliance Program. Could you let me know perhaps—I don't want to take the Chairman's time—what the status of those recommendations are?

Mr. REED. Mr. Lyons signed off this week.

Mr. FARR. Okay. Thank you. You are doing a good job on that program. You are to be commended.

URP HERITAGE RIVERS, AND PACIFIC SALMON EXPENDITURES

Mr. SKEEN. Mr. Lyons, you submitted a letter for the record that I signed on January the 28th, 1998, regarding the expenditure of funds for Urban Resources Heritage Rivers and salmon recovery initiatives. And I will submit for the record the House report language that accompanied the fiscal year 1999 appropriations bill. The report language directs the agency that the funds are not available until reprogramming requests are approved.

[The information follows:]

H. R. 105-588

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1999

JUNE 19, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SKEEN, from the Committee on Appropriations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 4101]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for fiscal year 1999.

SUMMARY OF ESTIMATES AND RECOMMENDATIONS

	FY 1998 appropriation	FY 1999 estimates	FY 1999 recommendation	FY 1999 recommendation compared with FY 1998 appropriation	FY 1999 recommendation compared with FY 1999 estimates
Title I—Agricultural Programs	$6,940,775,000	$13,924,292,000	14,364,890,000	+7,424,115,000	+440,598,000
Title II—Conservation Programs	786,474,000	826,327,000	784,357,000	−2,117,000	−41,970,000
Title III—Rural Economic and Community Development Programs	2,087,222,000	2,220,118,000	2,173,781,000	+86,559,000	−46,337,000
Title IV—Domestic Food Programs	37,222,519,000	38,442,205,000	36,114,845,000	−1,107,674,000	−2,327,360,000
Title V—Foreign Assistance and Related Programs	1,605,799,000	1,365,172,000	1,424,854,000	−180,945,000	+59,682,000
Title VI—Related Agencies and FDA	990,974,000	1,036,025,000	1,030,420,000	+39,446,000	−5,605,000

The House report accompanying the fiscal year 1998 agriculture appropriations bill expressed concern over the fact that while the conservation operations program accounts for 80 percent of the Natural Resources Conservation Service appropriations that little or no accountability is shown for how these funds are used by the agency. Specifically, the Committee is concerned about the American Heritage Rivers Initiative (AHRI) for which funding has never been requested from the Congress. The Committee requests a report by December 15, 1998 on the following: total expenditures on the American Heritage River Initiative by fiscal year; a list of all activities being carried out and/or planned in support of the AHRI and their associated costs; and the number of personnel assigned to work on this initiative and the amount of their time spent working on this initiative.

Funds for the American Heritage Rivers Initiative, the Urban Resources Partnership and the Northwest Salmon Recovery Initiative are not available until justification and reprogram requests are approved. In addition, specific line item requests for the American Heritage Rivers Initiative, the Urban Resources Partnership, the Northwest Salmon Initiative and any other initiative are to be included in the fiscal year 2000 request under the conservation operations account.

REPROGRAMMING FUNDS

Mr. SKEEN. I would point out that the USDA has never submitted nor did we ever approve reprogramming the use of those funds.

Mr. LYONS. Well I appreciate that, Mr. Chairman. We would like to work with you on that. If we have to submit that, I suppose we will. I think one of the issues of debate, and you are the boss, was that we felt that under conservation operations, we had the authority, which is what led to the OGC reviews that we asked for. We want to work with you, Mr. Chairman, on that and make sure that what we are doing comports with what your wishes are.

Mr. SKEEN. Thank you.

And Mr. Nethercutt.

CRP TECHNICAL ASSISTANCE AVAILABILITY

Mr. NETHERCUTT. Thank you, Mr. Chairman.

Welcome to the witnesses.

Last year there was testimony here regarding the financial needs of the agency, and also there was a question about continuing funding for technical services for producers who were establishing CRP cover crops. I am wondering what happened with respect to those particular funds.

Apparently during the process of establishing cover crops, the agency suspended its service because of a shortage of funding, and producers were caught with programs partially completed. In many parts of the West, we have timing requirements to make sure that, due to weather patterns, we get our cover crops planted, and that there is going to be a succession that the termination of service seriously jeopardized that important phase of CRP. Congress eventually supplied, I think it was $28 million in fiscal year 1999 emergency supplemental appropriation bill. I am wondering if there are ample funds this year in the budget to allow the program, the Technical Services Program, to continue.

Mr. REED. No, sir. We have approximately $33, $35 million shortfall.

Mr. NETHERCUTT. How much, sir?

Mr. REED. About a $33 to $35 million shortfall.

Mr. NETHERCUTT. How do you plan to get around this very serious problem?

Mr. REED. We talked about that a little bit earlier. I will defer to Mr. Dewhurst to give the same response.

Mr. NETHERCUTT. See if he gives the same response.

Mr. DEWHURST. We are working with OMB. You know, the problem is the cap in the farm bill and how much money the Commodity Credit Corporation can provide for technical assistance. The solution to the problem not just in 2000, but in the future lies in either eliminating or raising that cap.

The appropriation you provided was kind of a stop-gap last year. Frankly, we would hope there was a better way to solve the problem this year, but it is just a matter that we are having to look at with folks across town.

CONSERVATION EASEMENTS

Mr. NETHERCUTT. Well, it is a problem. And if we want to accomplish the good things CRP has in mind, we've got to make sure that the farmer isn't left wanting.

During the 18th sign-up of CRP, bids were accepted in some instances in our State—in my district actually—were twice as high as the average cash rent for croplands. We are seeing whole farms go in to CRP, and, you know, CRP removes that land from the rural infrastructure and the support remaining as well as necessary for those remaining farmers. We are finding an incentive to put whole farms into CRP at the cost and expense of those who want to keep farming, the young guys who are out there trying to make a living and need land to farm. I know that this is an FSA responsibility, but I am wondering to what extent you all are coordinating with FSA to address that very real differential.

Mr. REED. We really aren't from an NRCS standpoint.

Mr. NETHERCUTT. Should you?

Mr. REED. We should be. And we are in a continuous dialogue on these issues, but when it comes to those issues relative to those programs that FSA administers and how that plays with respect to these 25 percent limits and things like that, we defer to them.

Mr. NETHERCUTT. It is real, and it does cause those young farmers who want to continue farming—and it really makes sure the maintenance of the infrastructure of the rural counties and communities is there. It is a very real problem, and so I would appreciate your thinking about it. Maybe we can further figure out ways to address it.

Mr. REED. I would like to add, Mr. Nethercutt, we are having a similar kind of problem as it relates to WRP with the tax situation and the impact that it is having on local communities.

RESOLVING CLEAN WATER AND CLEAN AIR CHALLENGES

Mr. NETHERCUTT. Mr. Lyons, I know the earlier discussion—I am informed and apologize for not being able to be here. I had another hearing in Interior, and so I am sorry I missed your comments, but I understand there was a focus on clean water issues, not necessarily clean air issues. The farmer is caught in between, especially the blue grass production industry in my State. Blue glass production has literally been removed because of air quality problems and challenges that have been raised. At a time when the farmer is trying to control residue, using burning to meet residue requirements for clean water, the farmer is finding him or herself in the middle of clean air versus clean water. And again, it is a challenge to try and stay in business. I am wondering to what extent you are trying to address these clean air and clean water challenges simultaneously.

Mr. LYONS. Congressman, I don't know that we have done an adequate job to try to deal with the nexus between clean air and water. I think we have an obligation to do that for your producers and across the country. We have some serious challenges in your part of the world. I don't know if you had a chance to see this map, but that red blob is your district.

Mr. NETHERCUTT. I know. You say that respectfully.

Mr. LYONS. I do. I do, sir, and we have talked about the challenges. I think we have a joint obligation to help producers stay in business, and erosion is not just an erosion of land for your producers, it is an erosion of profits, and therefore it is critically important we figure out ways to do that. We are trying to do that.

Mr. NETHERCUTT. It is a State issue relative to the air quality and blue grass, but Federal by the EPA, I believe. We are seeing all the blue grass production now go over to Idaho, which then as—we look at the wind patterns, a lot of that smoke comes back into eastern Washington, and the people get upset. In the meantime we have lost a lot of blue grass producers, and that has had a negative impact on our economic structure in eastern Washington. So, it is a tough job, but, it sure needs some coordination and some common sense with the respect to the ability to burn crop residue.

Mr. LYONS. We will try and do a better job with it.

Mr. SKEEN. Mr. Boyd.

VOLUNTARY AND MANDATORY PROGRAMS

Mr. BOYD. Thank you, Mr. Chairman. And I want to follow up on an issue that Mr. Farr addressed. I think he asked Mr. Reed the question about the administration of programs, voluntary as opposed to mandatory. But it is my understanding that there are some mandatory programs. I know it is mandatory that if you are going to farm, that you have a conservation plan in place that you have to follow and implement. And I want to make sure that our record didn't reflect that you only administer voluntary programs.

Mr. REED. There are compliance requirements.

Mr. BOYD. We have addressed that earlier. There are compliance requirements.

Mr. LYONS. But, Mr. Boyd, don't lose sight of the fact that if a producer elects to be part of the program——

Mr. BOYD. I understand that. If you are going to farm, you must comply.

Mr. LYONS. If you are going to farm in the programs.

Mr. BOYD. I say, again, if you are going to farm, you must comply because you won't farm long if you don't farm in the programs, at least not in my part of the world.

We have had a discussion here today about the technical assistance plus-ups that you want, and we have had an extensive discussion about the lack of adequate personnel, resources, training, those kinds of things at the county level, and that is working against us. Everybody has, I think, here has beat that around a little bit.

CONSERVATION SECURITY PROGRAM REQUEST

My first reaction when I see the budget request for new programs, and I refer to the Conservation Security Program, is, you know, we can't even administer and implement the ones that we have in place now. So my first reaction is why do we want to further use our resources in trying to implement a program which in this case is probably duplicating? I think we got plenty of programs in place. So that is my first gut reaction based on your summary of the program.

I would like to ask Mr. Reed or Mr. Lyons, or some of your folks to come in and talk to us about the details of this new program and how are we going to mesh it in with the whole farm security net issue. And I don't want to take up the committee's time now because I have another area that I want to go into, but I would like to have that if we could do that.

Mr. LYONS. We submit to do that, Mr. Boyd, I want to say one thing. That is we did meet with staff yesterday and discussed the fact that we intend to put some proposals together, but we want to sit down with you. We know we have a short legislative year. We want to sit down and work these things through. I think Secretary Glickman met with a number of members with the Agriculture Committee yesterday and discussed some efforts.

STOPPING FARMLAND CONVERSION

Mr. BOYD. In that vein, I know you handed out some charts earlier. You referred to them, one earlier which doesn't give us a benchmark to go against, but the others do. One is a total erosion of cropland, and you see between 1982 and 1995 you refer to the fact that probably the major cause of this significant decrease in cropland use is the CRP program, which I concur with and I am a great advocate of.

I would submit to you and to the other Members that the real problem is what Ms. Kaptur referred to earlier, and that is acreage or farmland conversion to development. And I would submit to you that maybe our major focus should be figuring out how to stop that. And I know Mr. Farr and others have referred to the Farmland Protection Program, which I know the States are doing much in areas into conservation, development rights and those kind of things.

Now, I want to ask your indulgence, Mr. Chairman, and the indulgence of the committee to go back and address the forest issue, because this is the only opportunity we have to address Mr. Lyons in this setting. And I know it is not our area of purview, but I would ask your indulgence to do that.

Mr. SKEEN. We are indulged.

NATIONAL FOREST SYSTEM PAYMENTS TO STATES AND COUNTIES

Mr. BOYD. Mr. Lyons, are you familiar with H.R. 2389?

Mr. LYONS. If you tell me the title of it, I bet I am.

Mr. BOYD. It is the Secure Rural Schools & Communities, Self Determination Act.

Mr. LYONS. Yes, very much, sir.

Mr. BOYD. We had a great discussion and debate about that last year. Now, I heard today that some people in your Department have gone to the Senate and said they want to sit down and write a bill in the Senate. Now, Mr. Lyons, we had a discussion earlier about forest policies, management practices, and you know what we tried to do with H.R. 2389 is set those controversial issues aside. We are not going to resolve those here. Those are in court, many of them being decided in the judicial system, based on interpretation of current law, and that is an issue that will not be resolved immediately.

But there is a consequence to the changed timber management practices, and that is that our local schools in these forest communities, are being devastated. And what we tried to do when we wrote H.R. 2389 was to solve that specific problem, not solve the issue or the debate about harvest management policies, but simply our goal was to set that aside and solve the issue of school funding.

Now, Mr. Lyons, I attempted on several occasions to have discussions with your staff and get your constructive input so we could come to an agreement. But, unfortunately, the administration continues to oppose this piece of legislation which simply tries to address the school functioning issue. It doesn't address management practices at all. I don't understand why the administration continues to oppose solving the problem in funding our local school districts. In the communities where the government owns the land and has taken it off the tax roles, they have destroyed the economic base because of their timber management practice changes. So I hope you will address that.

Mr. LYONS. If I could, Mr. Chairman, I would be glad to. You are right, Congressman. We continue to oppose the House-passed bill. We are engaged in a discussion with the Senate staff. Senator Wyden, Senator Craig requested that we begin that dialogue. We are working on the language there. I think it is important to importantly characterize the bill there because it doesn't simply deal with school funding. We were pleased to deal with that issue, and I made that commitment many times before.

Your bill does a little bit more than that, though. It creates a very complicated structure that would introduce a new concept, and that is it will require the communities to commit 20 percent of the funds they get under that bill to developing community-based and driven projects on the ground. It would create an imbalance in the committees, would provide guidance to that. And furthermore, it provides no mechanism to fund this program. We have a tremendous fear that that will then result in appropriations being taken away from the Forest Service to implement the basic programs we need to implement.

We remain committed to try and address the school funding issue. I agree completely this should not be about forest policy, it should be about education in rural communities. So we are working with Senators Wyden and Craig at their request to try and work through our differences over the legislation, see if we can't come up with something that the administration can support. I agree completely with you about the need to come up with a reliable, sustainable and certain source of funding to deal with rural education needs which have been impacted by changes in Federal forest policy, reduced revenues to those communities. We do need to address that. We are anxious to figure out a way to do that.

Mr. BOYD. Mr. Lyons, first of all, Mr. Chairman, if I might conclude this—number one, the mechanism to fund, as you know we changed the language in the House at your request because you opposed the old language. And so that made it such that we had to find the funding, and we are asking the administration to help us identify potential sources. I personally had a discussion with the Vice President about that, and he agreed at the time we had a discussion to help.

Mr. LYONS. We do want to do that, sir.

Mr. BOYD. The other is you opposed the community project language. Earlier today in a statement you made, you said, I will paraphrase, "the way to solve problems is not getting in the face of those who happen to have a different view and those you have to work with." And the community project is designed to do just what you described earlier in your answer, and that is to have people who have opposing views about management practices to come together to decide how to resolve, or what projects those would be.

Now, it doesn't take away any authority of yours. Every regulation, policy rule and law of the Forest Service still has to be followed. And for the life of me I don't understand why you oppose this legislation on that basis, because it doesn't undermine the authority you have under existing law. It simply puts people who are on opposite sides of this fence for a long time in the same room and requires them to agree before anything is done, and I think that is good policy and will move us a giant step forward in helping resolve this whole timber management practice issue. So I hope you would rethink that.

Mr. LYONS. Well, it is appropriate for you to have the last word, Congressman, so I will leave it at that. So I look forward to sitting down and talking with you over the differences we still have over the bill.

Mr. SKEEN. Mr. Latham.

VOLUNTARY PRESERVATION OF FARMLAND

Mr. LATHAM. Thank you, Mr. Chairman.

A lot of this discussion about, you know farmers, Mrs. Emerson brought up about what farmers are doing as far as soil conservation, and just as a statement I personally take offense to anyone who implies that farmers voluntarily are not going to do everything they can to preserve what is their number one asset, their land, and I will—as someone who lives on a farm myself and who drinks out of a well, that my family, my kids—the idea that somehow farmers are not the number one front line people as far as soil conservation is concerned, as far as a clean environment is concerned is very offensive to me.

FEDERAL REGULATIONS FOR AGRICULTURE

And I will tell you also the biggest threat, we talked about it last year, to our water supply in upper Iowa, in the aquifer, is four Federal agencies today. Somehow people think in agriculture you are only regulated by USDA, I mean, which is insane if you have to deal with EPA, with Fish and Wildlife, with the Army Corps of Engineers, plus EPA to try and fix a problem which is going to have a tremendous negative impact on water quality in that aquifer, because four Federal agencies can't agree on anything. And just the idea that somehow—I wish we could just deal with you. But, I mean, there is a feeling somehow in urban areas that the only thing farmers have to deal with is just the USDA, which is—if you come to my district, I will show you how totally outrageous that is. And it is one reason why we are extraordinarily sensitive to EPA coming in and getting additional authority in our area, because

they can't manage what they are doing now in a logical, commonsense way.

And I guess that is the point I think needs to be made. I think maybe some of our urban friends—that we are not out here trying to be the big polluter. We are trying to fix the problem. We can't do it because of four Federal agencies that won't talk to each other, all claiming jurisdiction. I am sorry, but it really is frustrating.

OTHER BUDGET PROPOSALS

And my question goes somewhat in the same vein. In your testimony there is this livability initiative and the budget proposals to provide $5 million for a community Federal information partnership and $5 million to help farmers plan and develop and implement biomass systems. If you could describe a little bit more about this initiative, and also what is your agency's role as far as biomass?

And also I would really like to have you comment, too. We have this huge—I was out in Seattle, and the issue of the genetically-modified organisms—which anyone who looks at it from an environmental point of view should believe that using less fertilizer, using less chemicals, having much less opportunity even for spills or for runoff, buffer zones, filtration, which everyone wants to have, but if you are using less chemicals and fertilizers because of these products, I mean, to me it makes sense that the environmental community should be 100 percent behind these things. I question why they are not.

But I have asked about four questions there. If you would respond.

Mr. REED. Jim, do you want me to do this one?

Mr. LATHAM. Come on, Pearlie. Come on, buddy.

BIOMASS PRODUCTS INITIATIVE

Mr. REED. Okay. On the biomass activity, it is primarily to fund about 11—the equivalent of 11 FTE to help with the USDA's part of carrying out the President's executive order dealing with this particular issue as it relates to a lot of other things. The details on it I can't give you, but I could provide that for the record.

[The information follows:]

BIOMASS

The biomass initiative is based on the President's Executive Order 13134 concerning developing biobased energy and other products. It seeks to achieve greater use of renewable resources and reduce dependency on imported and domestic energy sources like oil or fossil fuels. The President's budget requests $5,000,000 for NRCS to fund 11 staff years of assistance during FY 2001 and provide funds for competitive grants. NRCS has stressed two priorities: (1) expansion of feedstock production for biobased products or bioenergy should occur commensurate with protection of natural resource values; and (2) local communities should be key for organizing biobased energy projects and enterprises that are environmentally, economically, and socially sustainable.

With this funding, NRCS would use $1,000,000 to develop technical standards and provide training to field staffs so that they can provide direct technical assistance to producers and local communities interested in biomass enterprises. The remaining $4,000,000 would be used to provide competitive start-up grants for community projects on biomass energy.

COMMUNITY/FEDERAL INFORMATION PARTNERSHIP

Mr. LATHAM. So you didn't ask for this funding?
Mr. REED. No, I didn't.
Mr. LATHAM. You are a great American.
Mr. REED. But that doesn't mean I don't support it.
Mr. LATHAM. I know. In your position you probably have to.
Mr. LYONS. You see why Pearlie is Chief.
Mr. REED. On the community, slash, Federal information partnership, of course that would be funds made available for the NRCS to participate appropriately along with all the other USDA agencies in some of this Federal geographical data committee-type activities. And this is another one that did not come from the bottom up, but it is something that we certainly should do and is needed in order for us to be a part of the larger community and pick up the efficiencies that are needed dealing with this particular issue. And those were the two that I picked up.
But you said you asked four questions.

USING SOUND SCIENCE TO ASSESS AGRICULTURE CHANGES

Mr. LATHAM. Well, about the—I guess I question, you know, your agency's role as far as biomass. And does the Department have a position as far as GMOs and how positive it would be for the environment or negative?
Mr. LYONS. Mr. Latham, all I can tell you on that subject is that the Secretary has spoken a number of times on the issue of GMOs.
Mr. LATHAM. If I could, as it relates to the initiatives as far as your jurisdiction.
Mr. LYONS. I don't know that we have made any formal statement in that regard. I would share this is another area where perceptions contrary to scientific fact seem to be driving the debate. I mean, you are aware of the Frito-Lay decision with regard to corn, genetically modified corn, I think, which baffled many in the industry and many in the agriculture community. But it seems to be one of those decisions that is driven by public perceptions or concerns about the impacts on their ability to market genetically-modified products. The science doesn't support the health risk concerns that apparently are there.
In fact, what we can do with regard to reducing environmental inputs, nutrients, pesticides, et cetera, would seem to me to make a solid argument for the utility of this technology. But nevertheless, there is this huge public issue that has to be dealt with. I know the Secretary is trying to capitalize on opportunities to get that debate out in the public forum so we can have an honest discussion about what we know is scientifically sound and the technology that is available and how we deal these.
Mr. LATHAM. I would just apologize, Mr. Chairman, just for one statement. I guess I think you could play a key role by using sound science to take a position, a positive or negative. But I think there is a huge environmental impact here, and I think a case could be made that this, maybe, is one of the most positive things. We are talking about maybe not using any pesticides. We are talking about limiting use of fertilizer to fractions of what current level usage is. I mean, I would think you would have a position somewhere.

Thank you, Mr. Chairman.
Mr. SKEEN. Thank you.
Mr. Hinchey.

LONG RANGE VIEW OF AGRICULTURE AND THE ENVIRONMENT

Mr. HINCHEY. Thank you, Mr. Chairman.

I just want to say that I think it is obviously very important with regard to this particular subject to take the longest-range point of view. I know that that is what you seek to do in your responsibilities, and by so doing, you are providing a great service to the country. The protection and preservation of these natural resources and the use of them in the most appropriate way is invaluable, not so much to us, perhaps, as it will be to future generations. That is the most important thing that we have to keep our eye on here. I want to congratulate you for the efforts that you are taking in that regard.

Also, with regard to the efforts that you are proposing in this budget to rationalize conflicts between agriculture and the environment, I know that is an ongoing thing, and it is an issue that I think is very important. I see it in a very practical way with regard to the New York City watershed that I was talking about before. I would just ask you if you would, not necessarily this moment, but at some point have a discussion with us with regard to the environmental quality incentives and the conservation reserve as well as the new Conservation Security Program and ways in which they can be used specifically to deal with the issue of agriculture in a watershed. I would be very grateful to you for that.

STAFF NEEDED FOR PROGRAM IMPLEMENTATION

At the risk of being unnecessarily repetitive, let me just underline once more the problem that I see with regard to the implementation of these programs, given a shortage of staff. It is a very practical problem that the services just cannot get out to the needed recipients unless you have the human beings to deliver them. No matter how you cut it, there is no way to get around that. I know this is something you know, but I think it has to be said from this side of the table as well. So I want to express that to you and thank you very much for your efforts.

Mr. LYONS. Appreciate that very much, Congressman.
Mr. REED. Thank you.

TIMBER SUPPLY CORRECTION

Mr. LYONS. Mr. Chairman, if I could correct the record. I did get—one thing I just wanted to answer the question on timber supply that was raised to me earlier. The national forests contribute 5 percent of the total national demand for wood in the United States. Of that, 5 percent comes from roadless areas. So we contribute 5 percent to the total wood basket of the United States; 5 percent of what we produce comes from roadless areas.

Mr. SKEEN. You have done a very good job. Thank you very much for your patience and the answers.

Mr. FARR. Great job, Mr. Chairman.

Mr. SKEEN. Thank you. Thank you all for being here. We have worn out a whole bunch of the day, but I think we have done a good job, and the pertinent information is there. We wish you the very best. Come by and see us once in a while.

Mr. LYONS. Will do.

Mr. SKEEN. Thank you all. We are adjourned.

[The following questions were submitted to be answered for the record:]

NATURAL RESOURCES CONSERVATION SERVICE

QUESTIONS SUBMITTED BY MR. SKEEN

WETLANDS RESERVE PROGRAM

Mr. Skeen: Update the table that appears on page 85 of last year's hearing record showing, by fiscal year, how many bids were received, how many were accepted, and how many easements have been filed to reflect actuals.

[The table follows:]

Wetlands Reserve Program

Year	Appropriation	Acres of Applications	Number of Applications	Acres Enrolled	Number of Landowners Enrolled	Acres Recorded	Number of Landowners w/easements Recorded
1992-1997	$400.9 million	1,661,162	12,599	453,688[1/]	2,529[2/]	437,149	2,342
1998	$163 million	532,957	1,859	211,417[3/]	1,119[4/]	180,509	747
1999	$105 million	613,997	3,467	119,919[5/]	771[6/]	61,454	207

1/ Includes 17,249 acres enrolled in cost-share agreements.
2/ Includes 164 landowners enrolled in cost-share agreements.
3/ Includes 23,559 acres enrolled in cost-share agreements.
4/ Includes 209 landowners enrolled in cost-share agreements.
5/ Includes 7,785 acres enrolled in cost-share agreements.
6/ Includes 165 landowners enrolled in cost-share agreements.
These numbers do not involve easements and consequently will never need to be recorded.

Mr. Skeen: Update the second table that appears on page 85 of last year's hearing record for the WRP program funded through the Commodity Credit Corporation. Include in the table for the new CCC funded program, a breakout of the number of acres enrolled in permanent easements, the number enrolled in 30-year easements, and the number enrolled as restoration, cost-share agreements to include fiscal year 1999. Please include any other categories that may apply.

[The table follows:]

Year	No of States	CCC Apportionment	Acres of Applications	Number of Applications	Acres Funded	Number of Applications Funded
1999	Nationwide	$105,000,000				
Permanent			486,367	2,481	92,515	441
30-year			93,208	654	20,208	164
Restoration cost-share			34,422	332	7,196	166
TOTALS		$105,000,000	613,997	3,467	119,919	771

Mr. Skeen: How many staff years did you use and at what cost to carryout the WRP program in fiscal year 1999?

Response: To enroll the authorized 120,000 WRP acres in fiscal year 1999, $12.77 million (representing 230 staff years) in technical assistance was required. Of the total technical assistance funding, $2.97 million was funded from the WRP appropriated account (i.e., 37

staff years). The remaining $9.8 million (i.e., 193 staff years) in WRP technical assistance was funded from the Commodity Credit Corporation.

Mr. Skeen: What are the total salary costs needed to administer WRP in fiscal years 2000 and 2001? What are the total costs other than salary costs needed in both years?

Response: For FY 2000, the total salary cost to administer WRP is estimated at $14.55 million. This cost is necessary to support the enrollment of 150,000 new acres. Of this amount, an estimated $2.5 million is funded from unobligated balances from WRP appropriations and $10.74 million is funded from transfers under the CCC Charter Act, section 11 authority. Additionally, $2.5 million in carryover funds will be obligated in FY 2000 to fund salaries associated with the recording of prior year easements and other rehabilitation activities (i.e., overhead costs) associated with prior year WRP activities.

For FY 2001, $22.55 million is needed in technical assistance funding to enroll 250,000 acres. Part of this cost ($6.76 million) is necessary to support the enrollment of the remaining 40,000 acres necessary to complete the proposed WRP acreage enrollment (i.e., 975,000 acres), to provide for the monitoring of previously enrolled acreage, and to make any necessary modifications to existing contracts. Other total cost, under current law, to enroll the remaining 40,000 acres is estimated at $45.92 million.

The proposed enrollment of 250,000 acres in FY 2001 would require an additional authorization of 210,000 acres (i.e., $15.79 million in technical assistance) beyond current law. Technical assistance funding will be through transfers from the CCC. As part of the Farm Safety Net Proposal, legislation will be proposed that lift the Section 11 cap, providing full funding for WRP technical assistance needs. It is estimated that $217.68 million in financial assistance is needed to enroll the additional 210,000 WRP acres.

Mr. Skeen: What was your request to OMB for reimbursement of technical assistance for WRP in fiscal year 2000? How much was received?

Response: During FY 2000, the agency has requested funding of $14.55 million to enroll the authorized 150,000 WRP acres. Of this amount, $2.5 million is funded from the carryover of WRP appropriated funds accounts.

Mr. Skeen: What is the current unobligated balance in the WRP program?

Response: Currently there are approximately $66,212,014 of unobligated fiscal year 2000 WRP easement acquisitions and cost-share funds. Of this amount, $48,837,789 is presently committed to specific WRP project applications through a signed letter of commitment with the landowner. The remaining funds are available for future state level enrollment activities. WRP operates under a continuous sign-up and the best projects are enrolled at the state level throughout the year. Once a project is selected for enrollment, it routinely requires 90 to 120 days to complete the appraisal process and enter into a formal obligation. Although the continuous sign-up process does delay the initial timing of the obligation, it does provide landowners with the

maximum opportunity to submit applications and enables the agency to enroll the projects. Under this process, obligations will continue to be incurred through the end of the fiscal year.

CONSERVATION COMPLIANCE AND CONSERVATION OPERATIONS

Mr. Skeen: Please update the table that appears on page 87 of last year's hearing record, showing the amount appropriated for conservation operations and the amount spent on conservation compliance provisions, to include fiscal year 2000.

[The information follows:]

CONSERVATION COMPLIANCE AND CONSERVATION OPERATIONS EXPENDITURES
(Dollars in thousands)

Fiscal Year	Conservation Operations	Conservation Compliance
1986	$348,669	$57,532
1987	399,671	165,993
1988	444,391	183,219
1989	465,435	193,347
1990	477,377	198,347
1991	509,509	213,131
1992	564,251	238,960
1993	576,740	245,093
1994	603,408	261,835
1995	612,242	279,158
1996	629,794	251,918
1997	619,961	247,984
1998	632,808	225,650
1999	641,243	232,419
2000	660,812	237,067

STAFFING

Mr. Skeen: You state last year that you expected to meet your goal of reducing headquarters staff by 50 percent and state staff by 30 percent by October 2000. Tell the Committee how many headquarters staff have been reduced since this goal was initiated.

Response: Since 1993, the NRCS headquarters has been reduced from 531 to 403 staff years, a reduction of 128 staff years.

Mr. Skeen: Please provide a five-year table showing the total number of NRCS employees broken out by headquarters and field to include estimates for fiscal years 2000 and 2001.

[The information follows:]

NRCS STAFF YEAR TABLE
(Headquarters versus Field)

	1997 Actual	1998 Actual	1999 Actual	2000 Est.	2001 Est.
National Headquarters...	372	370	403	403	403
Field.....	11,516	11,546	11,317	11,198	13,041
Total.....	11,888	11,916	11,720	11,601	13,444

Mr. Skeen: Please provide a five-year table similar to the one that appears on page 89 of last year's hearing record, showing the personnel and funding level for each of the four regional technical centers and the six new regional offices that were established through reorganization to include fiscal years 2000 and 2001. Also include in this table the amount spent by headquarters to support the institutes.

[The information follows:]

TECHNICAL SERVICE CENTERS AND REGIONAL OFFICES AND INSTITUTES
(Dollars in thousands)

	Staff Years					Funding Levels				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Northeast NTC-Chester, PA	0	0	0	0	0	$27	-$2	0	0	0
South NTC-Fort Worth, TX	0	0	0	0	0	0	0	0	0	0
Midwest NTC-Lincoln, NE	0	0	0	0	0	-103	-123	0	0	0
West NTC-Portland, OR	0	0	0	0	0	10	-229	-$9	0	0
East Region, Beltsville, MD	29	28	23	23	22	2,699	2,607	2,131	$1,679	$1,805
Midwest Region, Madison, WI	27	27	21	20	21	2,674	3,583	2,740	1,443	1,563
Northern Plains, Lincoln, NE	27	26	19	19	20	2,439	3,082	2,100	1,424	1,556
S Central Region, Ft. Worth, TX	31	31	13	13	13	2,984	2,956	1,224	1,292	1,383
Southeast Region, Atlanta, GA	30	31	24	23	24	3,314	3,463	2,409	1,614	1,734
West Region, Sacramento, CA	29	26	19	19	20	2,882	2,855	2,366	1,483	1,605
Centers/Institutes 1/	430	445	466	472	483	57,667	58,424	61,564	61,548	67,063

1/No funds were spent by headquarters to support the centers and institutes in fiscal years 1997 through 2001.

NOTE: Negative numbers reflect the recovery of prior year obligations.

CENTERS AND INSTITUTES

Mr. Skeen: It appears that NRCS spends a large amount of funds on Centers/Institutes. Would these funds be better spent providing direct technical assistance?

Response: No. The National Science and Technology Consortium which is comprised of several Centers and Institutes is one of NRCS' prime sources of technical expertise for cutting-edge technology development and transfer. These Centers and Institutes are discipline-specific and require highly specialized staff for technology development and integration activities. The Consortium provides and coordinates technical assistance and training among all levels of the Agency including Regional and State Offices. In addition, Consortium staff acquire, develop, and deliver technical products and services to the field for use by NRCS staff, Conservation District staff, and others. The amount of money allocated for this effort is less than 6% of the total funds spent by the Agency and represents the major technology acquisition and development efforts for NRCS' primary customers. Without these technology development expenditures, the Agency will not be prepared to provide up-to-date, direct technical assistance.

Mr. Skeen: Provide specific examples of the direct benefits the Centers/Institutes provide for the county-based field delivery system.

Response: The National Water and Climate Center (NWCC) provides the primary water supply forecasts used by all irrigated farmland throughout the western United States. The NWCC also provides climate data (temperature, rainfall, erosive intensity, etc.) used by field conservationist in planning and designing conservation practices for local landusers. They provide the technology and are developing the rainfall factor maps for the erosion prediction models used by every field office in the nation.

Air quality scientists are providing training and technology for field staff to help landowners comply with PM5 and PM10 requirements.

The Soil Quality Institute develops and delivers training to counties in Soil Quality Concepts, Soil Biology, and Measuring Indicators of Soil Quality in the field. A few hundred employees have received training to date. This training represents recent technology advances from universities and ARS.

Research conducted by Texas A&M University shows that use of the forage quality analysis program by ranchers combined with technical assistance and the technology provided by the Grazing Lands Institute through field employee and other training provides an average of $32 per cow net benefit to livestock producers.

In addition to the above, the Institutes and Centers have developed and delivered a wide variety of courses, booklets, CD-ROMs, fact sheets and tool kits to ensure state of the art technology is provided to our customers.

STATE AND LOCAL CONTRIBUTIONS

Mr. Skeen: Update the table that appears on page 90 of last year's hearing record, showing the state and local appropriations for conservation district program activities, to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

CONSERVATION PROGRAM ACTIVITIES
(In thousands of dollars)

Fiscal Year	State government	Local government	NRCS[1]
1986	$158,498	$119,349	$674,327
1987	175,550	132,398	642,995
1988	286,184	151,528	686,560
1989	253,424	140,176	704,103
1990	269,105	238,325	802,499
1991	282,357	231,052	771,967
1992	290,730	203,133	900,196
1993	368,201	165,031	935,917
1994	299,275	202,773	1,260,491
1995	309,297	209,390	832,209
1996	514,851	220,951	940,314
1997	453,813	242,446	1,307,553
1998	709,748	352,985	1,307,367
1999	606,077	278,026	1,214,713
2000 estimate	769,806	305,540	1,214,494
2001 estimate	n/a	n/a	2,203,441

[1]Includes Emergency Watershed Protection Program appropriations and NRCS programs funded through CCC.

Mr. Skeen: Update the table that appears on page 90 of last year's hearing record to show the total amount of technical assistance that will be provided to all conservation programs under your jurisdiction, as well as a breakout of the amount transferred from CCC, and the amount to come from your conservation operations appropriation for fiscal years 2000 and 2001. Why doesn't the chart display urban resources partnership, salmon recovery, and American heritage rivers initiative projects?

[The information follows:]

TECHNICAL ASSISTANCE FOR ALL CONSERVATION PROGRAMS
(Dollars in thousands)

Program	FY 2000	FY 2001
NRCS Technical Assistance:		
Conservation Technical Assistance	$566,374	$636,805
Soil Surveys	78,323	78,323
Snow Surveys and Water Supply Forecasting	5,990	5,990
Operation of Plant Materials Centers	9,125	9,125
Watershed Surveys and Planning	10,368	10,368
Watershed and Flood Prevention Operations	60,850	43,380
Resource Conservation & Development	35,265	36,265
Total, Appropriated	766,295	820,256
Commodity Credit Corporation (CCC):		
Conservation Reserve Program	$66,196	$52,450
Wetlands Reserve Program 1/	10,740	22,550
Environmental Quality Incentives Program	33,060	61,750
Wildlife Habitat Incentives Program	0	12,500
Conservation Security Program	0	90,000
Farmland Protection Program	10	6,500
Total, CCC	110,006	245,750
Total, NRCS & CCC Combined	$876,301	$1,066,006

1/ Excludes technical assistance paid from WRP carry-over balances ($2.64 million). FY 2000 estimate also excludes $1.3 million in technical assistance costs above the Section 11 cap.

Urban Resources Partnership is included in the Conservation Technical Assistance funding for $2,000,000 in fiscal years 2000 and 2001. The American Heritage Rivers initiative is included in Conservation Technical Assistance funding for $204,000 and Watershed Surveys and Planning funding for $136,000 in both years.

SOIL SURVEYS

Mr. Skeen: How many soil surveys were completed and published in fiscal year 1999 and how many do you expect to publish in fiscal years 2000 and 2001?

Response: In fiscal year 1999, 32 soil surveys were completed and sent for publishing and 38 soil surveys were actually published. During fiscal year 2000, 20 soil surveys that were sent to the printers in fiscal year 1999 will be published. We do not plan to send any surveys to be published during fiscal year 2000. In fiscal year 2001, there will be about 70 soil surveys ready to be sent for printing.

Mr. Skeen: Update the table that appears on page 91 of last year's hearing record showing the amount spent on GIS activities to include fiscal year 2001.

[The table follows:]

CONTRIBUTIONS TO THE DIGITIZING OF SOILS INFORMATION AND DEVELOPMENT OF DIGITAL ORTHOPHOTOGRAPHY

	Digitize Soils ($ millions)		Digital Orthophotography ($ millions)		
Year	NRCS	Other Federal & State Agencies	NRCS	USGS[1]	Other Federal & State Agencies
1990	$0.2	$0.5	$0.05	--	$0.5
1991	0.2	0.6	0.1	--	1.0
1992	0.2	1.0	0.2	--	2.0
1993	0.25	2.0	0.25	$2.9	2.0
1994	0.5	3.0	2.5	3.7	2.0
1995	5.0	4.0	5.0	8.2	4.0
1996	5.0	4.0	5.0	12.4	28.0
1997	10.0	5.0	7.5	14.5	16.0
1998	7.5	0.5	6.2	10.0	16.0
1999	7.5	0.5	5.1	10.7	10.1
2000 est.	7.5	0.5	2.9	10.0	6.3
2001 est.	7.5	1.0	5.0	10.0	15.0

[1]USGS's matching fund contributions to the program. These figures do not include some of their in-house costs for gathering government provided materials and information in support of contracting for digital orthophotography or in-house production of digital orthophotography.

NATIONAL SOIL INFORMATION SYSTEM

Mr. Skeen: Please bring the Committee up to date on the National Soil Information System. What is PEDON?

Response: The National Soil Information System Version 4.1 (NASIS 4.1) was released December 6, 1999. This release included: 1) a new export format for providing NASIS data to the USDA Service Center Conservation Toolkit; 2) the ability for NASIS users to customize parts of the NASIS screen which will make operations easier for the user; 3) a variety of reporting enhancements that make it easier to query tables of data, read data from ASCII files, call up sub-reports, display choice lists, and improved printing options; 4) In addition, several bugs were fixed from the previous version.

Currently the Central Server that will bring the 17 separate NASIS operating systems onto one central server is being implemented. This is a significant step in that only the one system will need to be operated and supported rather than 17, and the national soil data set will become a reality. We expect this system to be functional by the end of the fiscal year.

PEDON is an older program that allows the field soil scientists to enter field soil data. The PEDON program is being replaced by an updated Windows version this fiscal year. Data from both the older and newer Windows PEDON will be imported into the NASIS database.

SOIL SURVEY REIMBUSEMENTS

Mr. Skeen: Update the table that appears on page 92 of last year's record to include estimates for fiscal years 2000 and 2001.

[The information follows:]

REIMBURSEMENTS FOR SOIL SURVEYS
(In thousands of dollars)

Fiscal Year	Other Federal	State & Local Government	Private Entities
1996	$1,716	$2,820	$194
1997	1,993	2,798	271
1998	2,438	3,027	129
1999.	3,637	3,328	102
2000 est ...	3,700	3,490	110
2001 est ...	3,700	3,490	110

PLANT MATERIALS CENTERS

Mr.Skeen: Please update the table that appears on page 93 of last year's hearing record, showing the plant materials centers annual operating costs, to reflect fiscal year 1999 actual and fiscal years 2000 and 2001 estimates.

Response: The table has been updated to reflect Plant Materials Centers (PMC) operating costs. Figures include staff costs, facility and equipment maintenance, and normal operating expenses.

[The table follows:]

PLANT MATERIALS CENTERS OPERATING COSTS

PMC Location	1999 Actual	1999 Earmarks	2000 Est.	2000 Earmarks	2001 Est.
	(Dollars in Thousands)				
Tucson, Arizona	$145		$180		$260
Booneville, Arkansas	217		219		280
Lockeford, California	182		245		325
Brooksville, Florida	262		224		300
Americus, Georgia	243		294		365
Molokai, Hawaii	255	$100	85	$150	280
Aberdeen, Idaho	275		290		375
Manhattan, Kansas	281		264		370
Golden Meadow, Louisiana	223		241		260
Beltsville, Maryland	353		452		450
East Lansing, Michigan	236		235		300
Coffeeville, Mississippi	393		472		450
Elsberry, Missouri	272		312		350
Bridger, Montana	215		390		370
Cape May, New Jersey	286		264		300
Big Flats, New York	302		310		370
Corvallis, Oregon	225		270		325
TEXAS TOTAL	651		662		850
Kingsville, Texas					
Knox City, Texas					
Nacogdoches, Texas					
Pullman, Washington	217		327		350
Alderson, West Virginia	462	433	200		300
Operated by Cooperating Agencies with NRCS Assistance:					
Louisiana - ARS, others		425			
Palmer, Alaska		350		350	
Meeker, Colorado	60		60		100
Los Lunas, New Mexico	226		310		350
Bismarck, North Dakota	304		301		350

Mr. Skeen: I noticed on the table that there are 4 plant materials centers that are operated by cooperating agencies with NRCS assistance. What are those agencies?

[The information follows:]

PLANT MATERIALS CENTERS OPERATED BY COOPERATING AGENCIES

PMC Location	Cooperating Agency
Palmer, Alaska	State of Alaska
Meeker, Colorado	White River & Douglas Soil Conservation Districts
Los Lunas, New Mexico	New Mexico State University
Bismarck, North Dakota	North Dakota Assoc. of Soil Conservation Districts

Mr. Skeen: Did you release any new plants in fiscal year 1999? If so, please provide a brief description of each.

Response: Twenty-two new plants were released during fiscal year 1999. There was one cultivar release, 8 selected or tested class releases, and 13 source-identified class releases. Brief descriptive information is provided below for each one.

[The information follows:]

FISCAL YEAR 1999 PLANT RELEASES

Cultivar Releases

'Legacy' late lilac (*Syringa villosa* Vahl) was introduced by the Bismarck (ND) Plant Materials Center. **Attributes and Uses:** Introduced, deciduous upright shrub; a cultivar release; selected for suitability for windbreaks; non-suckering and no disease or insect problems noted; used for farmstead/field windbreaks, wildlife habitat, and recreational development plantings; adapted to ND, SD, MN, KS, and NE.

Selected Releases

Kinney Germplasm false Rhodes grass (*Chloris crinita* (Lag.)) was introduced by the Kika de la Garza (TX) Plant Materials Center. **Attributes and Uses:** Native, perennial warm-season bunchgrass; a selected class release; selected for survivability, vigor, forage production, drought tolerance, and early green-up; used for early season forage and native range restoration; adapted to south TX.

Harrington Origin redosier dogwood (*Cornus sericea* L. ssp. *sericea*) was introduced by the Pullman (WA) Plant Materials Center. **Attributes and Uses:** Native deciduous shrub, a selected release; selected for vigor, number of basal stems, good fruit production, and good foliage and stem abundance; used for bioengineering, riparian rehabilitation, wildlife food and cover, and landscaping; adapted to the Columbia Basin and Columbia Plateau in WA and n. OR.

LK415f Germplasm foothill needlegrass (*Nassella cernua* (Stebbins & A. Love) Barkworth) was introduced by the Lockeford (CA) Plant Materials Center. **Attributes and Uses:** Native, cool-season bunchgrass; a selected release; selected for early flowering, vigor, height, and plant density; used for restoration, critical area plantings, cover crop, and wildlife habitat; adapted to MLRA 15f in CA.

Citrus Germplasm maidencane (*Panicum hemitomon* J.A. Schultes) was introduced by the Brooksville (FL) Plant Materials Center. **Attributes and Uses:** Native, perennial, semi-erect, rhizomatous, warm-season grass; a selected release; selected for leafy, semi-erect growth habit, rate of spread, and persistence; used for erosion control along streams, channels and pond banks, and for forage in moist pastures; adapted to wet or moist areas throughout FL.

Brazoria Germplasm seashore paspalum (*Paspalum vaginatum* Sw.) was introduced by the Golden Meadows (LA) Plant Materials Center. **Attributes and Uses:** Native, perennial, semi-aquatic, decumbent grass; a selected release; selected for superior transplant survival, rate of growth, plot density and persistence; used for coastal wetland restoration as a pioneer species, especially on bare soils in fresh or brackish areas, and provides wildlife food; adapted to the Coastal Area of the Gulf of Mexico.

Falfurrias Germplasm big sacaton (*Sporobolus wrightii* Munro ex Scribn.) was introduced by the Kika de la Garza (TX) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a selected release; selected for abundant forage especially on droughty, alkaline and saline sites; used for livestock forage, restoration of

native vegetation, revegetating alkaline and saline sites, grass hedge terrace, wind strips for erosion control, and stabilization of watershed structures, streambanks and floodplain areas; adapted to south and west TX.

Leelanau Germplasm highbush cranberry (*Viburnum opulus* L. var. *americanum* Ait.) was introduced by the Rose Lake (MI) Plant Materials Center. **Attributes and Uses:** Native, perennial, upright shrub; a selected release; selected for survival, vigor, foliage abundance, foliage density, and rooting success from cuttings; used for windbreaks (especially on wet or organic soils) and wildlife habitat; adapted to the Great Lakes region of the US.

Source-identified Releases

Northern Missouri Germplasm big bluestem (*Andropogon gerardii* Vitman) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is northern MO.

Southern Iowa Germplasm big bluestem (Andropogon gerardii Vitman) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is southern IA.

Riley Germplasm partridge pea (*Chamaecrista fasciculata* (Michx.) E. Greene) was introduced by the Manhattan (KS) Plant Materials Center. **Attributes and Uses:** Native, annual, warm-season legume; a source-identified release; evaluated for seed production and reseeding potential; used for wildlife habitat, and critical area, roadside, and recreational area plantings; adapted to OK, KS, and eastern NE.

Northern Missouri Germplasm Virginia wildrye (*Elymus virginicus* L.) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, cool-season bunchgrass; a source-identified release; used for riparian areas, soil stabilization, forage, wildlife food and cover, and prairie plantings; intended adaptation is northern MO.

Central Iowa Germplasm rattlesnake master (*Eryngium yuccifolium* Michx.) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season forb; a source-identified release; used for roadside revegetation, wildlife plantings, prairie restoration and landscaping, and wildflower gardens; intended adaptation is central IA.

Southern Iowa Germplasm rattlesnake master (*Eryngium yuccifolium* Michx.) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season forb; a source-identified release; used for roadside revegetation, wildlife plantings, prairie restoration and landscaping, and wildflower gardens; intended adaptation is southern IA.

Central Iowa Germplasm thickspike gayfeather (*Liatris pycnostachya* Michx.) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season forb; a source-identified release; used for roadside revegetation, wildlife plantings, prairie restoration and landscaping, and wildflower gardens; intended adaptation is central IA.

Northern Iowa Germplasm thickspike gayfeather (*Liatris pycnostachya* Michx.) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season forb; a source-identified release; used for roadside revegetation, wildlife plantings, prairie restoration and landscaping, and wildflower gardens; intended adaptation is northern IA.

Northern Iowa Germplasm little bluestem (*Schizachyrium scoparium* (Michx.) Nash) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is northern IA.

Northern Missouri Germplasm little bluestem (*Schizachyrium scoparium* (Michx.) Nash) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is northern MO.

Southern Iowa Germplasm little bluestem (*Schizachyrium scoparium* (Michx.) Nash) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is southern IA.

Northern Missouri Germplasm indiangrass (*Sorghastrum nutans* (L). Nash) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is western MO.

Western Missouri Germplasm indiangrass (*Sorghastrum nutans* (L). Nash) was introduced by the Elsberry (MO) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season bunchgrass; a source-identified release; used for roadside revegetation, forage, prairie restoration and landscaping, and wildlife plantings; intended adaptation is western MO.

Tested Releases

Reno Germplasm Illinois bundleflower (*Desmanthus illinoensis* (Michx.) Macmil. ex B. Rob. & Fern.) was introduced by the Manhattan (KS) Plant Materials Center. **Attributes and Uses:** Native, perennial, warm-season legume; a tested release; selected for winter hardiness, plant persistence, and clipping response; used for rangeland, critical area,

and recreational plantings, and wildlife food and cover; adapted to KS, NE, and OK.

Mr. Skeen: Has the dedication been held for the plant materials center in Alderson, West Virginia? What is the status of this project?

Response: The dedication for the Alderson, West Virginia Plant Materials Center is scheduled for May 29, 2000.

The project is progressing well, and all major construction was completed in November 1999. Construction of the office, seed barn, shop/storage building and greenhouse has been completed.

In addition to construction activities, there is a parallel effort underway to bring field operations on-line. Weed control has been a problem in many fields, but active control measures are underway to eliminate it. Several of the fields have already been planted to grasses and/or herbaceous species. By the dedication, the center will have moved all of the woody plant collections from Quicksand, Kentucky to Alderson.

Mr. Skeen: Please provide a current update on the status of royalty collections for new plant releases and how much has been collected to date.

Response: Royalties are a very minor part of the Plant Materials Program. Most efforts are directed toward developing products needed for conservation purposes by the public, government agencies, and private industry. Products are of two types - plant releases and plant science information. Last year, for example, the program had 22 releases, 508 written documents, and 723 oral presentations.

The mechanism for collecting royalties is in place and is being implemented where it is applicable. However, the process of implementation is an extended one with all the detailed requirements of the Plant Variety Protection (PVP) Act. Experience has shown that a 2-3 year time interval is not unusual between application and granting of plant variety protection status. In addition, it should be noted that current focus on releases in the Plant Materials Program is directed toward tested and source identified releases instead of cultivars. In 1999, for example, only 1 of 22 releases was cultivars. Since only cultivars are eligible for PVP consideration, associated royalties are small in comparison to the overall impact of releases being produced. The emphasis on non-cultivar releases has been undertaken to meet immediate needs for plant materials on a more timely basis.

Royalties are now being collected for 'Rush' intermediate wheatgrass, 'Bannock' Thickspike wheatgrass, and Niagara Big Bluestem. Last year about $2,000 was collected. No additional royalties have been collected for other species.

Mr. Skeen: Update the table that appears on page 97 of last year's hearing record, showing the level of funding provided by state and local governments, and other public or private entities to finance watershed planning activities, to include fiscal years 1996-2000.

[The information follows:]

STATE AND LOCAL FUNDING OF WATERSHED PLANNING ACTIVITIES

FY	State-Government	Local-Government	Private
1995	$12,369,224	$16,093,201	0
1996	13,305,199	17,256,984	0
1997	7,830,921	12,730,038	$682,365
1998	9,800,055	13,750,729	353,510
1999	11,413,242	13,289,382	1,177,928
2000	23,967,443	6,971,560	2,306,467

Mr. Skeen: The 1996 farm bill amended the Agricultural Credit Act of 1978 to allow for the purchase of flood plain easements. Last year, you conducted a pilot test. Has this authority been used yet? If so, what states have been part of the program and how many acres have been enrolled in each state?

Response: The authority for the purchase of floodplain easements has been successfully used. A list of states and acres enrolled in the program under the pilot is provided for the record.

[The information follows:]

ENROLLMENT OF PILOT FLOOD PLAIN EASEMENT ACRES

STATE	ACRES ENROLLED
CA	2,760
CO	635
IA	9,251
ID	74
IL	5,617
IN	2,049
LA	716
MN	2,093
MO	12,794
MT	1,094
ND	10,242
NE	1,077
OR	278
SD	40,547
TN	906
VA	8
TOTAL:	90,141

Mr. Skeen: How many program evaluation studies were carried out in fiscal year 1999? How many are planned for fiscal year 2000? What was the cost to conduct these studies in fiscal year 1999 and estimated fiscal year 2000? What is the purpose of these studies?

Response: Oversight and evaluation activities are conducted continuously throughout the agency to ensure an appropriate emphasis on accountability and results. These activities help the agency identify the need for changes in its operations and policies, and when necessary, integrate changes to optimize the use of human, financial and other resources.

Oversight and Evaluation Reviews may be surveys, comprehensive reviews, or quick response reviews depending upon the nature of the program and issue.

Eighteen Oversight and Evaluation studies and related activities were completed during fiscal year 1999. During fiscal year 2000, 17 studies and associated activities will be completed. Annually this activity costs approximately $2.5 million in salary and support costs and an additional $300,000 in travel funds.

WATERSHED AND FLOOD PREVENTION OPERATIONS

Mr. Skeen: Update the table that appears on page 97 of last year's hearing record, showing the current status of the authorized PL-534 projects. Were any projects added in fiscal year 1999?

Response: No additional P.L. 534 projects were added during fiscal year 1999, nor are any proposed to be added in fiscal year 2000. The estimated completion dates are dependent upon available funding.

[The information follows:]

CURRENT STATUS OF P.L. 534 PROJECTS

Watershed projects	Location	Size in Square Miles	Status
Buffalo Creek	New York	437	Completed
Coosa River	Georgia & Tennessee	4,020	Completed
Little Sioux	Iowa & Minnesota	4,502	Completed by 2041
Little Tallachatchie	Mississippi	1,355	Completed by 2010
Los Angeles	California	839	Completed by 2002
Middle Colorado	Texas	7,189	Completed by 2002
Potomac	Virginia, West VA, MD and PA	11,560	Completed by 2005
Santa Ynes	California	900	Completed by 2002
Trinity	Texas	17,634	Completed by 2004
Washita	Texas & Oklahoma	8,108	Completed by 2001
Yazoo	Mississippi	8,108	Completed by 2010

Mr. Skeen: Provide a geographic breakdown of obligations and staff years for the Watershed and Flood Prevention Operations in fiscal year 1999 and estimates for the fiscal year 2000 appropriation. Please break out the obligation data between technical assistance and financial assistance.

[The information follows:]

WATERSHED AND FLOOD PREVENTION OPERATIONS GEOGRAPHIC BREAKDOWN

	FY 1999			FY 2000		
	Technical Assistance	Financial Assistance	Staff Years	Technical Assistance	Financial Assistance	Staff Years
ALABAMA	$1,670,679	$7,003,100	21	$697,700	$1,269,700	12
ALASKA	502,447	2,449,673	3	542,700	1,669,600	5
ARIZONA	1,048,014	8,137,315	13	890,600	6,741,700	14
ARKANSAS	2,014,863	4,583,178	23	1,519,800	1,049,400	23
CALIFORNIA	1,601,530	4,842,220	33	1,071,700	3,875,800	11
COLORADO	1,748,001	4,298,083	20	1,320,900	5,617,600	14
CONNECTICUT	139,901	59,447	2	397,800	420,000	8
DELAWARE	340,072	498,290	4	425,500	607,200	6
FLORIDA	3,749,999	15,966,200	42	657,500	995,600	8
GEORGIA	1,169,739	348,316	16	882,600	1,273,400	16
HAWAII	883,999	1,272,280	8	666,500	1,194,700	7
IDAHO	326,373	-1,078,197	5	255,000	315,800	4
ILLINOIS	1,139,965	8,796,839	10	970,356	2,164,844	1
INDIANA	471,718	1,490,805	6	675,500	1,606,800	4

	FY 1999			FY 2000		
	Technical Assistance	Financial Assistance	Staff Years	Technical Assistance	Financial Assistance	Staff Years
IOWA	3,494,167	17,686,393	44	1,307,400	5,673,200	5
KANSAS	763,026	1,627,130	11	637,600	978,800	12
KENTUCKY	707,694	696,636	8	1,130,900	6,807,500	17
LOUISIANA	1,880,980	4,092,791	26	994,000	403,500	14
MAINE	345,399	233,850	5	204,300	125,800	4
MARYLAND	180,000	-39,994	3	402,200	994,400	7
MASSACHUSETTS	446,000	299,999	4	352,800	149,900	4
MICHIGAN	464,200	509,895	7	475,200	372,800	8
MINNESOTA	461,698	-413,141	8	744,300	1,281,600	16
MISSISSIPPI	4,022,194	13,862,853	52	2,576,900	12,936,500	43
MISSOURI	3,487,316	6,709,866	45	2,635,900	3,636,800	25
MONTANA	263,999	1,073,356	3	412,600	199,100	2
NEBRASKA	1,060,249	3,820,173	12	877,100	1,370,000	5
NEVADA	685,998	2,106,461	9	1,975,800	12,760,200	36
NEW HAMPSHIRE	81,976	--	1	230,300	302,000	4
NEW JERSEY	298,198	535,500	3	453,800	562,000	6
NEW MEXICO	478,000	732,000	7	1,285,600	2,595,600	24
NEW YORK	1,094,421	2,613,656	12	1,331,000	1,319,400	20
NORTH CAROLINA	1,180,400	-368,294	17	1,705,200	9,322,800	34
NORTH DAKOTA	373,999	3,281,678	6	740,500	1,416,700	1
OHIO	2,765,782	9,739,230	30	1,010,000	6,427,400	14
OKLAHOMA	4,948,999	13,317,898	52	3,018,400	4,628,400	42
OREGON	790,790	2,734,809	10	441,300	372,800	7
PACIFIC BASIN	332,199	663,996	2	270,000	482,400	1
PENNSYLVANIA	1,142,709	1,990,793	17	1,451,500	1,853,300	29
PUERTO RICO	1,037,616	7,183,710	13	293,900	--	5
RHODE ISLAND	--	--	--	6,000	36,000	--
SOUTH CAROLINA	452,000	81,848	6	392,500	652,200	6
SOUTH DAKOTA	590,000	6,241,100	10	288,700	184,200	--
TENNESSEE	1,428,775	1,568,573	19	1,312,000	1,586,200	25
TEXAS	5,339,598	12,876,251	65	3,729,900	6,882,700	61
UTAH	337,329	943,161	5	226,100	258,500	4
VERMONT	603,999	1,989,455	8	350,700	511,900	5
VIRGINIA	1,664,903	923,240	22	1,699,500	1,004,900	29
WASHINGTON	789,490	1,797,542	9	703,300	744,900	11
WEST VIRGINIA	1,908,641	543,018	31	1,472,400	2,001,000	31
WISCONSIN	124,867	-57,682	2	616,200	1,709,600	13
WYOMING	446,000	857,931	7	548,900	1,416,800	12
EAST REGION	165,967	--	2	138,500	--	2
MIDWEST REGION	169,699	--	2	95,400	--	1
NO. PLAINS REGION	82,900	--	1	60,200	--	1
SO. CENTRAL REGION	115,890	--	2	131,600	--	2
SOUTHEAST REGION	184,919	--	2	131,500	--	1
WEST REGION	134,101	--	1	89,800	--	1
WEST NTC	-8,809	--	--	--	--	--
CENTERS/INSTITUTES	3,187,975	--	27	3,187,975	--	29
NATL HQ	5,505,326	--	21	5,391,366	--	21
FOREST SERVICE	1,522,177	--	9	376,000	--	8
UNDISTRIBUTED	--	--	--	12,266,706	51,629,253	152
TOTAL	$74,341,056	$181,123,230	864	$71,147,903	$174,393,197	933

WATERSHED AND FLOOD PREVENTION OPERATIONS UNOBLIGATED BALANCE

Mr. Skeen: What is the current unobligated balance in the watershed and flood prevention operations account?

Response: The unobligated balance in the watershed and flood prevention operations account as of February 29, 2000 is $186,266,981 of which $113,186,467 is in the emergency watershed protection program. All of the unobligated balance in the emergency watershed protection program is committed.

Mr. Skeen: Please update the table that appears on page 100 of last year's hearing record, showing the funding history of the Emergency

Watershed Program, to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

EMERGENCY WATERSHED PROTECTION PROGRAM
(In thousands of dollars)

Fiscal Year	Budget authority	Outlays	Unobligated balance
1981.....	$10,000	$14,583	$8,763
1982.....	10,000	9,395	6,478
1983.....	22,500	15,362	12,981
1984.....	22,000	17,547	15,713
1985.....	5,000	19,912	4,822
1986.....	79,732	39,903	34,625
1987.....	14,755	46,116	10,385
1988.....	13,500	26,980	11,719
1989.....	10,000	24,318	6,695
1990.....	94,855	58,426	33,817
1991.....	20,000	65,462	14,036
1992.....	70,028	30,870	7,821
1993.....	73,144	64,429	50,226
1994.....	349,973	92,300	289,984
1995.....	0	120,546	133,166
1996.....	80,517	73,167	74,464
1997.....	229,000	144,667	181,085
1998.....	80,000	132,320	131,085
1999.....	95,000	109,339	72,649
2000 estimate.....	80,000	145,449	0
2001 estimate.....	0	87,929	0

Mr. Skeen: Please provide a list of all new small watershed construction projects started in fiscal years 1998 and 1999, and those planned to start in fiscal year 2000. Include the Federal and non-Federal cost of each project.

[The information follows:]

NEW WATERSHED CONSTRUCTION PROJECTS STARTED IN FY 1998-2000
FY 1998

STATE	NAME	COSTS		
		FEDERAL	LOCAL	TOTAL
Alabama	Cochgalechee	$220,000	$5,000	$225,000
Arizona	Maricopa-Stanfield	5,616,250	2,694,250	8,310,500
Kansas	Upper Delaware & Tributaries	8,706,700	3,877,900	12,584,600
Louisiana	Bayou Bourbeux	4,256,400	3,285,300	7,541,700
Minnesota	Whitewater River	3,289,700	1,680,900	4,970,600
Mississippi	Choctaw	250,000	245,500	495,500
Mississippi	Indian Creek	3,220,500	392,500	3,613,000
Missouri	East Fork of the Grand River	15,877,300	3,967,100	19,844,400
Missouri	McKenzie Creek	4,035,700	1,639,600	5,675,300
Ohio	Lower Stillwater Creek	349,000	1,737,200	2,086,200
Ohio	Upper Stillwater Creek	523,000	1,788,700	2,311,700

FY 1998

STATE	NAME	COSTS		
		FEDERAL	LOCAL	TOTAL
Pennsylvania	Glenwhite Run	770,000	799,000	1,569,000
Pennsylvania	Little Toby	1,601,000	1,627,000	3,228,000
Pennsylvania	Tulpehocken Creek	5,977,000	2,951,000	8,928,000
Tennessee	Bear Creek (Scott)	3,188,275	844,925	4,033,200
Utah	Tri-Valley	5,006,610	4,440,439	9,447,049
TOTAL		$62,887,435	$31,976,314	$94,863,749

FY 1999

STATE	NAME	COSTS		
		FEDERAL	LOCAL	TOTAL
Colorado	Highline Breaks	$4,952,300	$3,813,200	$8,765,500
Iowa	Bear Creek	4,943,600	765,900	5,709,500
New York	New York City Watershed (Ashokan)	132,960	1,282,845	1,415,805
New York	New York City Watershed (Upper Cannonsville)	1,462,560	14,111,295	15,573,855
New York	New York City Watershed (Lower Cannonsville)	1,462,560	14,111,295	15,573,855
New York	New York City Watershed (Pepacton)	797,760	7,697,070	8,494,830
New York	New York City Watershed (Neversink)	44,320	427,615	471,935
New York	New York City Watershed (Rondout)	88,640	855,230	943,870
New York	New York City Watershed (Schoharie)	443,200	4,276,150	4,719,350
Pennsylvania	Mill Creek (Clairon & Jefferson)	3,530,000	3,747,000	7,277,000
South Carolina	Holly Hill	618,300	314,300	932,600
TOTAL		$18,476,200	$51,401,900	$69,878,100

FY 2000

STATE	NAME	COSTS		
		FEDERAL	LOCAL	TOTAL
Maryland	Dry Run	$1,725,200	$571,300	$2,296,500
Oklahoma	Middle Deep Red Run	9,512,200	1,918,100	11,430,300
Hawaii	Lower Hamakua Ditch	6,047,500	4,545,400	10,592,900
TOTAL		$17,284,900	$7,034,800	$24,319,700

Mr. Skeen: Provide a detailed breakout of the other Federal and non-Federal sources of obligations for fiscal years 1999, 2000, and 2001.

[The information follows:]

WATERSHED AND FLOOD PREVENTION OPERATIONS
OTHER FEDERAL REIMBURSEMENTS

	FY 1999	FY 2000	FY 2001
Program Application.....	$1,695,810	$2,664,000	$2,290,000
Other.....	1,769,373	2,780,000	2,389,000
Financial Assistance.....	4,682,151	7,356,000	6,321,000
TOTAL.....	$8,147,334	$12,800,000	$11,000,000

NON-FEDERAL REIMBURSEMENTS

	FY 1999	FY 2000	FY 2001
Program Application.....	$171,068	$190,000	$835,000
A & E Contracting.....	4,030	5,000	5,000
Sale of Equipment.....	80,762	90,000	100,000
Other.....	430,508	479,000	500,000
Financial Assistance.....	10,232,946	11,393,000	12,517,000
TOTAL.....	$10,919,314	$12,157,000	$13,957,000

Mr. Skeen: What is the status of the NRCS' work on reviewing all authorized watershed projects to update and either modify or delete backlogged projects: How many projects were deleted in fiscal year 1999? Which ones? How many projects were modified in fiscal year 1999? Which ones?

Response: NRCS continues to work with project sponsors to resolve the backlog of authorized projects. This is accomplished in one of three ways. Congressional appropriations are used to complete all remaining phases of a project. The project is listed as ***installed***, and as such is removed from the backlog. Records are maintained on installed projects until all Federal benefits are realized and all operation and maintenance is complete, after which they are listed as "***project life over.***" When appropriate, the watershed plan is revised or supplemented to demonstrate that remaining planned actions are no longer needed, or have been satisfied through means other than Watershed Operations. Such projects are designated by "installed as ***modified***", and removed from the list. Finally, NRCS and the project sponsors unanimously agree that a project is no longer viable or feasible and the project is "***deauthorized***", which removes it from the backlog.

Following is a list of the modified or deleted projects in fiscal year 1999 and so far in fiscal year 2000.

[The list follows:]

WATERSHED PROJECTS MODIFIED OR DELETED DURING FY 1999-2000

MS	BOX CREEK	99/08	Deauthorized
MS	HOULKA CREEK	99/08	Deauthorized
MS	MANTACHIE; BOGUE FALA AND BOGUE EUCUBA C	99/08	Deauthorized
MS	BROWNS CREEKS	99/08	Inactive
AR	CEDAR-PINEY CREEKS	99/08	Installation Complete
KS	MIDDLE WALNUT	99/04	Installation Complete
MN	BURNHAM CREEK	99/07	Installation Complete
NJ	FURNACE BROOK	99/08	Installation Complete

VA	UPPER APPOMATTOX RIVER	99/08	Installation Complete
AR	CANEY BAYOU	99/04	Project Life Over
AR	FLESCHMAN'S BAYOU	99/04	Project Life Over
LA	BAKER CANAL	99/05	Project Life Over
LA	COCODRIE-GRAND LOUIS	98/12	Project Life Over
LA	NORTH TENSAS	99/05	Project Life Over
AZ	NEW MAGMA	99/10	Modified
CA	INDIAN CREEK	99/12	Modified
CA	UPPER STONY CREEK	99/12	Modified
MO	McKENZIE CREEK	99/08	Modified
MS	TALLAHAGA CREEK	99/11	Modified
PA	RED-WHITE CLAY CREEK	99/02	Modified
PA	YELLOW CREEK	99/08	Modified

Mr. Skeen: Please update the table that appears on page 103 of last year's hearing record showing, for the Resource Conservation and Development program, the amount of Federal and non-Federal funds devoted to cost sharing, and the amount of Federal and non-Federal funds provided for technical assistance to reflect fiscal year 1999 actuals and fiscal year 2000 and 2001 estimates.

[The information follows:]

RC&D FEDERAL AND NON-FEDERAL ASSISTANCE

Year	Financial Federal	Technical Federal	Non-Federal Assistance
1984.....	$9,445,821	$16,492,404	(1)
1985.....	8,740,000	17,524,707	(1)
1986.....	8,085,568	17,453,268	(1)
1987.....	6,536,078	17,918,918	(1)
1988.....	5,300,853	19,233,164	$65,975,000
1989.....	4,620,811	20,559,546	(1)
1990.....	4,200,061	23,145,385	108,073,000
1991.....	3,947,428	24,339,421	160,465,000
1992.....	2,234,289	31,383,945	131,132,000
1993.....	2,048,298	30,795,181	75,102,000
1994.....	2,401,326	31,472,850	71,936,000
1995.....	1,402,613	30,799,303	80,387,000
1996.....	262,571	29,169,517	89,230,000
1997.....	48,517	28,688,415	267,115,000
1998.....	500,000	32,560,479	350,076,000
1999.....	(1)	34,000,000	(1)
2000.....	(1)	35,265,000	(1)
2001.....	(1)	36,265,000	(1)

(1) Information not available. NRCS has begun a new web-based reporting system. This information is no longer available.

RESOURCE CONSERVATION AND DEVELOPMENT

Mr. Skeen: Also, update the table on the same page showing the number of RC&D projects that were initiated, completed, and those ongoing, to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

RC&D MEASURES ADOPTED, PLANNED, AND COMPLETED

Year	Adopted	Planned	Completed
1984.....	2,215	438	1,500
1985.....	1,392	123	1,103
1986.....	1,602	58	1,053
1987.....	1,487	77	1,188
1988.....	1,647	53	1,303
1989.....	1,178	347	661
1990.....	1,642	1,114	1,251
1991.....	1,919	1,314	1,303
1992.....	2,381	1,762	1,417
1993.....	2,382	1,765	1,691
1994.....	2,712	675	1,984
1995.....	2,280	1,942	1,848
1996.....	2,777	2,156	2,342
1997.....	2,752	2,514	2,189
1998.....	3,119	2,965	2,815
1999**.....	3,035	2,500	1,977
2000 est.....	3,500	2,500	2,500
2001 est.....	3,500	2,500	2,500

**Data for 1999 is estimate only. NRCS has begun a new web-based reporting system. Many RC&D offices were unable to report complete data this year due to the fact that many RC&D offices do not yet have the equipment or ability to access the Internet. NRCS is addressing this issue and we expect to have the ability for full reporting next fiscal year for the RC&D program.

Mr. Skeen: Provide some examples of recently completed projects that illustrate the nature and success of the RC&D program.

Response: In West Virginia, the Potomac Headwaters RC&D Area received funding for a 800 phone number and computer system to support a Poultry Litter Hot Line where generators and purchasers of poultry litter can exchange litter as part of the Potomac Headwater Water Quality Project. This was identified by the Potomac Valley Soil Conservation District representatives supporting the greater water quality effort in the area. Local water quality issues in the two eastern counties of West Virginia have led to the support and establishment of local watershed groups to conserve water resources of the Opequon Creek and to do comprehensive well water testing relative to drinking water concerns.

In Virginia, the Tidewater RC&D has led three groups through a strategic planning process to develop a plan for the citizens to protect their local resources. The plans are now being implemented on Piankatank River Watershed, Cat Point Creek Watershed and the Coan River Watershed. Projects include: numerous educational workshops on lawncare, reducing boat pollution, bayscaping, septic tank care, forestry, oyster gardening, etc. The projects also include implementation of cost share on Integrated Crop Management, Septic Tank pumpouts, and nutrient management plans on residential yards.

The Sullivan Trail RC&D in New York has worked directly with all of the conservation districts in its area by writing and/or administrating grants made available exclusively to the districts through the New York State Environmental Protection Fund. To date, the Council has assisted Districts with 14 grant applications that have been funded at more than

$796,000. In addition, the Council has also collaborated with the Districts on three grants funded by the Great Lakes Commission for $42,000. These projects focus primarily on water quality initiatives. The Council has also been directly involved in the Great Lakes Commission's program by contracting with consultants who serve as grazing advocates in the six county region.

The Four Rivers RC&D is presently administering eight 319 EPA Grants through the Indiana Department of Environmental Management to provide financial support for projects in the ten county area. The RC&D was awarded one of eleven AML-USDI National Grants for addressing Appalachian Clean Stream Programs in 1999 and is administering a grant through the North American Wetlands Conservation Act, US Fish and Wildlife Service, to develop a 455 acre wetland along the Lower Wabash River in Gibson County. In addition, a tract of 56 acres in Davies County was donated to Four Rivers RC&D to be developed as wetlands to be utilized as an outdoor lab promoting wetland conservation. Grants awarded to Four Rivers RC&D in 1999 amounted to $3 million dollars, which are used for projects in the RC&D area. Over four hundred volunteers are working with the Four Rivers RC&D area insuring the success of the programs in ten Southwest Indiana counties.

The Castleland RC&D in Utah is aiding Ferron, a small town in central Utah, with a natural resource issues regarding a reservoir for drinking water and crop irrigation. The reservoir is rapidly filling with sediment, reducing the capacity to store water, a high priority concern with all locals. The RC&D has become the facilitator to bring resources together and leverage them. Most of the sediment comes from the Forest Service lands upstream. The local community didn't know how to communicate effectively with the Forest Service. The RC&D has brought all players together and resolved many questions on roles and responsibilities. The Forest Service now has an employee in the RC&D office several days a week. Not only is the RC&D resolving local conservation problems with the local Soil Conservation District, but is also building lasting relationships with other concerned organizations and agencies in the area.

The Colorado Big Country RC&D Council has just completed two community scoping sessions to identify needs in their 11 county RC&D area. Participants represented the private, government, and non-profit sectors. Forty participants attended the first meeting and 35 the second. Three major issues arose out of these meetings which are water, land use planning, and habitat. The Council is basing its next five years work on this input.

The South West Idaho RC&D has been closely involved in developing the Effluent Trading program in the Lower Boise River Watershed. The EPA from Boise through Seattle to Washington DC overwhelmingly supports the Council's efforts and is going to adjust their NPDES permits to allow for Effluent Trading. Over the last 2 1/2 years the citizens of the valley have come together to identify conservation needs and develop a new concept of treatment implementation. This partnership involves every agency at nearly every level of government, groups and residents of the valley. People (urban, rural, agricultural, industrial, governmental, etc.) are not pointing fingers but are collaboratively building a successful program to protect the surface water natural resource of the Boise River while addressing other identified resource concerns as side beneficiaries.

Randall RC&D, Lower James RC&D, North Central RC&D in South Dakota, plus, Northeast Nebraska and North Central Nebraska RC&Ds have been assisting the Lewis & Clark South Dakota-Nebraska Preservation

Association with many issues involving the Missouri and Niobrara Rivers. This is a locally led group of over 100 landowners, towns people, environmentalists, local units of government, etc. The issues they are addressing include the rapid sedimentation of Lewis & Clark Lake; the loss of thousands of acres of prime bottomland soils and forests due to rising water table caused by sedimentation in both rivers; reducing sediment delivery to these rivers and the lake; river bank erosion (loss of valuable soils and forests); private property rights; endangered species; historical and cultural preservation (2 Indian Tribes involved, many different heritages); and economic development of several communities that are being adversely affected. This locally led, grass roots organization has gained great support from South Dakota and Nebraska Congressmen and the two Governors. The RC&Ds have helped local people to get organized and to gain support for their efforts. The initial role was to get the many interests together at several meetings and facilitate discussion on what are the real issues they needed to deal with and what was the best avenue. The local people then determined to form a non-profit, L&CSD-NEPA, that would work to increase public awareness of what is happening on the Missouri and Niobrara Rivers.

The Ohio Valley RC&D currently administers three EPA 319 grants for the Soil & Water Conservation Districts and have received funding for five additional 319 grants. The RC&D also manages a revolving loan fund that helps create jobs in Appalachian Ohio. We are currently working on three loans that will expand small natural resource related business and create at least 5 new jobs. These business would not have expanded without low interest rate loans made available from RC&D. The RC&D designed and led the process for the a capital campaign to raise $3,300,000 to bring a YMCA into a rural area which is creating 8-10 full time jobs and 60 part time. The RC&D is a local leader in watershed planning that crosses county boundaries.

The Prairie Hills RCD in Illinois assisted four Soil and Water Conservation Districts and NRCS in the process of developing a campaign to secure digital orthophoto soil survey updates in their respective counties. Geographic Information System teams were formed in each county. The teams included representatives from city, county, SWCD, NRCS, universities, utilities, and private industry. After 12 to 18 months of education of the team and the public as to the benefits of digital orthos/soil survey, the counties were asked to fund their portion of the cost. This led to four agreements to update the county soil surveys. The total cost was about $255,000. One of the GIS Teams that Prairie Hills RCD organized received the "Outstanding Group/Team" Award from the North Central RCD Association last year. The Prairie Hills RC&D is the lead watershed management organization that is assisting nine SWCDs, County Boards, Farm Bureaus, state conservation agencies, NRCS, and farmers in the 1.3 million acre Spoon River watershed to develop a watershed management plan. Technical advisory teams have been established to assist in the effort. The planning process will identify natural resource issues and suggest methods to implement as well associated costs.

RESOURCE CONSERVATION AND DEVELOPMENT LOAN STATUS

Mr. Skeen: Have you been able to show any improvement in the number of outstanding borrowers over the period of 1997-2000? Provide a four-year table showing the number of outstanding loans and the outstanding balance per year.

Response: Yes, each year the number of outstanding borrowers and amount of funds has decreased. This program has not been funded for new loans since 1992.

Year	Number of Outstanding Loans	Outstanding Balance
1997.....	89	$3,799,000
1998.....	70	$2,980,000
1999.....	52	$2,407,000
2000 est.....	52	$2,407,000

Mr. Skeen: Provide a detailed breakout of the other Federal and non-Federal sources of obligations for fiscal years 1999, 2000, and 2001. Please identify the specific federal agencies involved and the non-federal entities.

Response: A detailed breakout of reimbursements for specific Federal agencies and non-Federal sources is not maintained electronically. This information for fiscal year 1999 was requested from our States and will be provided to the Committee for their use. A detailed breakdown for fiscal years 2000 and 2001 is not available as it would be a prorated estimate based on past history.

WATER QUALITY INCENTIVES

Mr. Skeen: Please update the table that appears on page 105 of last year's hearing record, showing the funding level of water quality incentives, to reflect fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

FUNDING FOR THE PRESIDENTIAL WATER QUALITY INITIATIVE FISCAL YEARS 1994-2001
(Dollars in millions)

	1994	1995	1996	1997	1998	1999	Estimates 2000	2001
Technology development..	$8.2	$7.8	$7.8	$7.8	$7.8	$7.6	$7.0	$6.8
Regional projects.....	9.3	11.6	11.6	12.0	12.0	12.0	12.0	12.0
Hydrologic areas.....	12.6	10.5	11.2	5.0	5.0	2.5	0.0	0.0
Demonstration areas.....	3.6	3.7	4.0	2.0	2.0	1.0	0.0	0.0
Ongoing projects.....	13.3	13.0	12.0	20.1	20.8	23.9	28.1	28.2
Special projects.....	0.0	0.4	0.6	0.0	0.0	0.0	0.0	0.0
Total.....	47.0	47.0	47.2	46.9	47.6	47.0	47.1	47.0

Mr. Skeen: Please update the table that appears on page 105 of last year's hearing record, showing the regional project allocations, to include fiscal years 1997-2001.

[The information follows:]

REGIONAL PROJECT ALLOCATIONS
(Dollars in millions)

	Funding					Staff Years				
Regional Projects	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Chesapeake Bay.....	$5.0	$5.0	$5.0	$5.0	$5.0	67	64	63	62	62
Gulf of Mexico.....	.4	.4	.4	.4	.4	8	8	8	8	8
Land and Water 201.....	7	.0	.0	.0	.0	18	0	0	0	0
Great Lakes.....	1.3	1.3	1.5	1.6	1.6	16	15	15	15	15
Other Regional Authorities.....	5.0	5.3	5.3	5.0	5.0	50	50	50	49	49

REGIONAL PROJECTS

Mr. Skeen: Last year you provided the Committee with a brief description of each of the regional projects that are currently underway including how much has been spent on each project. Would you please update these projects for us.

Response: Only four regional projects continue to be funded as they have been in the past. These include the Chesapeake Bay Program, Great Lakes Program, Lake Champlain Project, and the Gulf of Mexico Program.
[The information follows:]

Chesapeake Bay Program

The Chesapeake Bay Agreement, signed in 1983 as a cooperative agreement between the Bay States and the Federal Government, assigns NRCS responsibility for providing accelerated technical assistance in the Chesapeake Bay drainage area for the restoration and protection of the Bay's water quality and living resources. In 2000, $5 million, representing approximately 63 staff years will be dedicated to the Bay Program.

Great Lakes Program

In support of the U.S. initiative to the Great Lakes Program, NRCS has responsibility for providing on-farm technical assistance to farmers in the application of erosion control practices to reduce erosion and delivery of associated nutrients and pesticides within the basin. In 2000, $1.6 million, representing approximately 15 staff years will be dedicated to additional technical assistance to this program.

Lake Champlain Project

The Lake Champlain Basin is considered a high priority area for addressing water quality problems caused by agricultural nonpoint source pollution. The Lake Champlain Special Designation Act of 1990 provides for the development and implementation of a pollution prevention, control and restoration plan for the Basin. NRCS is responsible within this area for the delivery of accelerated technical assistance to agricultural producers to help in the control of erosion and management of animal waste associated with the significant dairy industry of the area. In 2000, $550,000 was provided to NRCS in New York and Vermont for additional technical assistance to this project.

Gulf of Mexico Program

NRCS is committed within the framework of the Federal Interagency Agreement coordinating nonpoint source pollution control activities for the Gulf of Mexico, to target additional technical assistance funds in the amount of $400,000 to these activities. These funds went to support approximately 8 additional staff years to the region.

Mr. Skeen: Update the table that appears on page 107 of last year's hearing record, showing the total cost to NRCS to provide this assistance, and the amount reimbursed by other agencies or organizations to include fiscal year 1999.

[The table follows:]

Cost of International Activities Technical Assistance
(In thousands of dollars)

Fiscal Year	Total Cost	Reimbursed
1993	$1,144	$1,034
1994	1,018	875
1995	565	415
1996	560	280
1997	295	213
1998	256	234
1999	365	335

Mr. Skeen: Provide an update on any work you are doing to address the water quality issue of hypoxia in the Gulf of Mexico.

Response: The Natural Resources Conservation Service's (NRCS) mission is to work directly with landowners/operators to develop site-specific conservation plans to help them effectively reduce soil erosion, improve water quality, and enhance related natural resources. NRCS is the only Federal agency with a delivery system to carryout local, state and national programs that address conservation issues on private land.

The NRCS has been extremely successful in strengthening the partnership with other State and Federal agencies. We have focused programs such as EQIP, CRP, WRP and Conservation Buffers to restore impaired watersheds that were identified in the Unified Watershed Assessment for each state.

NRCS, in partnership with the Gulf of Mexico Program, identified twelve priority watersheds in the five Gulf States that are in need of restoration. Nutrients, public health, habitat and non-indigenous species were criteria used in the selection of these watersheds.

The NRCS assists State conservation agencies, conservation districts, and state environmental agencies that utilize 319 non-point source pollution funding for demonstrating Best Management Practices that improve water quality throughout the Gulf of Mexico drainage basin. Such practices as precision farming, constructed wetlands, waste treatment systems, pastureland improvement, no-till farming and others have proven to be effective management controls of nutrients.

NRCS provides technical support for the USDA Deputy Under Secretary, who participates on the Mississippi River National Nutrient Task Force, that was formed specifically to address the Hypoxia issue. NRCS is

currently reviewing the Integrated Assessment Report and will be involved in the development of the Action Plan for Hypoxia.

GRAZING LAND CONSERVATION INITIATIVE

Mr. Skeen: Provide a five-year table that shows how much is spent annually on the grazing land conservation initiative including estimates for fiscal year 2001.

[The information follows:]

Grazing Land Conservation Initiative (GLCI)
(Dollars in Millions)

FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
$5	$10	$ 15	$15	$17	$17

Mr. Skeen: Provide a table that shows the number of grazing land specialists at the agency for each year since 1991.

[The information follows:]

Grazing Land Technical Assistance Staff

FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 2000
240	238	234	212	208	288	330	421	700	700 est.

This table represents the total number of staff that provide grazing land technical assistance that includes range conservationists, forage agronomists, grazing land specialists, soil conservationists, and resource conservationists.

Mr. Skeen: Please provide the Committee with an update on the levels of grazing assistance being provided.

Response: Technical assistance to the nations private grazing lands continue to improve due to the increased awareness of the ecological and economical benefits of proper managed grazing lands. Due in part to the partnership created by the Grazing Lands Conservation Initiative, NRCS has increased the availability of technical assistance to accomplish the following:

Staffing
In 1999, approximately 700 NRCS employees allocated the majority of their time to providing technical assistance to private landowners and supporting GLCI activities. 325 of these employees are range conservationist, forage agronomists, or grazing land specialists.

Training
Over 17,500 individuals, including NRCS, personnel from other agencies, and private grazing landowners and managers received training.

Technical Assistance
Technical assistance was provided on over 20 million acres of grazing land. Approximately 28,400 individuals received technical assistance.

Grazing Land Projects
There are over 790 grazing land demonstration projects nationwide that demonstrate grazing land technologies and management.

Public Education and Awareness
Over 1,800 education and awareness activities (workshops, field days, tours) were conducted with over 100,000 individuals participating in the grazing land activities.

NATIONAL GRAZING LANDS TECHNOLOGY INSTITUTE

Mr. Skeen: Provide funding levels for the National Grazing Lands Technology Institute for fiscal years 1999, 2000, and 2001.

Response: The funding levels for the Grazing Lands Technology Institute for fiscal years 1999 and 2000, are $989,903 and $911,600 respectively. The FY 2001 allocation has not yet been determined.

Mr. Skeen: How many employees were enrolled in courses in grazing science, livestock management, and related sciences in fiscal year 1999?

Response: In FY 1999, 101 NRCS employees completed formal courses at various universities coordinated through the NRCS National Employee Development Center. Also, 1,409 NRCS employees were provided training by the National Grazing Lands Technology Institute staff and 4,332 NRCS employees received training at the state and local level in FY 1999.

Mr. Skeen: How much do you plan to spend on grazing land assistance in fiscal year 2001?

Response: We plan to spend approximately $63.3 million in support of an estimated 700 staff years being provided as technical assistance to private grazing land owners and operators.

DETAILED BUDGET REQUEST BREAKOUT

Mr. Skeen: Provide the Committee with a detailed breakout of your budget request to the Secretary, the Secretary's request to OMB, and the OMB allowance.
[The information follows:]

NATURAL RESOURCES CONSERVATION SERVICE
Fiscal Year 2001 History Table
(Dollars in Thousands)

	Agency Estimate	Department Estimate	President's Budget
Discretionary Funds:			
Conservation Operations:			
Conservation Technical Assistance	$967,349	$745,701	$651,601
American Heritage Rivers Initiative ..	204	204	204
Urban Resources Partnership	7,000	7,000	2,000
Soil Surveys	83,587	82,704	78,323
Snow Surveys	6,347	6,276	5,990
Operation of Plant Materials Centers .	9,572	9,565	9,125
Total, Conservation Operations.....	1,074,059	851,450	747,243
Watershed Surveys and Planning.....	12,188	12,069	10,368
Watershed & Flood Prevention Operations:			
Flood Prevention Operations - PL-534 .	9,274	9,135	8,549
Emergency Watershed Operations	0	0	0
Watershed Operations - PL-566	76,659	75,500	70,704
Loan Subsidy	0	0	4,170
Total, Watershed & Flood Prevention.....	85,933	84,635	83,423
Debt for Nature.....	5,000	5,000	0
Forestry Incentives Program.....	0	0	0
Resource Conservation and Development...	46,602	42,071	36,265
Farmland Protection Program.....	52,500	0	0
Subtotal, NRCS Discretionary Funds ...	1,276,282	995,225	877,299
Mandatory Funds:			
Wetlands Reserve Program (CCC).....	317,376	281,376	286,142
Environmental Quality Incentives Program	380,000	325,000	325,000
Conservation Security Program.....	0	600,000	600,000
Wildlife Habitat Incentives Program.....	50,000	50,000	50,000
Farmland Protection Program.....	27,500	65,000	65,000
Subtotal, NRCS Mandatory Funds	774,876	1,321,376	1,326,142
NRCS, Total Funds.....	$2,051,158	$2,316,601	$2,203,441

COMPARISON OF FIP/SIP APPRORIATIONS

Mr. Skeen. Update the table that appears on page 111 of last year's hearing record, showing a comparison of FIP and SIP appropriations to include fiscal year 1999 actual and fiscal years 2000 and 2001 estimates.

[The information follows:]

COMPARISON OF FIP AND SIP APPROPRIATIONS
(In thousands of dollars)

Fiscal Year	Forestry Incentives Program (FIP)	Stewardship Incentives Program (SIP)
1993	$12,446	$17,800
1994	12,820	17,932
1995	6,625	18,283
1996	6,325	4,496
1997	6,325	4,500
1998	6,325	6,500
1999 1/	16,325	0
2000 est.	5,377	0
2001 est.	0	3,000

1/ The appropriation for FIP in FY 1999 reflected $10 million for an emergency supplemental.

EARTH TEAM VOLUNTEERS

Mr. Skeen: How many Earth Team volunteers worked for the agency in fiscal year 1999? Give us some specific examples for the record of accomplishments that were achieved using these volunteers. Do these Earth Team volunteers receive any compensation for their work?

Response: In FY 1999, the Natural Resources Conservation Service received volunteer service from 29,292 Earth Team volunteers. Examples of their work include providing conservation education materials; conducting conservation field tours; working with "at risk youth" to provide guidance and options for careers; planting trees, as well as living snow fences to trap blowing and drifting snow; doing general office work; and providing assistance to help meet deadlines for the Conservation Reserve Program, Wildlife Habitat Incentives Program, and the Environmental Quality Incentives Programs. One group continually monitors a stream and provides this data to the local NRCS staff. Earth Team volunteers do not receive compensation for their work. NRCS reimburses volunteers for incidental expenses such as mileage, parking, etc.

Mr. Skeen: Provide a five-year table, including fiscal year 2000, that shows the number of headquarters and state office staff levels.

[The information follows:]

NATURAL RESOURCES CONSERVATION SERVICE STAFF YEAR SUMMARY

	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Est.
National Headquarters	379	372	370	403	403
State Offices	1,982	2,133	2,120	2,064	2,032

Mr. Skeen - Update the table that appears on page 112 of last year's record to reflect the fiscal year 2000 EQIP allocations.

[The information follows:]

FISCAL YEAR 2000 EQIP ALLOCATIONS

State	Technical Assistance	Educational Assistance	Financial Assistance	Total
ALABAMA	$615,700	$9,700	$2,586,600	$3,212,000
ALASKA	80,400	47,400	291,300	419,100
ARIZONA	1,257,900	52,300	5,251,800	6,562,000
ARKANSAS	702,700	114,600	2,848,700	3,666,000
CALIFORNIA	1,536,800	1,004,400	5,475,800	8,017,000
COLORADO	1,287,900	87,900	5,342,700	6,718,500
CONNECTICUT	131,100	42,100	510,800	684,000
DELAWARE	162,200	8,300	675,500	846,000
FLORIDA	904,600	15,700	3,798,700	4,719,000
GEORGIA	688,400	55,000	2,847,600	3,591,000
HAWAII	109,500	25,000	436,500	571,000
IDAHO	550,700	46,300	2,276,000	2,873,000
ILLINOIS	585,400	45,600	2,423,000	3,054,000
INDIANA	469,600	0	1,980,400	2,450,000
IOWA	778,800	75,600	3,208,600	4,063,000
KANSAS	841,000	87,000	3,459,000	4,387,000
KENTUCKY	510,700	41,900	2,111,400	2,664,000
LOUISIANA	598,800	133,900	2,391,300	3,124,000
MAINE	340,200	38,400	1,395,500	1,774,100
MARYLAND	354,700	2,900	1,492,500	1,850,100
MASSACHUSETTS	201,600	18,500	599,900	820,000
MICHIGAN	729,000	59,100	3,014,900	3,803,000
MINNESOTA	958,700	213,800	3,828,500	5,001,000
MISSISSIPPI	819,300	32,800	3,421,900	4,274,000
MISSOURI	833,500	98,700	3,415,800	4,348,000
MONTANA	1,098,100	64,800	4,565,200	5,728,100
NEBRASKA	803,000	44,000	3,342,000	4,189,000
NEVADA	239,100	2,800	1,005,200	1,247,100
NEW HAMPSHIRE	102,000	2,000	428,000	532,000
NEW JERSEY	161,200	33,900	645,900	841,000
NEW MEXICO	1,008,700	41,200	4,212,100	5,262,000
NEW YORK	640,200	31,200	2,669,000	3,340,400
NORTH CAROLINA	769,400	74,000	3,170,500	4,013,900
NORTH DAKOTA	729,400	48,800	3,026,800	3,805,000
OHIO	547,300	64,600	2,243,100	2,855,000
OKLAHOMA	853,200	113,800	3,484,000	4,451,000
OREGON	750,100	220,000	2,943,700	3,913,800
PENNSYLVANIA	570,500	38,300	2,367,200	2,976,000
RHODE ISLAND	70,700	8,300	290,000	369,000
SOUTH CAROLINA	381,300	7,800	1,599,900	1,989,000
SOUTH DAKOTA	809,200	900	3,411,000	4,221,100
TENNESSEE	511,800	41,000	2,117,200	2,670,000
TEXAS	2,557,300	420,600	10,363,000	13,340,900
UTAH	835,100	128,200	3,161,200	4,124,500
VERMONT	224,500	3,000	943,500	1,171,000
VIRGINIA	531,800	10,900	2,231,300	2,774,000
WASHINGTON	716,400	156,200	2,864,400	3,737,000
WEST VIRGINIA	302,300	900	1,273,800	1,577,000

WISCONSIN	766,500	292,333	2,939,667	3,998,500
WYOMING	625,700	19,900	2,618,400	3,264,000
PUERTO RICO	161,400	33,000	585,900	780,300
VIRGIN ISLANDS	0	1,700	60,000	61,700
AMERICAN SAMOA	0	0	158,000	158,000
GUAM	53,100	0	23,900	77,000
NORTHERN MARIANAS	0	0	42,000	42,000
US Total Allocated	32,868,500	4,261,033	133,870,567	171,000,100
Not Yet Allocated	191,500	0	808,400	999,900
Con. Mod. Reserve	0	0	2,000,000	2,000,000
Totals	$33,060,000	$4,261,033	$136,678,967	$174,000,000

NOTE: Acreage is not available until contracts are signed.

URBAN RESOURCES PARTNERTHIP

Mr. Skeen: Provide a table that shows the amount, by fiscal year, speht on the urban resources partnership program since 1994 and including fiscal year 2001. Also include the amount that has been contributed by other entities.

[The table follows:]

URBAN RESOURCES PARTNERTHIP

Financial Assistance ($)

Agency	*FY-1994*	*FY-1995*	*FY-1996*	*FY-1997*	*FY-1998*	*FY-1999*	*FY-2000*	*FY-2001*	Total
FS	1,000,000	2,037,500	2,054,910	1,981,537	1,968,500	1,950,000	2,000,000	2,000,000	14,942,447
NRCS	1,200,000	2,157,000	2,158,300	2,219,000	2,069,700	1,950,000	2,000,000	2,000,000	15,704,000
NPS	3,000	53,000	90,000	98,850	104,800	27,000	-	-	376,650
FWS	-	44,000	14,275	40,000	5,000	-	-	-	103,275
EPA	35,500	9,000	55,650	60,900	154,582	40,700	-	-	356,332
HUD	-	-	350	10,900	30,100	-	-	-	41,350
CSREES	20,297	13,334	31,521	35,835	41,084	44,364	-	-	186,435
State	12,000	144,000	186,850	103,050	29,900	8,000	-	-	483,800
City	88,859	173,944	197,347	126,844	21,645	22,245	-	-	630,884
Other	-	-	2,875	3,150	37,200	7,000	-	-	50,225
Total	**2,359,656**	**4,631,778**	**4,792,078**	**4,680,066**	**4,462,511**	**4,049,309**	**4,000,000**	**4,000,000**	**32,875,398**

INTERNATIONAL ASSIGNMENTS

Mr. Skeen: How many assignments did NRCS personnel complete in foreign countries in fiscal year 1999? How many countries did NRCS personnel complete assignments in? What was the total cost of these assignments and how much were you reimbursed for these costs?

Response: NRCS specialists completed 215 international conservation assignments in 45 foreign countries during fiscal year 1999. The total cost of the 37 long- and short-term technical assistance assignments was $365,000 of which $335,000 was reimbursed to NRCS.

WETLAND DETERMINATIONS

Mr. Skeen: How many wetland determinations were conducted in fiscal years 1998 and 1999? How many do you plan to conduct in fiscal year 2000?

Response: Information on the number of certified wetland determinations conducted by NRCS was not collected and is not available for FY 1998 and 1999.

Based on the Workload Analysis, NRCS plans to complete 38,936 certified wetland determinations in FY 2000. The Workload Analysis estimates that 479 NRCS staff years will be required to provide these determinations.

SOIL SURVEYS

Mr. Skeen: Please update the table that appears on page 118 that shows the funding and staffing levels for soil surveys including NRCS, other Federal agencies, land grant universities, State agencies, and local government for fiscal year 1999 and estimates for fiscal years 2000 and 2001.

[The information follows:]

FUNDING AND STAFFING OF SOIL SURVEYS
FY 1999 Actual and FY 2000 and 2001 Estimates
(Dollars in Thousands)

	FUNDING			STAFF YEARS		
	1999	2000	2001	1999	2000	2001
NRCS Appropriations	$78,055	$79,673	$78,323	924	912	859
Reimbursements:						
Other USDA	713	1,100	1,100	10	14	14
Other Federal	3,637	3,700	3,700	43	42	42
State & Local Governments	3,328	3,490	3,490	58	59	59
Private	102	110	110	1	1	1
Total, Reimbursements	7,780	8,400	8,400	112	116	116
Total, Soil Surveys	$85,835	$88,073	$86,723	1,036	1,028	975

Mr. Skeen: Through fiscal year 2000, NRCS spent or will spend an estimated $33.6 million on coordinating, developing, maintaining, and distributing the digital soils database. Please explain to the committee the value and benefit of these expenditures. How much does NRCS plan to spend in fiscal year 2001? Please breakdown the information into the four categories.

Response: On October 19, 1990 the Executive Office of the President, Office of Management and Budget reissued Circular No. A-16. It established responsibilities for coordination of surveying, mapping and related spatial data activities for 10 thematic spatial data categories. Soil was one of the designated themes. NRCS was assigned the lead for developing, adopting, publishing, promoting, and maintaining the standards required for the transfer of soil digital spatial data. This effort was seen as essential to avoid unnecessary and wasteful duplication of effort across all levels of government. In 1997, NRCS was provided special funding to accelerate the production of digital soil information for use in the USDA field service centers. Having this data in electronic format makes data sharing and tailoring of products for agencies and customers much easier than if available only as hard copy maps and text as in the past.

About 5 years ago, an internal NRCS analysis estimated the value of the national soil survey attribute database alone, at over $5 billion. When completed, the digital soil spatial database coupled with the $5 billion attribute database is an invaluable National resource asset for use in conservation, natural resources, land use, environmental and other types of planning and applications by all levels of government and the private sector.

Another measure of the value and benefit of digital soil data is the demand for the information. In fiscal year 1999, there were about 1,400 web downloads or CD orders for detailed digital soil data (SSURGO). Additionally there were over 1,200 downloads or CD orders for the National generalized digital soil data (STATSGO). In addition to this, NRCS is experiencing an ever-increasing demand from counties and cities across the Nation to update and modernize existing soil survey information and to provide that information in the standardized digital format. This demand exceeds NRCS' current capacity to produce it.

Estimated figures previously provided for coordinating, developing, maintaining, and distributing the digital soil database for fiscal years 1999 have been updated to more accurately represent actual expenditures. Revised estimates are provided for fiscal year 2000, as well as estimates for fiscal year 2001.

Following are the revised figures by category for fiscal year 1999:

Coordination.....	$250,000
Development.....	7,930,000
Maintenance.....	510,000
Distribution.....	160,000

Following are the revised figures by category for fiscal year 2000:

Coordination.....	$250,000
Development.....	7,830,000
Maintenance.....	520,000
Distribution.....	160,000

Following are the revised figures by category for fiscal year 2001:

Coordination.....	$310,000
Development.....	14,990,000
Maintenance.....	902,000
Distribution.....	160,000

RESOURCE CONSERVATION AND DEVELOPMENT APPLICATIONS

Mr. Skeen: Currently, the Resource Conservation and Development program supports 315 RC&D areas. How many applications has NRCS received for new areas and what would be the cost to fund all new areas at the authorizing funding level?

Response: As of March 3, 2000 there are 47 applications on file for designation. The average cost to NRCS to fully support an RC&D Area is approximately $154,000 per year. Full support to a designated area includes a Federal coordinator, a half-time administrative assistant, a computer, office space, related utilities, supplies, a vehicle, and management at the state and national levels. To fund these applicant areas the agency would need an additional $7.24 million in RC&D appropriated funds.

EQIP PRIORITY AREAS

Mr. Skeen. How much of the fiscal year 1999 EQIP funds have gone to priority areas?

Response: During FY 1999, 85 percent of EQIP funds were allocated to priority areas.

Mr. Skeen. How much of the fiscal year 1999 funds have gone to non-priority areas?

Response: During FY 1999, 15 percent of EQIP funds were allocated to statewide concerns (non-priority areas).

URBAN RESOURCES PARTNERSHIP

Mr. Skeen: How much did NRCS spend on the Urban Resources Partnership initiative in fiscal year 1999? How much do you plan to spend on this initiative in fiscal year 2000?

Response: NRCS spent approximately $2 million in FY 1999 and we plan to spend approximately $2 million in FY 2000.

Mr. Skeen: How much did NRCS spend on the Northwest Salmon Recovery Initiative in fiscal years 1998 and 1999? How much do you plan spend on this initiative in fiscal years 2000 and 2001?

Response: In fiscal years 1998 and 1999, no Conservation Operation funds were allocated specifically for the Northwest Salmon initiative. In fiscal year 1999 there were nine Small Watershed Projects that included salmon as an integral part of their natural resource concerns. The FY 1999 salmon recovery effort was funded primarily through these projects. We anticipate that approximately the same amount will be spent in both fiscal years 2000 and 2001.

Northwest Salmon Initiative Projects

State	Project Name	Counties	FY 99 Allowance
Oregon	Buck Hollow	Wasco & Sherman	$6,172
Idaho	Mission-Lapwai	Nez Perce & Lewis	166,788
	Tammany	Nez Perce	131,774
	Bedrock	Clearwater & Nez Perce	103,661
Washington	Omak Creek	Okanagan	325,830
	Tucannon Creek	Columbia / Garfield	9,800
	Moxee Creek	Yakima	804,311
	Tenmile Creek	Whatcom	37,968
		Total	$1,586,304

These projects consist primarily of land treatment measures that indirectly benefit salmon habitat as well as directly improve water quality through reduced erosion and sediment, improved animal waste management, and increased efficiency in the use of irrigation water.

Mr. Skeen: What were your accomplishments in fiscal years 1998 and 1999 for the Northwest Salmon Recovery Initiative?

Response: Data was not collected on the Salmon Recovery Initiative in 1998. In 1999, the newly established Performance Results Management System (PRMS) collected data in 300 sample counties across the United States. The resulting data did not fully cover the area involved in Salmon Recovery activities. In FY 2000, PRMS will be fully operational and will be able to provide data on these activities.

AMERICAN HERITAGE RIVERS INITIATIVE

Mr. Skeen: How much did NRCS spend on the American Heritage Rivers Initiative, (AHRI) in fiscal year 1999? How much do you plan to spend on this Initiative in fiscal years 2000 and 2001?

Response: During fiscal year 1999, NRCS provided approximately $340,000 for staff time and associated costs to assist with the implementation of the American Heritage Rivers Initiative. Sixty percent of the funds were from the NRCS Conservation Operations account, and 40 percent from the Watershed Surveys and Planning account. We expect to maintain this same level of assistance in fiscal years 2000 and 2001.

Mr. Skeen: What were your accomplishments in fiscal year 1999 for the AHRI?

Response: There is no separate account for tracking accomplishments of the American Heritage Rivers initiative. An example of the type of effort that I consider to be typical of the initiative is the Upper Susquehanna/Lackawanna American Heritage River. NRCS has partnered with over 20 local, state, and federal groups to treat non-point source pollution from abandoned mines in the anthracite coal region of Pennsylvania. Funds from the Rural Abandoned Mine Program

(RAMP) have been used to leverage funds and in-kind services from other sources, such as 319 grants from the Environmental Protection Agency and funds from the American Soccer Federation. Accomplishments at three sites include reclaiming mine lands for conversion to soccer and other recreational fields, treatment of acid mine drainage to restore a biologically dead lake, and prevention of polluted mine runoff that was going directly into the Susquehanna River. These are the last projects to be funded under NRCS, RAMP due to an exhaustion of funds.

Mr. Skeen: How many NRCS personnel performed AHRI work in fiscal year 1999?

Response: During FY 1999, NRCS funded two river navigators for the initiative; one on the Hudson AHR and the other on the Upper Susquehanna/Lackawanna AHR. NRCS also provided approximately one half of an FTE for management and implementation of the initiative, contributing its experience with natural resources management.

Mr. Skeen: Please answer this question. What cultural and historic resources will be protected under the AHRI that are not currently being protected?

Response: The American Heritage Rivers initiative is a voluntary and locally driven initiative. All assistance comes at the request of the communities in the designated areas. Action plans that were submitted with the original applications for designation include many cultural and historic protection activities. These action plans are continually being reviewed and revised by the communities as they complete the activities or revise their community goals.

ACCOMPLISHMENTS FOR GLCI

Mr. Skeen Congress earmarked $17 million in CTA funds in fiscal year 2000 for the Grazing Lands Conservation Initiative. Where have these funds been allocated? Provide an update on he activities and accomplishments of this.

Response: Grazing land is found in every state in the U.S. and constitutes the single largest watershed cover type in the country. GLCI funds have been allocated to all 50 states, the Commonwealth of Puerto Rico, and the Pacific Basin.

The funds Congress earmarked for the Grazing Lands Conservation Initiative (GLCI) are being used to address the resource concerns on private grazing lands in lieu of appropriating funds for the Conservation of Private Grazing Lands. The GLCI earmark has been utilized to accelerate technical assistance in the Conservation Technical Assistance (CTA) program to private grazing land owners and operators.

The earmark is distributed to states based on the acres of grazing lands, conservation treatment needs, number of producers and amount of grazing animals utilizing the grazing resources. GLCI has been instrumental in being the catalyst in making technical assistance a priority. NRCS estimates providing technical assistance to 30,000 individuals in FY 2000.

Approximately 700 staff will provide technical assistance to private land owners that will impact over 20 million acres of grazing land.

This staff will also assist in training and public awareness activities relating to grazing lands conservation.

USE OF GLCI CONGRESSIONAL EARMARK:

	FY 1999 ESTIMATE	ESTIMATED CHANGE	FY 2000 ESTIMATE
Available GLCI Funding	$15 million	+$2 million	$17 million

Total grazing land accomplishments and goals for all programs including GLCI

NRCS Employees providing technical assistance	Approximately 700 employees	N/A	700 est.
Individuals receiving technical assistance	Over 28,000 individuals	+2,000 individuals	Over 30,000 individuals
Acres of grazing land impacted	20 million acres	+2.6 million acres	22.6 million acres
National grazing land demonstration projects (improved technology & management)	Over 790 demonstration projects	+100 demonstration projects	Over 890 demonstration projects
Education and Awareness Activities (workshops, field days, tours, etc)	1,800 activities involving more than 100,000 individuals.	+230 activities involving about 13,000 individuals	2,030 activities involving more than 113,000 individuals

($2 million funds about 25 FTE's.)

NRCS is providing technical assistance in the development of the First National Conference on Grazing Lands. This conference sponsored by the Grazing Land Conservation Initiative Steering Committee and National Association of Conservation Districts is designed to heighten the awareness of economic and environmental benefits of grazing lands. It will be held in December of 2000 with an audience expected to exceed 600.

ANIMAL AGRICULTURE

Mr. Skeen: Animal agriculture and production has become a growing concern across the country, particularly with respect to the potential for certain operations to have an adverse effect on water quality. Provide the committee with an update on what NRCS is doing to help farmers address potential problems associated with livestock production.

Response: The NRCS fiscal year (FY) 2000 budget provides $69.37 million in ongoing technical assistance ($55.87 million in Conservation Technical Assistance (CTA) and $13.5 million in the Environmental Quality Incentives Program (EQIP)) and $57.5 million for financial assistance for addressing the AFO workload. Of the $55.87 million, Congress earmarked $7.87 million in CTA which NRCS is using to prepare the technical tools and NRCS' field and partner conservationists for delivering comprehensive nutrient management plans (CNMPs) to AFOs beginning in FY 2001.

The FY 2000 earmark will be directed to such activities as issuance of final CNMP Technical Guidance; continued implementation of NRCS Nutrient Management Policy by states; development of course materials

and implementation of training for NRCS and partner field staffs in nutrient and pest management, agricultural waste management systems design, and animal husbandry and feeding management; development of certification process for CNMPs; and update and revision of AFO-related conservation practice standards.

The remaining FY 2000 technical and financial assistance through CTA and EQIP will be directed to providing agricultural waste management planning and implementation assistance to 9,300 AFOs.

Mr. Skeen: What impact would strengthening regulations have on agency workload? Is the agency concerned that as regulations are developed those agency personnel would be looked at as regulatory?

Response: It is very difficult to determine the impact on NRCS workload that may result from strengthened regulations of confined animal feeding operations (CAFO). The Environmental Protection Agency estimates that 15,000-20,000 CAFOs will be required to go through the National Pollution Discharge Elimination System (NPDES). Sometimes, a CAFO operator will hire a consultant or third-party vendor for assistance in obtaining a NPDES permit. In other cases, NRCS may be asked to provide some assistance and that would increase NRCS workload.

NRCS is not concerned that non-USDA regulations would make NRCS personnel appear to be regulators. Whether the regulations are promulgated at the Federal, State, or local government level, NRCS employees have the potential to be involved to assist the landowner or landuser in complying with the regulation. In fact, one of the primary services that NRCS and local conservation districts perform for farmers and ranchers is the delivery of technical information and assistance related to non-USDA regulations. Typical examples of regulations that NRCS helps a landowner to comply with are local soil erosion and sediment control ordinances, State water pollution control regulations, or Federal wetland protection laws. In these instances, the information we provide identifies the requirements of the regulation and the regulatory entity.

DISTRIBUTION OF EQIP FUNDS

Mr. Skeen: Were any changes made from 1998 to 1999 in the way that EQIP funds were allocated? If so, please describe those changes for the record.

Response: The allocation formula did not change, but in FY 1998 NRCS, distributed the EQIP funds to the states through the Regional Offices whereas in FY 1999 the distribution of EQIP funds did not go through the Regional Offices. Also, in FY 1999, NRCS was directed to "proceed to provide adequate funding for not less than two national priority areas". NRCS, therefore allocated $5.65 million to the Colorado Salinity (CO, UT, WY) and Mississippi Delta (MS) national priority areas. The other special emphasis for Native American, Atlantic and Pacific salmon, animal waste and nutrient management, Edwards Aquifer and Lake Champlain remained unchanged. The balance was allocated to the states using the same formula used in FY 1998.

Mr. Skeen: Please provide a table for the record showing each state's total eligible acreage/environmentally sensitive lands and the amount that each state received in the 1999 EQIP allocation.

Response: NRCS considers all land currently farmed as EQIP eligible. Nationally, this would total up to 325,158,000 acres of cropland, 118,572,900 acres of pastureland and 403,118,800 acres of rangeland. In addition, forest land associated with active farms would also be eligible for cost-shares to resolve resource concerns.

The following table shows the number of geographic priority areas, by state, which have received EQIP funding in FY 1999. These total 724 out of the 2,115 priority areas which are being proposed.

[The table follows:]

State	NO, of Priority Areas	Total Acres	Financial Assistance	Educational Assistance
ALABAMA	40	7,080,368	$2,592,000	$0
ALASKA	6	133,341,656	194,393	41,934
ARIZONA	27	20,488,553	4,492,000	278,550
ARKANSAS	17	10,775,078	1,980,000	58,000
CALIFORNIA	36	22,580,522	4,623,955	341,400
COLORADO	12	4,937,288	3,866,596	135,434
CONNECTICUT	6	816,537	425,472	18,990
DELAWARE	4	687,918	465,000	0
FLORIDA	18	20,761,319	3,237,000	20,000
GEORGIA	18	8,255,818	1,838,340	0
GUAM	1	8,500	40,000	20,000
HAWAII	3	927,824	346,000	9,300
IDAHO	12	23,162,144	1,899,130	5,000
ILLINOIS	17	2,567,505	2,229,400	15,600
INDIANA	39	4,037,855	1,430,733	0
IOWA	50	4,517,865	2,457,500	17,500
KANSAS	11	3,079,375	2,245,000	10,000
KENTUCKY	8	943,576	1,400,687	28,013
LOUISIANA	12	4,835,641	1,635,850	18,400
MAINE	8	7,851,216	1,221,150	81,350
MARYLAND	13	3,554,317	1,096,000	7,800
MASSACHUSETTS	1	683,007	601,000	200,000
MICHIGAN	23	3,506,704	2,569,500	44,500
MINNESOTA	17	4,554,178	2,807,095	60,800
MISSISSIPPI	15	5,842,307	2,280,000	0
MISSOURI	21	4,548,664	2,564,420	79,330
MONTANA	5	4,796,735	3,208,750	0
NEBRASKA	8	4,842,700	2,145,950	59,500
NEVADA	7	22,028,035	1,079,867	8,000
NEW HAMPSHIRE	6	2,408,128	416,980	8,220
NEW JERSEY	2	1,551,565	438,000	18,000
NEW MEXICO	11	19,897,852	1,805,000	56,560
NEW YORK	13	1,439,258	2,580,183	37,500
NORTH CAROLINA	21	13,782,788	2,393,385	0
NORTH DAKOTA	19	20,980,927	1,898,958	51,042
NORTHERN MARIANAS	1	853	40,000	0
OHIO	9	2,576,091	1,816,000	45,000
OKLAHOMA	24	8,387,312	2,990,710	92,769
OREGON	11	2,855,506	2,118,400	116,000
PENNSYLVANIA	13	1,845,250	1,788,950	23,800
PUERTO RICO	6	398,122	608,000	10,000
RHODE ISLAND	1	289,948	190,250	9,750

SOUTH CAROLINA	12	1,144,188	1,039,000	12,000
SOUTH DAKOTA	15	9,315,576	2,250,000	47,000
TENNESSEE	3	2,508,360	1,403,860	4,000
TEXAS	19	45,125,541	7,917,422	161,578
UTAH	9	161,089	1,776,000	14,000
VERMONT	4	5,943,100	943,000	5,000
VIRGIN ISLANDS	1	1,200	65,000	0
VIRGINIA	3	227,974	1,407,870	61,130
WASHINGTON	13	14,846,762	2,485,500	68,900
WEST VIRGINIA	22	746,351	889,587	0
WISCONSIN	20	1,860,458	2,775,108	0
WYOMING	11	3,629,204	1,818,000	1,000
TOTAL	724	497,936,608	$100,827,951	$2,402,650

WATERSHED RESTORATION STRATEGIES

Mr. Skeen: Are the watershed restoration strategies including the broad watershed-wide planning components and the specific targeted components now available? If so, please provide that information for the record.

Response: In October 1998, all 50 States, plus territories, and the District of Columbia submitted Unified Watershed Assessments (UWAs) to EPA and identified 1,545 priority "watersheds in need of restoration." In addition, Tribes submitted 80 final UWAs and identified an additional 101 "watersheds in need of restoration." In November 1999, EPA and USDA issued supplemental guidance and suggestions to the States for revising and updating the Unified Watershed Assessment Framework, including the development and use of the Watershed Restoration Action Strategies (WRASs) initiated under the President's Clean Water Action Plan. Work has begun in a few States on the priority watersheds to prepare Watershed Assessment Framework Strategies. The Watershed Assessment Framework had anticipated that it would take several years to develop and complete WRASs. Some EPA regions are requiring WRASs for incremental Section 319 funding (Clean Water Act); however, this is not a widespread occurrence. NRCS is cooperating with the States and local governments/entities that are requesting technical assistance in revising their UWA and developing WRASs. No further information on numbers of WRASs or contents of WRASs being developed is available at this time.

NATIONAL RESOURCES INVENTORY

Mr. Skeen: Please describe any efforts that have been undertaken by NRCS to accurately assess the health of our lands.

Response: The Rural Development Act of 1972 legislated that NRCS conduct a National Resources Inventory (NRI) at least every 5 years to provide information on factors associated with the health of our nations privately owned land. Previous inventories were conducted periodically and date back to 1934.

NRCS uses the NRI along with several other databases such as soil survey and Agricultural Census to assess land health using biophysical factors along with human values and needs. These factors include measures like change in vegetative cover; conversion of agricultural land to other uses; salinization of cropland and grazing land; changes

in soil quality measures that affect productivity and water quality; changes in soil nutrients; wetlands; and wildlife habitat.

NRCS continues enhancement in NRI data collection procedures to measure trends in application of systems of conservation practices that affect land quality. The NRI is also being modified to collect more timely and relevant information using a continuous inventory approach that will enable development of integrated multi-agency inventories and provide more comprehensive measures of the landscape over time.

FARMLAND LOSS

Mr. Skeen: Since 1992, how many acres of farmland have we lost per year?

Response: Between 1992 and 1997, almost 16 million acres of land were converted to non-agricultural use. This translates to an average rate of 3.2 million acres per year.

Mr. Skeen: How much of that is prime farmland?

Response: Almost 2.5 million acres (15.5 percent) of the 16 million acres developed between 1992 and 1997 was prime farmland soils.

Mr. Skeen: What is the cost for the NRCS to carry out the conservation technical assistance for the Wetlands Reserve Program in fiscal year 2000?

Response: For FY 2000, approximately $14.55 million in technical assistance is needed to implement the authorized 150,000 acres in WRP and to administer the 785,000 acres previously enrolled in the program.

ANIMAL FEEDING OPERATIONS TECHNICAL ASSISTANCE

Mr. Skeen: How much did NRCS spend in fiscal year 1999 on technical assistance for animal feeding operations? How much does NRCS plan to spend in fiscal year 2000?

Response: The NRCS fiscal year (FY) 1999 budget provided $50 million in technical assistance ($37 million in Conservation Technical Assistance (CTA) and $13 million in the Environmental Quality Incentives Program (EQIP)) and $56 million in EQIP financial assistance for addressing the animal feeding operations (AFO) workload.

The NRCS FY 2000 budget provides $69.37 million in ongoing technical assistance ($55.87 million in CTA and $13.5 million in EQIP) and $57.5 million in EQIP financial assistance for addressing the AFO workload. Of the $55.87 million, Congress earmarked $7.87 million in CTA which NRCS is using to prepare the technical tools and NRCS' field and partner conservationists for delivering comprehensive nutrient management plans (CNMPs) to AFOs beginning in FY 2001.

FORESTRY INCENTIVES PROGRAM EMERGENCY FUNDS

Mr. Skeen. The fiscal year 1999 emergency supplemental appropriations bill provided $10 million for the Forestry Incentives Program. Are there still funds from this supplemental appropriation? If so, how much?

Response: On February 16, 1999, $9 million in Forestry Incentives Program (FIP) funds were allocated to 15 States to address reforestation needs caused by wildfires and other natural disasters in 1998. A $1 million reserve was retained for future assistance, primarily for tree planting needs in Florida and other States heavily impacted by the 1998 disasters.

USDA's Natural Resources Conservation Service (NRCS) and Forest Service, along with State foresters, recently carried out a thorough accounting among the 15 States. After funds were shifted based on an assessment of need, and residual funds added to the reserve, the resultant reserve balance is currently $1.2 million.

Much of the remaining funds are due to an extended drought in the South and resistance by landowners to plant trees during a drought. State Forestry agencies are attempting to expedite increased seedling production for replanting of eligible non-industrial private forestlands, but due to the drought, they are having trouble meeting seedling demand.

BACKYARD CONSERVATION

Mr. Skeen: Provide a table, to include fiscal years 1998-2001, of NRCS spending on the "Backyard Gardening" campaign?

Response: Backyard Conservation is a national public awareness campaign aimed at informing non-farm audiences about the conservation work being done on America's farms and ranches. The campaign features 10 common on-farm conservation practices and shows how miniature versions can work in almost any backyard—composting, mulching, nutrient management, pest management, pond, terraces, tree planting, water conservation, wetland, and wildlife habitat.

Backyard Conservation Campaign Fiscal Year Funding

1998	1999	2000 (estimated)	2001 (projected)
$450,000	$280,600	$140,000	$300,000

URBAN CONSERVATION

Mr. Skeen: Once again, how much of the conservation technical assistance funding is spent on urban conservation?

Response: We do not have a way to track specifically the amount of time spent on urban conservation issues. Traditionally, communities have not received conservation assistance from NRCS to address their natural resources concerns. The agency has recognized the need for conservation assistance in communities and has addressed some of these issues and concerns through the URP. The National Association of Conservation Districts has advised us that half of the 3,000 Soil and Water Conservation Districts address urban conservation issues. They frequently rely on NRCS for technical assistance in addressing these urban conservation issues.

WATERSHED AND FLOOD PREVENTION OPERATIONS

Mr. Skeen: Update the table that appears on page 141 showing the funding levels provided by state and local entities in the Watershed and Flood Prevention Operations program for fiscal year 1996-2000?

[The information follows:]

STATE AND LOCAL FUNDING OF WATERSHED AND FLOOD PREVENTION OPERATIONS

FY	State-Government	Local-Government	Private
1996	$265,261,154	$44,198,113	0
1997	51,010,264	49,031,945	$4,231,229
1998	63,288,271	61,532,169	6,415,864
1999	57,687,152	52,559,812	9,266,471
2000	61,189,417	53,738,667	20,693,560

OBJECT CLASS BREAKOUTS FOR NRCS PROGRAMS

Mr. Skeen: Please provide for the record object class tables reflecting fiscal years 1999 - 2001 for each account requested in the fiscal year 2001 budget request.

[The information follows:]

CONSERVATION OPERATIONS
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	346,756	360,985	391,943
11.3..Other than FTP	12,439	12,932	14,106
11.5..Other personnel comp	5,309	5,550	6,062
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	364,504	379,467	412,111
12.1..Personnel benefits	84,952	90,330	100,162
13.0..Bene.former person	812	808	838
21.0..Travel & trans. per.	15,170	15,383	16,112
22.0..Transpor. of things	3,201	3,256	3,441
23.1..SLUC	0	0	0
23.2..Rental pay to others	10,953	11,113	11,600
23.3..Comm, util & misc	23,535	23,917	25,241
24.0..Print & reproduction	3,616	3,657	3,790
25.1..Consulting services	0	25	25
25.2..Other services	86,644	101,171	105,383
25.2..Contracts	0	0	0
26.0..Supplies & materials	14,332	14,545	15,382
31.0..Equipment	31,402	31,947	35,470
32.0..Land and structures	235	218	218
33.0..Investments & loans	0	0	0
41.0..Grants	0	0	17,000
42.0..Insurance & Indem.	373	380	404
43.0..Interest & dividends	61	62	66
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	449,456	469,797	512,273
Support	190,099	206,264	217,752
Subtotal, T/A	639,555	676,061	730,025
Financial assistance	235	218	17,218
TOTAL, OBLIGATIONS	639,790	676,279	747,243

WATERSHED SURVEYS AND PLANNING
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	5,754	5,849	5,806
11.3..Other than FTP	55	57	60
11.5..Other personnel comp	51	52	52
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	5,860	5,958	5,918
12.1..Personnel benefits	1,232	1,282	1,303
13.0..Bene.former person	2	2	2
21.0..Travel & trans. per.	256	254	245
22.0..Transpor. of things	29	29	28
23.1..SLUC	0	0	0
23.2..Rental pay to others	281	279	269
23.3..Comm, util & misc	296	294	284
24.0..Print & reproduction	18	18	17
25.1..Consulting services	0	110	110
25.2..Other services	2,027	1,798	1,860
25.2..Contracts	0	0	0
26.0..Supplies & materials	168	167	161
31.0..Equipment	178	177	171
32.0..Land and structures	0	0	0
33.0..Investments & loans	0	0	0
41.0..Grants	0	0	0
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	7,092	7,240	7,221
Support	3,255	3,128	3,147
Subtotal, T/A	10,347	10,368	10,368
Financial assistance	0	0	0
TOTAL, OBLIGATIONS	10,347	10,368	10,368

WATERSHED AND FLOOD PREVENTION OPERATIONS
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	42,000	40,224	25,253
11.3..Other than FTP	732	655	358
11.5..Other personnel comp	1,175	1,059	561
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	43,907	41,938	26,172
12.1..Personnel benefits	9,505	9,274	5,894
13.0..Bene.former person	0	0	-3
21.0..Travel & trans. per.	2,719	2,612	1,696
22.0..Transpor. of things	211	179	100
23.1..SLUC	0	0	0
23.2..Rental pay to others	1,557	1,453	1,062
23.3..Comm, util & misc	1,648	1,529	1,045
24.0..Print & reproduction	734	791	679
25.1..Consulting services	0	200	200
25.2..Other services	9,363	8,308	3,997
25.2..Contracts	78,857	79,425	23,083
26.0..Supplies & materials	1,542	1,306	763
31.0..Equipment	4,095	3,519	1,769
32.0..Land and structures	34,224	26,241	0
33.0..Investments & loans	0	0	0
41.0..Grants	67,058	68,727	16,960
42.0..Insurance & Indem.	34	29	1
43.0..Interest & dividends	11	10	5
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	53,412	51,212	32,066
Support	21,914	19,936	11,314
Subtotal, T/A	75,326	71,148	43,380
Financial assistance	180,139	174,393	40,043
TOTAL, OBLIGATIONS	255,465	245,541	83,423

FORESTRY INCENTIVES PROGRAM
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	0	0	0
11.3..Other than FTP	0	0	0
11.5..Other personnel comp	0	0	0
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	0	0	0
12.1..Personnel benefits	0	0	0
13.0..Bene.former person	0	0	0
21.0..Travel & trans. per.	0	0	0
22.0..Transpor. of things	0	0	0
23.1..SLUC	0	0	0
23.2..Rental pay to others	0	0	0
23.3..Comm, util & misc	0	0	0
24.0..Print & reproduction	0	0	0
25.1..Consulting services	0	0	0
25.2..Other services	1,534	582	0
25.2..Contracts	0	0	0
26.0..Supplies & materials	0	0	0
31.0..Equipment	0	0	0
32.0..Land and structures	0	0	0
33.0..Investments & loans	0	0	0
41.0..Grants	9,728	9,988	0
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	0	0	0
Support	1,534	582	0
Subtotal, T/A	1,534	582	0
Financial assistance	9,728	9,988	0
TOTAL, OBLIGATIONS	11,262	10,570	0

RESOURCE CONSERVATION AND DEVELOPMENT
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	19,306	20,082	20,486
11.3..Other than FTP	858	10	22
11.5..Other personnel comp	105	109	111
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	20,269	20,201	20,619
12.1..Personnel benefits	4,414	4,614	4,676
13.0..Bene.former person	1	1	1
21.0..Travel & trans. per.	1,083	1,101	1,089
22.0..Transpor. of things	198	200	197
23.1..SLUC	0	0	0
23.2..Rental pay to others	775	800	800
23.3..Comm, util & misc	1,004	997	976
24.0..Print & reproduction	-32	-32	-32
25.1..Consulting services	0	50	50
25.2..Other services	5,118	5,871	5,878
25.2..Contracts	197	0	0
26.0..Supplies & materials	972	982	971
31.0..Equipment	886	895	884
32.0..Land and structures	0	0	0
33.0..Investments & loans	0	0	0
41.0..Grants	223	156	156
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	24,683	24,815	25,295
Support	10,144	10,786	10,814
Subtotal, T/A	34,827	35,601	36,109
Financial assistance	420	156	156
TOTAL, OBLIGATIONS	35,108	35,836	36,265

WETLANDS RESERVE PROGRAM
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	1,969	1,570	0
11.3..Other than FTP	0	0	0
11.5..Other personnel comp	10	8	0
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	1,979	1,578	0
12.1..Personnel benefits	419	334	0
13.0..Bene.former person	0	0	0
21.0..Travel & trans. per.	71	57	0
22.0..Transpor. of things	1	1	0
23.1..SLUC	0	0	0
23.2..Rental pay to others	193	154	0
23.3..Comm, util & misc	0	0	0
24.0..Print & reproduction	4	3	0
25.1..Consulting services	0	0	0
25.2..Other services	0	0	0
25.2..Contracts	577	460	0
26.0..Supplies & materials	167	133	0
31.0..Equipment	-97	233	0
32.0..Land and structures	-172	-77	0
33.0..Investments & loans	0	0	0
41.0..Grants	0	0	0
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	2,398	1,912	0
Support	339	581	0
Subtotal, T/A	2,737	2,493	0
Financial assistance	405	383	0
TOTAL, OBLIGATIONS	3,142	2,876	0

WILDLIFE HABITAT INCENTIVES PROGRAM
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	3,111	2	8,961
11.3..Other than FTP	12	0	35
11.5..Other personnel comp	5	0	15
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	3,128	2	9,011
12.1..Personnel benefits	734	0	2,114
13.0..Bene.former person	0	0	0
21.0..Travel & trans. per.	96	0	273
22.0..Transpor. of things	33	0	94
23.1..SLUC	0	0	0
23.2..Rental pay to others	174	0	495
23.3..Comm, util & misc	0	0	0
24.0..Print & reproduction	7	0	20
25.1..Consulting services	0	0	0
25.2..Other services	0	0	0
25.2..Contracts	189	15	427
26.0..Supplies & materials	85	0	240
31.0..Equipment	90	0	253
32.0..Land and structures	0	0	0
33.0..Investments & loans	0	0	0
41.0..Grants	17,841	1,493	37,073
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	3,862	2	11,125
Support	485	0	1,375
Subtotal, T/A	4,347	2	12,500
Financial assistance	18,032	1,508	37,500
TOTAL, OBLIGATIONS	22,377	1,510	50,000

TRUST FUNDS
(Dollars in Thousands)

DIRECT OBLIGATIONS:	1999	2000	2001
11.1..Full-time permanent	249	65	68
11.3..Other than FTP	0	0	0
11.5..Other personnel comp	5	5	5
11.8..Spec. pers svcs pay	0	0	0
11.9.. Total per. comp	254	70	73
12.1..Personnel benefits	42	27	29
13.0..Bene.former person	0	0	0
21.0..Travel & trans. per.	1	1	1
22.0..Transpor. of things	0	0	0
23.1..SLUC	0	0	0
23.2..Rental pay to others	0	0	0
23.3..Comm, util & misc	0	0	0
24.0..Print & reproduction	5	5	5
25.1..Consulting services	0	0	0
25.2..Other services	114	117	59
25.2..Contracts	21,548	902	0
26.0..Supplies & materials	0	0	0
31.0..Equipment	0	0	0
32.0..Land and structures	271	200	100
33.0..Investments & loans	0	0	0
41.0..Grants	-77	20	3
42.0..Insurance & Indem.	0	0	0
43.0..Interest & dividends	0	0	0
44.0..Refunds	0	0	0
Summary of Obligations:			
Salary & Benefits	296	97	102
Support	120	123	65
Subtotal, T/A	416	220	167
Financial assistance	21,742	1,122	103
TOTAL, OBLIGATIONS	22,158	1,342	270

FLOOD PLAIN EASEMENTS

Mr. Skeen: Did NRCS use any Emergency Watershed Protection program funds in fiscal year 1999 to purchase floodplain easements? If so, how much?

Response: NRCS utilized approximately $30,000,000 of EWP funds in fiscal year 1999 to enroll floodplain easements.

ACCOUNTABILITY

Mr. Skeen: Provide an update for the record of the progress you have made on improving the accountability of NRCS funds.

Response: The Natural Resources Conservation Service (NRCS) has implemented several major components of its Integrated Accountability System (IAS) that is designed to improve the accountability of agency funds. The IAS is a set of data collection tools, processes, and related applications that provide information in a timely manner to support the agency's strategic and performance planning and monitoring, budget formulation and allocation, business planning, operations management, workforce planning, and accountability needs.

During 1999, the National Partnership Workload Analysis (WLA) and Workload Management System (WMS) were conducted with the Conservation Partnership. The WLA/WMS provides nationally consistent data on resource concerns, conservation needs, and projected staffing required for each county in the nation. This national process replaced the various incompatible workload assessments previously conducted in states, and projects workload and staff needed to accomplish agency goals.

NRCS also began using its Total Cost Accounting System (TCAS), which records staff time by specific program and activity. This time and attendance process replaces the cumbersome time and attendance system previously used, and provides the data needed to allow NRCS to determine the use of our resources within our programs of programs using cost accounting methods.

NRCS has implemented the Performance and Results Measurement System (PRMS), which records performance data on agency progress toward its strategic and performance plan goals on a real-time basis. This new system will result in more accurate performance data and reduce the time required by field staff to report progress by almost 70 percent over the previous reporting system. Data from this effort is available via the World Wide Web to support planning and management processes to achieve agency performance goals.

Work Force Planning (WFP) will describe the staff needed in the future to accomplish priority conservation activities.

All of these processes and systems are linked to our GPRA Strategic Plan which outlines the key objectives and goals for the agency. They are also linked to our budget allocation process that provides funding based on inputs from each of the systems and processes.

URBAN RESOURCES PARTNERSHIP

Mr. Skeen: Provide for the record any cost/benefit analysis that has been conducted on URP program projects.

Response: To date, no cost/benefit analysis has been done.

Mr. Skeen: In light of the fact that NRCS could experience potential shortfalls in technical assistance funding, what is the rationale for
expending at least 15 staff years, that's 31,200 hours of work, on urban resources partnership program?

Response: Traditionally communities have not received conservation assistance from NRCS to address their natural resources concerns. The agency has recognized the need for conservation assistance in communities and has addressed some of these issues and concerns through the URP. The National Association of Conservation Districts has advised us that half of the 3000 Soil and Water Conservation Districts addressed urban conservation issues. They frequently rely on NRCS for technical assistance in addressing these urban conservation issues.

Mr. Skeen: According to your project statement on page 17-15 of the explanatory notes, funding and staff years for URP remains the same in fiscal year 2001 as in fiscal year 2000. It also shows funding for soil surveys remaining the same for both fiscal years, but a large drop in staff years in fiscal years 2001 for soil surveys. Why does one program show level staff years and the other a decrease of 53 staff years while funding for both stays the same?

Response: NRCS staff work with local conservation districts to provide conservation technical assistance for the URP initiative. In the thirteen URP locations, staffing levels have remained constant, approximately 1 FTE per location. However, CTA support comes from several NRCS specialist as required by project activity. Under the Soil Surveys program, appropriated dollars remain constant while pay and other costs continue to rise. Also, there were some carryover dollars from FY 1999 which helped maintain staff levels in FY 2000. We do not anticipate any carryover funds into FY 2001.

TECHNICAL ASSISTANCE SHORTFALL

Mr. Skeen: Does USDA and/or NRCS have a plan to fund all CRP technical assistance costs in fiscal year 2000? If so, please tell the Committee what that plan is.

Response: The Department (USDA) is giving consideration to a request for supplemental funding to cover the anticipated funding shortfall of CRP technical assistance in FY 2000.

FEDERAL REIMBURSEMENTS

Mr. Skeen: Provide a table showing all other Federal reimbursements by agency to include fiscal years 1999 - 2001.

Response: A detailed breakout of reimbursements for specific Federal agencies is not maintained electronically. This information for fiscal year 1999 was requested from our States and will be provided to the Committee for their use. A detailed breakdown for fiscal years 2000 and 2001 is not available as it would be a prorated estimate based on past history.

Mr. Skeen: Does the fiscal year 2001 reimbursement from CCC for CRP technical assistance assume enactment of any legislative proposals? If so, what are those proposals?

Response: Yes, the President's Budget proposes funding for CRP and WRP from CCC at $75 million. Legislation is needed to exempt conservation programs from the CCC Section 11 cap. The language to accomplish this will be included in the Department's safety net legislative proposal.

CONSERVATION SECURITY PROGRAM

Mr. Skeen: I noticed from your project statement on page 17-16 of the explanatory notes that there is an item CCC (CSP). What is CSP and what is the justification for the $90 million program?

Response: The Conservation Security Program is quite different. First, it is a voluntary annual conservation program available to all agricultural producers who choose to maintain or improve their natural resources on private land. The Conservation Security Program provides both a direct conservation security payment and technical assistance to farmers, not on a cost-share basis, but as direct payments to farmers who undertake conservation practices that help curb erosion and protect water supplies. The practical effect will be to supplement farm income while inducing long-term conservation treatment benefits. The CSP does not provide cost-share payments; it provides direct payments to good land stewards. CSP does not affect payments currently being made by any other farm program. Acreage currently under a conservation easement would not be eligible for a CSP payment.

The $90 million represents 15% of the $600 million program assigned for NRCS technical assistance to conduct the conservation planning and other program activities.

Mr. Skeen: Provide object class tables for the following items from your project statement on page 17-16 of the explanatory notes to include fiscal years 2000 and 2001: CCC(EQIP); CCC(CRP); CCC(WRP); CCC(FPP); and CCC(CSP).

[The information follows:]

CCC - WETLANDS RESERVE PROGRAM
(Dollars in Thousands)

Reimbursable Obligations:	1999	2000	2001
11.1 Full-time permanent	$6,912	$8,595	$15,398
11.5 Other personnel compensation	126	133	138
11.9 Total personnel compensation	7,038	8,728	15,536
12.1 Personnel benefits	1,911	2,420	4,412
21.0 Travel & transportation-persons	27	28	28
25.2 Other services	824	874	2,074
TOTAL, OBLIGATIONS	$9,800	$12,050	$22,050

CCC - ENVIRONMENTAL QUALITY INCENTIVES PROGRAM
(Dollars in Thousands)

Reimbursable Obligations:	1999	2000	2001
11.1 Full-time permanent	$23,064	$22,457	$41,873
11.5 Other personnel comp	230	242	251
11.9 Total personnel compensation	23,294	22,699	42,124
12.1 Personnel benefits	6,503	6,443	12,236
21.0 Travel & transportation-persons	29	29	30
24.0 Print & reproduction	5	5	5
25.2 Other services	3,533	3,209	7,355
TOTAL, OBLIGATIONS	$33,364	$32,385	$61,750

Note: EQIP includes technical and educational assistance.

CCC - CONSERVATION RESERVE PROGRAM
(Dollars in Thousands)

Reimbursable Obligations:	1999	2000	2001
11.1 Full-time permanent	$18,822	$45,914	$35,994
11.5 Other personnel compensation	89	97	101
11.9 Total personnel compensation	18,911	46,011	36,095
12.1 Personnel benefits	4,981	12,256	9,787
25.2 Other services	3,108	7,929	6,568
TOTAL, OBLIGATIONS	$27,000	$66,196	$52,450

CCC - CONSERVATION SECURITY PROGRAM
(Dollars in Thousands)

Reimbursable Obligations:	1999	2000	2001
11.1 Full-time permanent	$0	$0	$60,002
11.5 Other personnel compensation	0	0	259
11.9 Total personnel compensation	0	0	60,261
12.1 Personnel benefits	0	0	17,557
21.0 Travel & transportation-persons	0	0	200
25.2 Other services	0	0	11,982
TOTAL, OBLIGATIONS	0	0	$90,000

CCC - FARMLAND PROTECTION PROGRAM
(Dollars in Thousands)

Reimbursable Obligations:	1999	2000	2001
11.1 Full-time permanent	$0	$0	$5,194
11.5 Other personnel comp	0	0	0
11.9 Total per. comp	0	0	5,194
12.1 Personnel benefits	0	0	1,143
21.0 Travel & trans. per	0	0	19
24.0 Print & reproduction	0	0	3
25.2 Other services	0	0	141
TOTAL, OBLIGATIONS	0	0	$6,500

NOTE: Only technical assistance (and a small amount of educational assistance under EQIP) are reimbursed to NRCS. Financial assistance under these programs is paid directly to the participant.

DEVELOPMENT OF FARMLAND VS NON-FARMLAND

Mr. Skeen: In December 1999, the USDA released the National Resource Inventory to a lot of fanfare. One of the items the report showed was the amount of land across the country that was being developed. Does the report show how much of the land being developed is farmland versus non-farmland? If so, please provide that for the record.

Response: About 56 percent of the 16 million acres developed between 1992 and 1997 was crop, pasture, or range land in 1992 (27% cropland, 19% pasture, 10% range land). Forest land, mostly in the eastern and southern states, amounted to 40 percent of the land developed between 1992 and 1997.

Mr. Skeen: Provide for the record a copy of all proposed legislation that was identified in the NRCS budget request.

Response: NRCS has included the following in its FY 2000 budget request.

[The information follows:]

NATURAL RESOURCES CONSERVATION SERVICE

Proposed Language Changes

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations:

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001-1005 and 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [$99,443,000] $83,423,000, to remain available until expended (7 U.S.C. 2209b) (of which up to [$15,000,000] $8,000,000 may be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701 and 16 U.S.C. 1006a)): Provided, That not to exceed [$47,000,000] $44,423,000 of this appropriation shall be available for technical assistance: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $200,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That not to exceed $1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction: Provided further, That [of the funds available for Emergency Watershed Protection activities, $8,000,000 shall be available for Mississippi, New Mexico, Ohio, and Wisconsin for financial and

technical assistance for pilot rehabilitation projects of small, upstream dams built under the Watershed and Flood Prevention Act (16 U.S.C. 1001 et seq., section 13 of the Act of December 22, 1994; Public Law 78-534; 58 Stat. 905), and the pilot watershed program authorized under the heading "FLOOD PREVENTION" of the Department of Agriculture Appropriation Act, 1954 (Public Law 83-156; 67 Stat. 214] up to $4,170,000 is for the costs of loans, as authorized by the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a), for rehabilitation of small, upstream dams built under the Watershed Protection and Flood Prevention Act (16 U.S.C. et seq.), section 13 of the Act of December 22, 1944 (Public Law 78-534, 58 Stat. 905), and the pilot watershed program authorized under the heading "Flood Prevention" of the Department of Agriculture Appropriations Act, 1954 (Public Law 83-156, 67 Stat. 214): Provided further, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That none of the costs for such rehabilitation activities (including any technical assistance costs such as planning, design, and engineering costs) shall be borne by the Department of Agriculture: Provided further, That the Department may provide technical assistance for such rehabilitation projects to the extent that the costs of such assistance shall be reimbursed by the borrower, and such reimbursements shall be deposited into the accounts that incurred such costs, and shall be available until expended without further appropriation. In addition, for expenses necessary to administer the loans, such sums as may be necessary shall be transferred to and merged with the appropriation for "Rural Development, Salaries and Expenses".

[Forestry Incentives Program]

[For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Assistance Act of 1978 (U.S.C. 2101), including technical assistance and related expenses, $6,325,000, to remain available until expended, as authorized by that Act.]

PERSONNEL ACTIONS

Mr. Skeen: Does the NRCS anticipate the use of any personnel action in fiscal year 2000 that would lead to a reduction-in-force, lay-off, or furlough of NRCS employees?

Response: We do not anticipate the use of any personnel action in FY 2000 that would lead to a RIF, lay-off, or furlough of NRCS employees at this time.

Mr. Skeen: Does the NRCS anticipate the use of any personnel action in fiscal year 2001 that would lead to a reduction-in-force, lay-off, or furlough of NRCS employees?

Response: We do not anticipate any personnel action in FY 2001 that would lead to a RIF, lay-off, or furlough of NRCS employees at this time.

Mr. Skeen: Provide for the record the required advance notification to employees before the agency could implement a reduction-in-force, lay-off, or furlough.

Response: The agency would have to give a 60-day notice for a RIF or furlough action that is over 22 workdays and a 30-day notice for a furlough action that is 22 workdays or less.

CLEAN WATER ACTION PLANS

Mr. Skeen: I read in your justifications that priority areas identified by states in the Clean Water Action Plan would benefit from "new federal funding in fiscal year 2000 and beyond for environmental monitoring and research work. Since many States are now running surpluses, shouldn't the States pay for this work?

Response: Data gathered through imagery analysis and remote sensing technologies are key elements for Federal and State decision-makers in implementing water quality assessment actions and setting watershed priorities. They provide the base for the proper evaluation of Federal and State program outcomes and accurate targeting of Federal and State resources to the watersheds most in need of restoration. Most watersheds, i.e. Colorado, Missouri, Mississippi, Ohio, etc. plus hundreds of smaller streams, cross more than one state line. Some watersheds such as the Rio Grande, Columbia, Red River of the North, etc. also cross international boundaries. Thus, it is appropriate that both Federal and State agencies collaborate with each other and compliment each other's environmental monitoring activities.

CONSERVATION SECURITY PROGRAM

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed conservation security program?

Reponse: NRCS would require 1,385 staff years to implement the program.

Mr. Skeen: Please provide a detailed analysis that compares and contrasts the USDA's proposed conservation security program with Senate bill 1426 introduced last year in the United States Senate.

Response: The proposed legislation has not been finalized. As soon as it is completed, we will provide this requested analysis.

CONSERVATION RESERVE PROGRAM EXPANSION

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed expansion of the conservation reserve program?

Response: Based on current law, FSA estimates 1,332 staff years would be required for NRCS technical assistance for FY 2001. If the program is expanded to 40 million acres, FSA estimates 1,482 staff years would be required for NRCS technical assistance.

Mr. Skeen: What is the annual level of technical assistance required to provide for the expansion of the conservation (technical) reserve program?

Response: The current Farm Service Agency (FSA) estimate of the technical assistance required for NRCS and the Forest Service (FS) to carry out the expanded CRP is $86.4 million and $93.8 million for fiscal years (FY) 2001 and 2002 respectively.

Mr. Skeen: What is the current law level of technical assistance being provided in the conservation reserve program?

Response: Under current law, FSA estimates technical assistance for CRP to be $69.7 million in FY 2000 and $77.1 million for FY 2001.

Mr. Skeen: What is the funding level for conservation reserve program technical assistance being provided out of the commodity credit corporation?

Response: For FY 2000, $35 million is available from funds provided in last year's emergency supplemental. Of the $35 million, $33 million is for NRCS and $2 million is for the Forest Service.

Mr. Skeen: Is this funding level adequate to cover all technical assistance required by the CRP?

Response: For FY 2000, the current $35 million is not adequate to cover all technical assistance requirements of CRP. According to FSA estimates, the FY 2000 level is short $34.9 million.

WETLANDS RESERVE PROGRAM EXPANSION

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed expansion of the wetlands reserve program?

Response: Under current law, approximately 40,000 acres need to be enrolled in FY 2001 to reach the maximum 975,000 enrolled acres for WRP. As a result, it is estimated that 116 staff years are required to enroll the additional 40,000 acres and to administer the existing 935,000 acres.

The proposed enrollment of 250,000 acres in FY 2001 would require an additional enrollment of 210,000 acres (i.e., $15.790 million in technical assistance) above current law. This increased activity would require approximately 259 additional staff years.

Mr. Skeen: What is the annual level of technical assistance required to provide for the expansion of the wetlands reserve program?

Response: To enroll 250,000 WRP acres annually, technical assistance must be funded at $22.55 million (i.e., 375 FTEs), annually.

Mr. Skeen: What is the current law level of technical assistance being provided in the wetlands reserve program?

Response: Under current law, for FY 2001, to enroll the remaining 40,000 acres and to administer the existing 935,000 acres enrolled in the program, technical assistance needs are $6.76 million. Since discretionary appropriations will have ended in FY 2000, full funding of the FY 2001 technical assistance will be from the Commodity Credit Corporation.

Mr. Skeen: What is the funding level for Wetlands Reserve Program technical assistance being provided out of the Commodity Credit Corporation?

Response: For FY 2000, approximately $14.55 million in technical assistance is needed to implement the authorized 150,000 acres in WRP and to administer the 785,000 acres previously enrolled in the program. Of the required technical assistance cost needed to enroll the authorized acreage, the CCC is expected to fund only $10.74 million. With WRP carryover funds of $2.5 million added to this balance, results in a shortfall of $1.31 million.

For FY 2001, at the 250,000 acres WRP enrollment, total technical assistance is estimated at $22.55 million.

EQIP EXPANSION

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed expansion of the EQIP?

Response: The proposed expansion of EQIP will require approximately 472 additional staff years.

WHIP EXPANSION

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed expansion of the Wildlife Habitat Incentives Program?

Response: To fully implement the proposed expansion to $50 million, approximately 165 staff years will be needed.

FPP EXPANSION

Mr. Skeen: How many additional staff years will the USDA require to implement the proposed expansion of the farmland protection program? How many acres of farmland would be purchased under the proposal?

Response: The President's Budget proposes 104 staff years to implement the Farmland Protection Program. If funded at $65 million, 130,000 acres would be permanently protected from conversion to non-agricultural uses.

SECTION 11

Mr. Skeen: What is the cost in fiscal year 2001 for the proposed adjustment to the CCC section 11 restrictions? What is the total cost?

Response: Fiscal year 2001 is presenting many challenges for technical assistance funding to support CCC conservation programs. The following lists NRCS technical assistance needs, which are currently subject to Section 11:

Conservation Reserve Program[1/]	$86.4 million
Wetlands Reserve Program	22.55 million
Farmland Protection Program	6.5 million
TOTAL	$115.45 million

1/ Includes the USDA Forest Service needs for CRP FY 2001 activity of $4.5 million.

The President's Budget proposes funding the technical assistance for CRP and WRP from CCC at $75 million. Although this would relieve some pressure from the Section 11 cap, NRCS would still face a shortfall of approximately $29.45 million for CRP. The President's Budget also proposes funding technical assistance for FPP at 10% of the program level, or $6.5 million.

Mr. Skeen: Provide for the record some appropriations language that could be used to allow the NRCS to ensure that the threat of inadequate funding for technical assistance would no longer be as profound.

[The information follows:]

> Allotments or fund transfers from the Commodity Credit Corporation for the purposes of carrying out programs and activities authorized by title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.), the Farms for the Future Act of 1990 (7 U.S.C. 4201 note), and subtitle H of title III of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7334 et seq.) shall not be counted against the limitation regarding such allotments and transfers contained in the fourth sentence of section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i).

Mr. Skeen: Provide a list of every program, project or activity funded in the urban resources partnership program since 1994, and include on that list the specific authorizing legislation used to carry out each program, project or activity being conducted in the urban resources partnership program.

Response: The URP award column indicates the Natural Resources Conservation Service and Forest Service funds used for project support. The Natural Resources Conservation Service and Forest Service provide equal project support.

The authorizing legislation used by Natural Resources Conservation Services to support the Urban Resources Partnership is the Soil Conservation and Domestic Allotment Act, Public Law 74-46, 49 Stat. 163, 16 U.S.C. 590a-f.

[The table follows:]

URBAN RESOURCES PARTNERSHIP

Atlanta:

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Street of Trees	99	Conservation Education	$24,300	$ 24,300	$ 54,887
Native Landscaping	99	Forestry, Community Gardens, Open Space Enhancement	$30,000	$ 30,000	$ 120,500
Oak Grove Park Restoration	99	Erosion and Sediment Control	$30,272	$ 30,272	$ 29,728
Whittier Mill Village Park	99	Forestry, Community Gardens, Open Space Enhancement	$38,483	$ 38,483	$ 36,517
Spring Green Day 2000	99	Conservation Education	$10,000	$ 10,000	$ 21,000
Stream Monitoring Network	99	Riparian, Flood Plain, Wetlands Enhancement	$14,900	$ 14,900	$ 17,587
Community Water Quality Partnership	99	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$ 25,000	$ 30,000
Garden Hills Park Improvements Program	99	Forestry, Community Gardens, Open Space Enhancement	$ 6,250	$ 6,250	$ 13,700
Partnership for Sustainable Communities	99	Conservation Education	$ 5,000	$ 5,000	$ 7,764
Springvale Park Restoration Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,750	$ 9,750	$ 12,030
Mt. Carmel Park	99	Forestry, Community Gardens, Open Space Enhancement	$42,500	$ 42,500	$ 81,000
Atlanta Total FY 99			**$ 236,455**	**$236,455**	**$ 424,713**
Total Projects		**11**			
Skipper Drive & Harwell Heights-Sandy Creek	98	Riparian, Flood Plain, Wetlands Enhancement	$43,073	$ 43,073	$ 33,077
Adopt-A-Stream Network	98	Conservation Education	$10,900	$ 10,900	$ 1,380
Wonder Wetlands	98	Riparian, Flood Plain, Wetlands Enhancement	$64,000	$ 64,000	$ 120,000
South Fulton Stream Protection Project	98	Conservation Education	$14,500	$ 14,500	$ 3,960
Land Between the Lakes	98	Erosion and Sediment Control	$33,461	$ 33,461	$ 66,182
Utoy Creek Watershed Project	98	Erosion and Sediment Control	$41,000	$ 41,000	$ 250,000
Tree Ordinance Revision	98	Conservation Education	$ 8,500	$ 8,500	$ 2,400
Samuel L Jones Boys and Girls Club	98	Erosion and Sediment Control	$14,150	$ 14,150	$ 1,395
Children and Urban Habitats Program	98	Wildlife Habitat Enhancement	$ 3,835	$ 3,835	$ 16,140
Cobb Trails as Outdoor Classrooms	98	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 2,500
Margaret Mitchell Outdoor Education Center	98	Wildlife Habitat Enhancement	$13,000	$ 13,000	$ 8,000
Big Haynes Creek Nature Center	98	Forestry, Community Gardens, Open Space Enhancement	$31,752	$ 31,752	$ 39,248
Atlanta Total FY 98			**$ 288,171**	**$288,171**	**$ 544,282**
Total Projects		**12**			
Atlanta Urban Gardening Program	97	Forestry, Community Gardens, Open Space Enhancement	$52,500	$ 52,500	$ 25,000
Wonderland Gardens, Inc	97	Forestry, Community Gardens, Open Space Enhancement	$ 89,200	$ 89,200	--
Mini-Park Environmental Facility	97	Riparian, Flood Plain, Wetlands Enhancement	$16,485	$ 16,485	$ 8,607
Pates Creek Nature Preserve Park	97	Conservation Education	$ 5,000	$5,000	$ 1,300
Utoy Stream Team	97	Conservation Education	$ 27,000	$ 27,000	$26,500
Daniel Johnson Neigh Replanting Project	97	Erosion and Sediment Control	$ 3,150	$3,150	$ 390

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Lake Claire Neighbors Watershed	97	Erosion and Sediment Control	$13,835	$ 13,835	$ 1,710
Carver Hills/Proctor Creek Riparian Corridor	97	Riparian, Flood Plain, Wetlands Enhancement	$95,200	$ 95,200	$ 216,550
The Chattahoochee Riverway Project	97	Conservation Education	$80,000	$ 80,000	--
Upper Chattahoochee Riverkeeper Fund, Inc	97	Conservation Education	$ 5,000	$5,000	--
Greater Atlanta Community Corps., Inc.	97	Erosion and Sediment Control	$10,000	$ 10,000	$ 782
Friends of Nancy Creek	97	Conservation Education	$ 1,700	$1,700	--
Environmental Youth Apprenticeship Program	97	Conservation Education	$33,119	$ 33,119	--
Young Atlantan's for the Environment (YAP)	97	Conservation Education	$ 1,119	$1,119	--
Harwell Heights and Collier Heights	97	Riparian, Flood Plain, Wetlands Enhancement	$16,927	$ 16,927	--
Atlanta Total FY 97			**$ 450,235**	**$450,235**	**$ 280,839**
Total Projects	**15**				
Benjamin E Mays High School Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,144	$5,144	--
Findley Oaks Forest	95	Conservation Education	$ 3,842	$3,842	--
Saporta Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,400	$5,400	--
Campus Wildlife Sanctuaries and Outdoor Learning Ctrs.	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,325	$6,325	--
Davidson-Arabia Nature Preserve	95	Other Community Conservation Improvements	$20,000	$ 20,000	--
David Baughman Memorial Nature Trail and Garden	95	Forestry, Community Gardens, Open Space Enhancement	$11,763	$ 11,763	--
Environmental Revitalization & Neighborhood Improve.	95	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$4,500	--
Peachtree Road in Brookhaven	95	Forestry, Community Gardens, Open Space Enhancement	$40,172	$ 40,172	--
Oxbo Road Linear Park	95	Riparian, Flood Plain, Wetlands Enhancement	$35,000	$ 35,000	--
Streambank Stabilization of Nancy Creek Pilot Project	95	Erosion and Sediment Control	$15,000	$ 15,000	--
Sandy Springs Revitalization Demo. Streetscape Project	95	Forestry, Community Gardens, Open Space Enhancement	$28,798	$ 28,798	--
Nature Trails and Outdoor Classrooms in DeKalb County	95	Forestry, Community Gardens, Open Space Enhancement	$37,791	$ 37,791	--
Carver HillsTransformation	95	Forestry, Community Gardens, Open Space Enhancement	$53,600	$ 53,600	--
Cool Communities Education Project	95	Conservation Education	$ 7,720	$7,720	--
The Henry County Red Tail Nature Trail	95	Riparian, Flood Plain, Wetlands Enhancement	$20,000	$ 20,000	--
West Atlanta's for a Greener Environment	95	Other Community Conservation Improvements	$ 8,096	$8,096	--
Community Preservation & Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$ 15,000	--
Enhancement and Restoration of Wildlife Habitat	95	Wildlife Habitat Enhancement	$8,000	$8,000	--
Thomasville Heights Community Park & Beautification proj	95	Forestry, Community Gardens, Open Space Enhancement	$ 21,890	$ 21,890	--
Summerhill Community Park	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	--
Adopt-A-Park Program	95	Other Community Conservation Improvements	$10,044	$ 10,044	--
Community Preservation & Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,972	$1,972	--
Atlanta Total FY 95			**$ 385,058**	**$385,058**	**--**
Total Projects	**22**				

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Atlanta Community Gardening Project	94	Forestry, Community Gardens, Open Space Enhancement	$50,515	$ 50,515	--
Community Service Partnership with AURP	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,850	$5,850	--
Bankhead Courts Family Gardening Program	94	Forestry, Community Gardens, Open Space Enhancement	$ 1,800	$1,800	--
Organic Gardening and Community Landscaping Project	94	Forestry, Community Gardens, Open Space Enhancement	$35,914	$ 35,914	--
Whisper Park	94	Other Community Conservation Improvements	$ 1,760	$1,760	--
Brown Village Cool Communities	94	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 15,000	--
Community Recycling Campaign and Environmental Educ.	94	Conservation Education	$ 4,335	$4,335	--
Chattahoochee River Corridor Project	94	Riparian, Flood Plain, Wetlands Enhancement	$43,042	$ 43,042	--
Mozely Park Greenway Trail	94	Forestry, Community Gardens, Open Space Enhancement	$32,000	$ 32,000	--
Waddell Park	94	Other Community Conservation Improvements	$19,950	$ 19,950	--
Volunteer Outreach Training Program	94	Other Community Conservation Improvements	$19,136	$ 19,136	--
Inman Park Neighborhood Parks' Restoration	94	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	--
Lake City Community Park	94	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$9,000	--
Citizen Stream Monitoring and Community Partnership Proj	94	Riparian, Flood Plain, Wetlands Enhancement	$23,489	$ 23,489	--
Operation Stream Team	94	Riparian, Flood Plain, Wetlands Enhancement	$ 2,236	$2,236	--
Big Creek Volunteer Monitoring and Education Pro.	94	Conservation Education	$25,000	$ 25,000	--
Environmental Collaborative Education project	94	Conservation Education	$ 8,476	$8,476	--
Butterfly Habitat	94	Wildlife Habitat Enhancement	$ 2,673	$2,673	--
Project Wetlands	94	Riparian, Flood Plain, Wetlands Enhancement	$16,514	$ 16,514	--
A Giant Step Into Nature's Classroom	94	Other Community Conservation Improvements	$25,000	$ 25,000	--
Atlanta Total FY 94			**$ 361,689**	**$361,689**	--
Total Projects	**20**				
Grand Total			**$ 1,721,608**	**$ 1,721,608**	**$ 1,249,834**

Boston:

Projects	FY	Project Category	URP Award*	Match**	Other Funds Leveraged
The Nonquit Street Green	99	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--
Native and Edible Demonstration Projects	99	Forestry, Community Gardens, Open Space Enhancement	$35,000	$35,432	--
Condor Street Beach Urban Wild Restoration	99	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$25,000	--
Community Composting Network	99	Other Community Conservation Improvements	$28,420	$33,250	--
Imani Community Garden for Children and Families	99	Forestry, Community Gardens, Open Space Enhancement	$15,000	$18,080	--
West Cottage Street Sustainable Development Initiative	99	Forestry, Community Gardens, Open Space Enhancement	$ 1,600	$1,600	--
East Boston Schoolyard Initiative	99	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,898	--
Urban Forestry and Gardening Through Effective Collaboration	99	Forestry, Community Gardens, Open Space Enhancement	$35,000	$45,700	--
Rainbow Stewards Program	99	Forestry, Community Gardens, Open Space Enhancement	$22,500	$26,525	--

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
History Roxbury Orchard Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$15,000	--
Chelsea Creek Action Group	99	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Green Schoolyards: Planting the Seeds of Environmental Stewardship	99	Forestry, Community Gardens, Open Space Enhancement	$15,000	$19,000	--
Youth Action to Enhance Roxbury's Environmental Resources	99	Conservation Education	$30,000	$68,825	--
Boston Total FY 99			**$ 287,520**	**$354,310**	
Total Projects	**13**				
Safe Food from Langdon Street	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 34,469	--
Community Land Management and Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$17,202	$ 28,062	--
The Peace Garden	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 41,955	$-
Chelsea Creek Action Group	98	Forestry, Community Gardens, Open Space Enhancement	$ 100,000	$ 116,330	$-
Chelsea Community Gardening and Education Project	98	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,425	$-
Cooper Greenhouse	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 26,400	$-
Historic Fruit and Orchard Demonstration Project	98	Forestry, Community Gardens, Open Space Enhancement	$27,500	$ 33,187	$-
Water in the City Urban Garden Connections	98	Forestry, Community Gardens, Open Space Enhancement	$16,200	$ 16,200	--
Boston Total FY 98			**$ 255,902**	**$ 317,028**	--
Total Projects	**8**				
A Church Based Environmental Stewardship Program	97	Conservation Education	$ 7,500	$ 2,270	$-
Bessie Barnes Garden Extension	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	--	--
Chelsea Creek, A Boston URP Pilot Project	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$ 82,673	$ 19,265
Community Garden and Neponset River Access	97	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 18,703	$-
Fields Corner Open Space Renovation	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 13,968	--
Harbor Vision Crew 1998	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 21,750	--
Historic Fruit Orchard and Demo Orchard Proj	97	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	--	--
Lots of Growth	97	Forestry, Community Gardens, Open Space Enhancement	$15,000	--	$-
Youth Build Garden Project	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	--	--
Boston Total FY 97			**$ 150,000**	**$ 139,364**	**$ 19,265**
Total Projects	**9**				
Grand Total			**$ 405,902**	**$ 456,392**	**$ 19,265**

Buffalo:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
URP project awards - started 3rd quarter FY99	99				
Buffalo State College/Buffalo Community Beautification I	99	Forestry, Community Gardens, Open Space Enhancement	$ 7,800		
Crane Gardens Pocket Park	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,112		
Wildlife Habitat and Community Park	99	Wildlife Habitat Enhancement	$ 6,100		
Seeing Green	99	Forestry, Community Gardens, Open Space Enhancement	$ 20,000		
Fillmore Parkway Beautification	99	Forestry, Community Gardens, Open Space Enhancement	$ 24,000		
Plymouth-West Beautification	99	Forestry, Community Gardens, Open Space Enhancement	$ 40,000		
Outdoor Learning Center	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,616		
We Have A Little Garden	99	Forestry, Community Gardens, Open Space Enhancement	$ 4,000		
Symphony Circle Restoration I	99	Other Community Conservation Improvements	$ 17,980		
Fox Street Yard and Garden	99	Forestry, Community Gardens, Open Space Enhancement	$ 5,860		
Lewis/Holt/Lyman Streets Neighborhood Improvement	99	Forestry, Community Gardens, Open Space Enhancement	$ 18,000		
CURB: Community Understanding Revitalizes Buffalo	99	Other Community Conservation Improvements	$ 3,000		
Putting the Gardens Back in Towne Gardens	99	Wildlife Habitat Enhancement	$ 25,000		
Valley Park Restoration	99	Riparian, Flood Plain, Wetlands Enhancement	$ 30,000		
Japanese Gardens Restoration	99	Forestry, Community Gardens, Open Space Enhancement	$ 8,000		
Heacock Park Green Space Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000		
Parkside Tree Planting Project	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000		
Buffalo State College/Buffalo Community Beautification II	99	Forestry, Community Gardens, Open Space Enhancement	$ 9,785		
Outdoor Sanctuary - Urban Green Space Development	99	Forestry, Community Gardens, Open Space Enhancement	$ 6,000		
Symphony Circle Restoration II	99	Other Community Conservation Improvements	$ 16,400		
Buffalo Total Projects FY 99			**$ 280,653**	**$-**	**$ -**
Total Projects	**20**				
	98	Not Active			
Buffalo Total Projects FY 98	**0**		**-**	**$-**	**$ -**

Chicago:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Garden Galleries	99	Open Space Enhancement	$12,000	$12,000	$179,200
Evergreen Lake Restoration/ Demonstration	99	Erosion Sediment Control	$15,000	$15,000	$37,525
Ecolgical Restoration Project	99	Wildlife/Hab Enhancement	$10,500	$10,500	$279,000
Greencorps Chicago River Project	99	Erosion/ Sediment Control	$45,000	$45,000	$168,750
Urban Native Tree Home & Nursery	99	Forestry/ Open Space	$5,000	$5,000	$303,712
St. Josephs Creek Restoration	99	Community Conservation	$10,000	$10,000	$49,427

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Nature Trail Chicago Ag Sciences	99	Conservation Education	$37,000	$37,000	$21,525
Hamilton Greenway	99	Open Space Enhancement	$20,000	$20,000	$226,000
Youth Stewardship Ed Program	99	Forestry/ Wildlife	$20,000	$20,000	$12,755
Raceway Woods Restoration	99	Habitat Restoration	$27,000	$27,000	$82,740
Chicago Total FY 99			**$201,500**	**$201,500**	**$1,360,634**
Total Projects		**10**			
Englewood Conservation Project	98	Open Space Enhancement	$30,000	$30,000	$40,000
School Garden Initiative	98	Conservation Education	$20,000	$20,000	$917,254
Growing Jobs For Horner Homes 2	98	Open Space Enhancement	$20,000	$20,000	$166,500
South Chicago Clean & Green Task Force	98	Community Conservation	$25,000	$25,000	$11,550
Chicago Origins	98	Conservation Education	$10,000	$10,000	$33,000
Raceway Woods	98	Conservation Education	$35,000	$35,000	$66,740
Mighty Acorns Preservation	98	Forestry Open Space	$12,000	$12,000	$5,010
Project Vida	98	Open Space Enhancement	$28,000	$28,000	$43,500
Origin Site Extension	98	Community Conservation	$20,000	$20,000	$226,000
Altgeld School Garden Club	98	Community Garden	$15,000	$15,000	$22,350
Wolf Road Prarie Education	98	Forestry / Cons Education	$6,100	$6,100	$4,263
Project Soul II	98	Community Conservation	$50,000	$50,000	$0
Chicago Total FY 98			**$271,100**	**$271,100**	**$1,513,817**
Total Projects		**12**			
After school Action Programs, Montrose Point	97	Conservation Education	$18,000	$0	$24,700
Archi-Treasures, Garden Galleries	97	Conservation Education	$30,000	$48,420	$257,400
Chicago Academy of Sciences, Eco-Citizen II	97	Conservation Education	$5,000	$1,575	$5,000
Chicago Housing Authority-Horner Homes	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$1,000	$226,500
Chicago Housing Authority-Wentworth Garden Homes	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$7,125	$55,200
Chicago Partners for the American Dream, Pocket Parks	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$0	$117,900
Community Economic Development Association, Lincoln Park Harvey	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$0	$229,802
Fishin' Buddies, Beaubian Woods	97	Conservation Education	$20,000	$21,000	$20,000
Friends of the Chicago River, Lathrop Homes	97	Riparian, Flood Plain, Wetlands Enhancement	$25,000	$0	$140,928
Joliet Park District, Pilcher Park	97	Conservation Education	$20,000	$0	$10,000
Lawndale Business and Local Development Corp./Openlands, lawdale Reniassance	97	Conservation Education	$38,000	$0	$38,000
Mid-South Planning and Development Commission, Bronzeville Greenway	97	Forestry, Community Gardens, Open Space Enhancement	$75,000	$11,000	$228,396
Oak Lawn Park District, wetlands Education	97	Conservation Education	$10,000	$0	$11,000

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Southeast Chicago Development Commission, Calumet Industrial Corridor	97	Forestry, Community Gardens, Open Space Enhancement	$22,000	$0	$22,842
Street Level Youth Media, Eco-Hood Video II	97	Conservation Education	$40,000	$11,412	$60,000
Village of Robbins, Midlothian Creek	97	Riparian, Flood Plain, Wetlands Enhancement	$60,000	$0	$268,500
Chicago Total FY 97			**$563,000**	**$101,532**	**$1,716,168**
Total Projects		**16**			
Black Metropolis Convention and Tourism Council, Project P.R.I.D.E.	96	Conservation Education	$25,611	$0	$25,398
Chicago Youth Centers, Fellowship House, Origins Site	96	Conservation Education	$112,000	$100,364	$112,000
DuPage County Forest Preserve District, Brewster Creek	96	Riparian, Flood Plain, Wetlands Enhancement	$100,000	$175,056	$104,391
Geneva Park District, Peck Farm	96	Conservation Education	$71,200	$79,153	$97,800
Illinois Department of Natural Resources, Urban-Watch	96	Conservation Education	$65,000	$157,917	$273,000
Kilbourn Park, Organic Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$8,050	$2,470	$21,950
Nobel Neighbors, Garden/Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$96,000	$5,607	$98,000
Northwest Austin Council, Garden/Greenhouse	96	Forestry, Community Gardens, Open Space Enhancement	$6,300	$3,575	$43,700
Openlands Project, Neighborhood Native Plants	96	Conservation Education	$40,000	$22,906	$47,000
Pilsen Coalition for Families/Latino Youth Inc., Garden	96	Forestry, Community Gardens, Open Space Enhancement	$18,000	$20,329	$64,000
Community Renewal Society, Pleasant Valley Outdoor Center	96	Conservation Education	$51,006	$27,000	$51,489
Save the Prairie Society, Wolf Road Prairie	96	Forestry, Community Gardens, Open Space Enhancement	$3,300	$3,882	$148,700
Sleepy Hollow Elementary School, Prairie/Garden	96	Conservation Education	$4,500	$44,602	$8,500
Chicago Total FY 96			**$600,967**	**$642,861**	**$1,095,928**
Total Projects		**13**			
U of I, Cooperative Extension Service, Project S.O.U.L.	95	Conservation Education	$110,000	$109,143	$145,000
Chicago Youth Centers, Elliot Donnelley Youth Center, Eco-Hood Video	95	Conservation Education	$20,000	$19,986	$20,000
Chicago Youth Centers, Fellowship House, Bubbly Creek	95	Conservation Education	$30,700	$37,764	$71,300
Citizens for Conservation, Flint Creek	95	Riparian, Flood Plain, Wetlands Enhancement	$18,750	$36,847	$31,250
Cook County Forest Preserve District Beaubeian and Schiller Woods	95	Conservation Education	$83,060	$146,096	$314,940
Friends of the Chicago River, U-CAN	95	Conservation Education	$13,580	$14,689	$17,000
George Rogers Clark Elementary School, Garden	95	Conservation Education	$13,000	$14,689	$12,420
Greater Washington Park Advisory Council, Discovery Project	95	Conservation Education	$20,000	$0	$43,000
John Hay Academy, Garden	95	Conservation Education	$19,650	$120,000	$124,350
Kane County Forest Preserve District, Burnige	95	Forestry, Community Gardens, Open Space Enhancement	$34,000	$8,606	$50,000
Lathrop Homes Boys and Girls Club,	95	Forestry, Community Gardens, Open Space Enhancement	$30,009	$31,099	$47,000

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Nicholson Specialty School for Math and Science, Prairie	95	Conservation Education	$5,000	$0	$5,000
North Park Village Nature Center, Savanna	95	Conservation Education	$50,000	$50,700	$53,000
Oak Lawn Park District, Wetlands Education	95	Conservation Education	$20,000	$27,623	$25,000
Wredling Middle School, Prairie	95	Conservation Education	$30,000	$265,997	$219,000
Chicago Total FY 95			**$497,749**	**$883,239**	**$1,178,260**
Total Projects	**15**				
Chicago Academy of Sciences, Eco-Citizen	94	Conservation Education	$64,500	$87,500	$173,500
Chicago Park District, Gompers Park	94	Riparian, Flood Plain, Wetlands Enhancement	$15,000	$52,342	$108,000
Chicago Youth Centers, Fellowship House, Garden	94	Forestry, Community Gardens, Open Space Enhancement	$2,500	$29,300	$7,700
Cook County Forest Preserve District, Beaubeian Woods	94	Other Community Conservation Improvements	$125,000	$86,214	$323,000
Friends of the Chicago River, Prairie Wolf Slough	94	Riparian, Flood Plain, Wetlands Enhancement	$78,000	$64,110	$170,000
Jane Addams Conference, Westside Greenbelt	94	Forestry, Community Gardens, Open Space Enhancement	$55,000	$38,813	$67,000
The Nature Conservancy, Swalllow Cliff Woods	94	Conservation Education	$50,000	$57,400	$50,000
Chicago Total FY 94			**$390,000**	**$415,679**	**$899,200**
Total Projects	**7**				
Grand Total			**$2,524,316**	**$2,515,911**	**$7,764,007**

Denver:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Ken-Caryl Ranch Bird Monitoring & Education Project	98	Other Community Conservation Improvements	$4,896	$4,896	$ 10,776
East High School Angel Botanic Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$ 4,500	$499
Colorado Wildlife in the City	98	Conservation Education	$ 4,000	$ 4,000	$ 2,985
Neighborhood Garden Project - RAAP, Project PAVE, DMMDT	98	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$ 15,000	$22,300
Youth Conservators Initiative	98	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$122,500
Hallett Academy Garden Partners	98	Forestry, Community Gardens, Open Space Enhancement	$4,450	$ 4,450	$ 1,130
Peck Environmental Garden Center	98	Forestry, Community Gardens, Open Space Enhancement	$3,000	$3,000	$ 60
BioBox II: Exploring the Earth, Coming Home	98	Conservation Education	$5,000	$5,000	$1,180
Our Place on Cherry Creek: Lessons in Stewardship for ALL of Us	98	Conservation Education	$ 10,000	$ 10,000	$7,018
Aurora Nature and Tarascan Folklorico Summer Camp	98	Conservation Education	$ 10,990	$ 10,990	$8,797
City Park Nature Clubs and Camps	98	Conservation Education	$2,708	$ 2,200	--
Stencil-A-Drain Project for the City of Arvada	98	Conservation Education	$ 2,840	$ 2,840	$ 6,111
Denver Youth Naturally	98	Conservation Education	$ 7,000	$ 7,000	$ 60,454
The Green City Conifer-Hill-Kearney Habitats Project	98	Conservation Education	$ 7,500	$ 7,500	$ 3,800
Bridging the Generations Project	98	Conservation Education	$ 10,500	$ 10,500	$ 122,782

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Global Garden at Denison Montessori School	98	Forestry, Community Gardens, Open Space Enhancement	$4,100	$ 4,100	$ 8,060
Memorial Peace Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 20,000	$ 20,000	$ 22,005
Good Stewardship Program	98	Conservation Education	$ 7,000	$ 7,000	$ 4,316
Youth Renew	98	Other Community Conservation Improvements	$ 5,000	$ 5,000	$ 35,749
Arvada Sunrise Community Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,400	$ 4,400	$1,744
Cultivat	98	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$2,592
Children's Garden at the Children's House	98	Forestry, Community Gardens, Open Space Enhancement	$4,875	$ 4,875	$ 8,181
James P. Beckwourth Outdoor Education Center	98	Conservation Education	$ 22,000	$ 22,000	$ 65,988
Earth Force. Youth Bringing Civic Action and the Environment Together	98	Conservation Education	$ 20,000	$ 20,000	$ 31,228
Urban Environmental Education Project	98	Conservation Education	$ 5,000	$ 5,000	$10,985
Expanding Community Partnership Through a Beautification Planting	98	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$51,311
Tree-Union	98	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 4,760
Enviro-Teens	98	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 49,960
Environmental Education Project Enhancing the Urban Environment	98	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$ 31,900
Finding our Roots	98	Conservation Education	$23,500	$ 23,500	$ 14,350
Crossover / AYP Eco-Culture Summer Camp	98	Conservation Education	$10,595	$ 10,595	$ 1,200
Denver Total FY 98			$ 276,854	$ 276,346	$714,721
Total Projects	33				
Colorado Wildlife in the City	97	Conservation Education	$ 5,000	$ 5,000	$4,890
Stewardship/Science Summer Camp	97	Other Community Conservation Improvements	$ 5,000	$ 5,000	$8,500
Our Roots Youth Gardens	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,000	$ 4,000	$9,700
University Park School,"Peace Garden"	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,250	$ 4,250	$1,420
Radical Youth Discovering Environment	97	Conservation Education	$ 3,500	$ 3,500	$4,370
Valdez Hot Bed Honor Patch	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,600	$ 4,600	$11,725
Fruitdale Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,000	$ 4,000	$ 100
Native Youth & Native Environment	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,142	$ 3,142	$6,939
Arvada Sunrise Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 2,200	$ 2,200	$ 5,746
The Greening of Steele	97	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$ 19,439
4-H Entrepreneur's Eagle's Nest and Owl's Roost	97	Conservation Education	$ 10,770	$ 10,770	$ 42,110
Greening of Slavens Field	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 136,500
Butterfly Hope Summer Enrichment Program	97	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$ 48,670
Youth Renew	97	Other Community Conservation Improvements	$ 6,400	$ 6,400	$ 31,155
Good Stewardship Program	97	Conservation Education	$10,000	$ 10,000	$ 5,344
Ken-Caryl Ranch Bird Monitoring & Education Project	97	Other Community Conservation Improvements	$ 4,000	$ 4,000	$ 4,867

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Stencil-A-Drain Project for the City of Arvada	97	Conservation Education	$ 2,850	$ 2,850	$8,883
McAllisterGarden-Project PAVE Garden Collaboration	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 14,485
North West Aurora Cultural ECO-Garden Camp	97	Conservation Education	$ 8,000	$ 8,000	$3,320
Bluff Lake Env Ed Prog/Bridging the Generations Proj	97	Conservation Education	$10,000	$10,000	$ 94,670
Wind, Water and the Urban Environment	97	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$ 18,388
The Greening of Capitol Hill	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 200
Student Stewardship	97	Forestry, Community Gardens, Open Space Enhancement	$ 8,000	$ 8,000	$5,275
Denver Digs Trees	97	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 84,797
Boulder Creek Watershed Awareness Program	97	Conservation Education	$ 9,000	$ 9,000	$ 32,443
Urban Land Project	97	Forestry, Community Gardens, Open Space Enhancement	$18,000	$18,000	$ 23,620
Plant the Seed for Community Partnership	97	Conservation Education	$ 8,500	$ 8,500	$3,000
Project "Fostering Commun-A-Tree"	97	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 255
Commerce City Enviro-Teens	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 19,200
Honoring Our Mother Earth	97	Conservation Education	$13,000	$ 13,000	$ 47,803
City Park Urban Nature Clubs	97	Conservation Education	$16,500	$ 16,500	$ 184
Memorial Peace Garden	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 22,068
James P. Beckwourth Outdoor Education Center	97	Conservation Education	$15,000	$ 15,000	$ 54,836
Project GEESE	97	Conservation Education	$20,000	$ 20,000	$ 1,125
Folklorico Aurora – Tarascan	97	Conservation Education	$13,500	$ 13,500	$7,436
Finding Our Roots - A Project of the Urban Farms	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$ 50,000	$ 24,000
Eagleton Elementary School	97	Forestry, Community Gardens, Open Space Enhancement	$27,650	$ 27,650	$ -
Extending Your Reach	97	Conservation Education	$ 5,000	$ 5,000	$ 67,250
Denver Total FY 97			**$ 432,362**	**$ 432,362**	**$874,713**
Total Projects	**38**				
Howard Moraric Memorial Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$1,140
Metro Mobile Museum	96	Conservation Education	$ 4,960	$ 4,960	$ 129
Samuels Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,430	$ 5,430	$1,220
SOIL + H20 = WHAT?	96	Conservation Education	$ 3,930	$ 3,930	$ 30,343
Stewardship Camp	96	Other Community Conservation Improvements	$ 5,000	$ 5,000	--
Student Stewardship	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$4,450
Together We Can Save the Earth	96	Conservation Education	$ 5,000	$ 5,000	$9,400
Tri-District Children's Water Festival	96	Conservation Education	$ 2,400	$ 2,400	$2,123
Adopt-A-Park and Garden/An Intergenerational Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 8,900	$ 8,900	$ 33,700
Arvada Sunrise Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,500	$ 6,500	$821
Corridor Sculputre Garden/Ecosystem	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$10,000	$ 22,118
Environmental Education for Early Childhood Education	96	Conservation Education	$ 9,100	$ 9,100	$ 4,577

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Four Mile Park Pasture Revitalization	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,500	$ 6,500	$ 88
The Global Garden. An Environmental & Cultural Education Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	$ 6,805
Good Stewardship Program	96	Conservation Education	$ 5,000	$ 5,000	$820
Hamilton/Holm Outdoor Environmental Education Area	96	Riparian, Flood Plain, Wetlands Enhancement	$ 5,000	$ 5,000	$955
Hot Bed Honor Patch	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$15,700
The I Have A Dream Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,882	$ 4,882	$ 633
Wyman Accessible Playground	96	Forestry, Community Gardens, Open Space Enhancement	$ 6,621	$ 6,621	$ 3,127
Youth and the Environment	96	Conservation Education	$ 5,000	$ 5,000	$ 83
A Sustainable Community Forest	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$ 29,520
Bluff Lake Environmental Education Program	96	Conservation Education	$10,000	$10,000	$71,583
Boulder Creek Watershed Environmental Education Program	96	Conservation Education	$ 9,500	$ 9,500	$ 17,908
Children's Garden & Community Pumpkin Patch	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$11,480
Denver Digs Trees (DDT)	96	Forestry, Community Gardens, Open Space Enhancement	$24,000	$24,000	$ 83,300
Denver Summer of Stars Program	96	Other Community Conservation Improvements	$ 7,000	$ 7,000	$17,354
Folklorico Aurora - Aztec	96	Conservation Education	$ 8,500	$ 8,500	$2,648
Hocokato Ya (The Circle Project)	96	Conservation Education	$ 8,500	$ 8,500	$ 21,092
Kids For Parks	96	Forestry, Community Gardens, Open Space Enhancement	$12,500	$12,500	$15,950
Mi Jardin (My Backyard)	96	Forestry, Community Gardens, Open Space Enhancement	$16,000	$16,000	$ 1,308
Embracing Horses	96	Conservation Education	$18,500	$18,500	$ 27,340
Urban Land Stewardship Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	$ 13,382
Youth in Environmental Action	96	Other Community Conservation Improvements	$15,000	$15,000	$ 24,890
Commerce City Enviro-Teens	96	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$ 154,635
Fairview/Harrington Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 33,900
Honoring Our Mother Earth (Home)	96	Conservation Education	$26,880	$ 26,880	$ 21,378
Memorial Peace Garden	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 30,200
The Outdoor Classroom at the Oberon Shop Site	96	Riparian, Flood Plain, Wetlands Enhancement	$20,000	$ 20,000	$ 8,595
Villa Park Neighborhood & Youth Enhancement Project	96	Forestry, Community Gardens, Open Space Enhancement	$15,000	$15,000	$ 62,320
Environmental Education Classroom	96	Forestry, Community Gardens, Open Space Enhancement	$ 270	$ 270	$ 1,445
Bicycle Water Testing Program	96	Conservation Education	$ 1,000	$ 1,000	$ 2,625
Denver Community Initiative	96	Conservation Education	$ 75,000	$75,000	$ 20,000
Urban South Platte Vegetation Survey	96	Conservation Education	$ 10,000	$10,000	$ 2,468
Operation Fit Kids	96	Conservation Education	$ 2,600	$ 2,600	$400
Enterprise Community Assistance Project	96	Other Community Conservation Improvements	$ 13,200	$13,200	$ 13,980
American Indian Environmental Institute	96	Conservation Education	$ 7,800	$ 7,800	$ 8,512
Plant the Seed for Community Service	96	Conservation Education	$ 2,500	$ 2,500	$ -

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
4-H Young Entrepreneurs/ENOR	96	Conservation Education	$ 4,500	$ 4,500	$ 37,730
Denver Youth Naturally	96	Conservation Education	$ 5,000	$ 5,000	$ 13,700
Youth Environmental Entrustment Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,500	$ 4,500	$ 18,662
Extending Your Reach	96	Other Community Conservation Improvements	$ 5,000	$ 5,000	$ 53,000
Denver Total FY 96			**$ 547,973**	**$547,973**	**$ 959,537**
Total Projects	**51**				
Environmental Service/Education Camp	95	Other Community Conservation Improvements	$ 4,000	$4,000	$1,110
Urban Habitats Development - Phase III	95	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$7,977
Environmental Edge	95	Forestry, Community Gardens, Open Space Enhancement	$ 13,500	$ 13,500	$3,218
Honoring Our Mother Earth	95	Conservation Education	$ 22,018	$ 22,018	$ 33,104
Aurora-Jewell Wetland Fence	95	Riparian, Flood Plain, Wetlands Enhancement	$ 20,132	$ 20,132	$2,318
Howard Morarie Memorial Garden/Educational Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,100	$ 3,100	$ 100
Adopt -A-Neighborhood Park/An Intergenerational Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,750	$ 5,750	$ 14,370
Commerce City Enviro-Teens	95	Forestry, Community Gardens, Open Space Enhancement	$13,326	$ 13,326	$6,818
Berkeley & Highlands Neighborhood Tree Project	95	Forestry, Community Gardens, Open Space Enhancement	$40,000	$ 40,000	$ -
Sun Valley Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$15,100	$ 15,100	$ 19,900
Stuart & Bayaud Garden Improvements	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,200	$3,200	$2,430
Wyman Park & Playground	95	Forestry, Community Gardens, Open Space Enhancement	$15,000	$ 15,000	$8,720
Community Garden Accessibility	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$4,539
Environmental Education Program for Early Childhood Education	95	Conservation Education	$ 6,964	$ 6,964	$ 13,522
Mi Jardin	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$7,962
Corridor Sculpture Garden	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$8,146
Philips Science - Ecology Project	95	Conservation Education	$ 5,000	$ 5,000	$5,688
Denver Digs Trees (DDT)	95	Forestry, Community Gardens, Open Space Enhancement	$24,000	$ 24,000	$ 88,128
Karlis Family Center	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 29,250
Urban Habitat Classrooms	95	Forestry, Community Gardens, Open Space Enhancement	$50,000	$ 50,000	$ 73,940
Stedman Family Resource Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,000	$ 1,000	$
Denver Adopt-A-Trail	95	Forestry, Community Gardens, Open Space Enhancement	$13,150	$ 13,150	$ 12,874
The Troy Chavez Memorial Peace Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 7,000	$ 7,000	$ 35,352
Organizing Youth for Environmental Justice	95	Conservation Education	$ 7,000	$ 7,000	$ 3,010
Family Star Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$24,493	$ 24,493	$ 3
Youth in Environmental Action	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$ 31,192
Environmental Justice Project	95	Conservation Education	$11,000	$ 11,000	$ -
Chatfield Discovery Pavilion	95	Forestry, Community Gardens, Open Space Enhancement	$ 13,132	$ 13,132	$ 116,868

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Hope Center Interactive Environmental Education Project	95	Conservation Education	$ 15,000	$ 15,000	--
I-25/8th Ave. "On Ramp" Landscape Improvement/Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$ 10,000	$ 113,305
The Urban Living Center	95	Conservation Education	$ 2,500	$2,500	$ 2,500
Hot Bed Honor Patch	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,400	$6,400	$500
Bluff Lake Education Project	95	Conservation Education	$ 9,000	$9,000	$ -
Youth Environmental Entrustment Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 14,000	$ 14,000	$ 14,570
Four Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 12,000	$ 12,000	$ 24,000
Denver Total FY 95			**$ 466,765**	**$466,765**	**$ 685,414**
Total Projects	**35**				
Grand Total			**$ 1,723,954**	**$ 1,723,446**	**$ 3,234,385**

East St. Louis

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Katherine Durham Artisanal Village Ed Enhancement	99	Wildlife Habitat Enhancement	$42,000	$42,000	--
ESL Area Wetlands Project	99	Riparian, Flood Plain, Wetlands Enhancement	$50,000	$50,000	
Putting Water Resources to Good Use Through Installation of Dry Hydrants	99	Conservation Education	$9,740	$9,740	
Fountain of Youth	99	Forestry, Community Gardens, Open Space Enhancement	$1,775	$1,775	
East St. Louis Total FY 99 (Funding Rending Completion of Audit)			**$103,515**	**$103,515**	
Total Projects	**4**				
Tree Management and Water Quality in Hall Park	98	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Virginia Park Landscaping Project	98	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Neighborhood Law Office	98	Other Community Conservation Improvements	$22,000	$22,000	--
Operation New Spirit	98	Conservation Education	$30,000	$30,000	--
ASN-URP Beautification Project	98	Forestry, Community Gardens, Open Space Enhancement	$31,000	$31,000	--
Students for City Wildlife Habitats	98	Conservation Education	$15,000	$15,000	--
Project Clean Sweep III	98	Forestry, Community Gardens, Open Space Enhancement	$31,000	$31,000	
Greening Emerson Park	98	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
East St. Louis Total FY 98 (Funding Rending Completion of Audit)			**$354,000**	**$354,000**	--
Total Projects	**8**				
Blooming Warriors	97	Riparian, Flood Plain, Wetlands Enhancement	$50,000	$50,000	--
Carver Community Center Park/Playground	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--
Project Clean Sweep II	97	Forestry, Community Gardens, Open Space Enhancement	$50,400	$50,400	--
Neighborhood Law Office	97	Other Community Conservation Improvements	$37,200	$37,200	--

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Emerson Park Revives, Reduces, Recycles!	97	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Katherine Dunham Artisanal Village	97	Other Community Conservation Improvements	$75,000	$75,000	--
Project Lansdowne: Block by Block	97	Forestry, Community Gardens, Open Space Enhancement	$100,000	$100,000	--
Neighbors Place Tree Planting/Beautification Initiative	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	--
Village in Transformation	97	Other Community Conservation Improvements	$29,300	$29,300	--
East St. Louis Total FY 97			**$461,900**	**$461,900**	--
Total Projects	**9**				
Neighborhood Mulching and Beautification	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
Project Lansdowne: Let Lansdowne Bloom and Grow	96	Forestry, Community Gardens, Open Space Enhancement	$24,000	$24,000	--
Alta Sita Community Parks	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
MetroLink MCC Trail	96	Other Community Conservation Improvements	$69,600	$200,000	--
Blooming Warriors Project	96	Riparian, Flood Plain, Wetlands Enhancement	$31,655	$31,655	--
Environmental Awareness/Control 2000	96	Other Community Conservation Improvements	$67,188	$67,188	--
Project Clean-Up Emerson Park	96	Other Community Conservation Improvements	$50,000	$50,000	--
Project Clean Sweep	96	Forestry, Community Gardens, Open Space Enhancement	$57,900	$57,900	--
Golden Garden Park Restoration	96	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Hall/Jones Park Lagoon Restoration	96	Erosion and Sediment Control	$100,000	$100,000	--
Alorton Ec0-Awareness & Safe Haven Project	96	Other Community Conservation Improvements	$25,000	$25,000	--
ESL Neighborhood Demolition and Environmental Law	96	Other Community Conservation Improvements	$14,555	$14,555	--
God is Vital in Natures Goodness (GIVING)	96	Conservation Education	$7,000	$7,000	--
East St. Louis Total FY 96			**$531,898**	**$662,298**	--
Total Projects	**13**				
Gray Boulevard Beautification Project	95	Forestry, Community Gardens, Open Space Enhancement	$27,690	$27,690	--
Project Lansdowne Vacant Lots to Pocket Parks	95	Forestry, Community Gardens, Open Space Enhancement	$22,000	$22,000	--
Fairlawn 4-H Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$5,750	$5,750	--
Developing a Tree and Shrub Nursery & Greenhouse	95	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Centreville Urban Park Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Neighborhood Pumpkin/Christmas Tree Farm	95	Conservation Education	$38,129	$38,129	--
SCC Natural Resources Corps	95	Other Community Conservation Improvements	$33,800	$33,800	--
East St. Louisiana United to Save Mother Nature	95	Other Community Conservation Improvements	$20,000	$20,000	--
Renovation, Restoration & Creation of Lovejoy Educ Park	95	Other Community Conservation Improvements	$48,000	$48,000	--
Future Growth	95	Forestry, Community Gardens, Open Space Enhancement	$60,000	$60,000	--
Environmental Justice Awareness Education Project	95	Other Community Conservation Improvements	$12,000	$12,000	--
God is Vital in Nature's Goodness (GIVING)	95	Other Community Conservation Improvements	$13,300	$13,300	--
Triple AAA (Advocacy, Action, Awareness)	95	Other Community Conservation Improvements	$22,000	$22,000	--
Prairie for the Prairie State	95	Conservation Education	$10,100	$10,100	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Alta Sita Community Parks	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	--
Environmental Awareness/Control 2000	95	Other Community Conservation Improvements	$33,648	$33,648	--
Educational Video	95	Conservation Education	$12,000	$12,000	--
Blooming Warriors Project	95	Conservation Education	$20,000	$20,000	--
East St. Louis Total FY 95			**$478,417**	**$478,417**	--
Total Projects	**18**				
Grand Total			**$1,929,730**	**$1,929,730**	

Los Angeles

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
A Botanical Learning Center at Venice High School	98	Conservation Education	--	$-	--
A Children's Guide to Watchable Wildlife / Debs Pk	98	Conservation Education	--	$-	--
Ballona Dunes Restoration	98	Riparian, Flood Plain, Wetlands Enhancement	$ 9,805	$ 17,441	$ 17,754
Elyria Canyon Park Erosion Control & Wetland	98	Erosion and Sediment Control	$ 8,335	$7,818	--
Fairfax Village Community Greening	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Gateway to Silver Lake	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,630	$5,772	--
Glassell Park Elementary School Greening	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Hollywood Sunset Free Clinic	98	Conservation Education	--	$-	--
LA Grows - Greenwaste Recyc. & Composting	98	Conservation Education	$13,154	$-	--
Learning Trees - Fairburn Elementary School	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
The Naturalist	98	Conservation Education	--	$-	--
Reseda Trees & Greens	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Rosewood Community Garden	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Sun Valley Tree Planting & Maintenance Project	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
LA Regional Foodbank Urban Garden	98	Forestry, Community Gardens, Open Space Enhancement	--	$-	--
Los Angeles Total FY 98			**$35,924**	**$ 31,031**	**$ 17,754**
Total Projects	**15**				
A River Runs Through It - The Arroyo Seco...	97	Other Community Conservation Improvements	$46,585	$ 46,585	$ 26,317
Adopt-a-Beach School Program	97	Other Community Conservation Improvements	$47,465	$ 47,465	$ 30,004
Ballona Wetlands Dune Restoration & Educ. Prog.	97	Riparian, Flood Plain, Wetlands Enhancement	$23,312	$ 23,312	$ 23,972
Building a Green Community - Samuel Gompers MS	97	Conservation Education			
Citywide Vine Planting Program	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,455	$3,455	$188
Cleaners Assistance Program	97	Other Community Conservation Improvements			
Downtown San Pedro Clean n' Green	97	Forestry, Community Gardens, Open Space Enhancement	$14,957	$ 14,957	$ 11,365
Eastside Community Garden & Education Center	97	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	
Echo Park Community Garden	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,978	$3,978	$ 4,222
Eco-Heroes	97	Forestry, Community Gardens, Open Space Enhancement	$52,494	$ 52,494	
Fire Ecology in an Urban Woodland	97	Forestry, Community Gardens, Open Space Enhancement	$ 3,115	$3,115	$ 3,227

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Greening of Reseda	97	Other Community Conservation Improvements			
LA Grows - A Community Garden Service Center	97	Forestry, Community Gardens, Open Space Enhancement	$39,584	$ 39,584	$ 65,651
La Tuna Canyon Wildflower Corridor	97	Wildlife Habitat Enhancement	$12,000	$ 12,000	$ 16,500
Multicultural Gardening	97	Forestry, Community Gardens, Open Space Enhancement	$49,771	$ 49,771	$761
The River Through Downtown	97	Riparian, Flood Plain, Wetlands Enhancement	$10,500	$ 10,500	$ 6,255
Santa Susana Mountains Docent Training Program	97	Conservation Education	$ 1,400	$1,400	$ 2,336
Selma Ave Elementary School Gardens	97	Forestry, Community Gardens, Open Space Enhancement	$ 4,346	$4,346	
T R.E.E.S.	97	Conservation Education	$30,000	$ 30,000	$ 57,108
Urban Environment & Ecology	97	Conservation Education	$ 4,500	$4,500	$ 2,881
Los Angeles Total FY 97			**$ 357,462**	**$357,462**	**$ 250,787**
Total Projects		**20**			
A Garden for Our Children	96	Forestry, Community Gardens, Open Space Enhancement	$26,000	$ 26,000	$ 22,688
Ballona Dunes Restoration	96	Riparian, Flood Plain, Wetlands Enhancement	$15,000	$ 15,000	$ 40,449
Cabrillo Coastal Park Native Plant Garden	96	Erosion and Sediment Control	$26,074	$ 26,074	$ 6,386
Earth Science - Dolores Mission Alternative School	96	Conservation Education	$30,971	$ 30,971	$ 19,753
Expo Neighbors Assoc. / LACC Greening Project	96	Forestry, Community Gardens, Open Space Enhancement	$21,760	$ 19,929	
Francis Avenue Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$23,394	$ 23,394	$ 9,230
Gardens for Birds & Edible Plants	96	Erosion and Sediment Control	$27,692	$ 27,692	$ 5,957
Inner City Outings	96	Conservation Education	$ 3,488	$3,488	$ 3,992
LA Grows - A Community Garden Service Center	96	Forestry, Community Gardens, Open Space Enhancement	$98,000	$ 98,000	$ 18,289
North East Environmental Leadership Coalition	96	Forestry, Community Gardens, Open Space Enhancement	$22,000	$ 22,000	$ 16,602
River Rangers of the Los Angeles River	96	Conservation Education	$ 3,811	$3,811	$ 14,562
StreetWorks	96	Other Community Conservation Improvements	$13,999	$ 13,999	$ 76,580
Whales on Wheels	96	Conservation Education	$ 5,000	$5,000	$ 2,922
You Are the Connection - Outdoor Experience Prog	96	Conservation Education	$16,000	$ 16,000	$ 5,168
Helping Children Grow	96	Forestry, Community Gardens, Open Space Enhancement	$35,220	$ 35,220	$ 26,296
Urban Forest Restoration & Education	96	Wildlife Habitat Enhancement	$ 2,700	$2,700	$175
Water Wetlands & Wildlife ('96-'97)	96	Conservation Education	$27,000	$ 27,000	$ 15,844
Los Angeles Total FY 96			**$ 398,109**	**$369,278**	**$ 284,893**
Total Projects		**17**			
Los Angeles Total			**$ 1,250,226**	**$ 1,215,959**	**$ 942,826**
Adopt-a-Parkway	95	Forestry, Community Gardens, Open Space Enhancement	$30,000	$ 30,000	$ 25,938
Ballona Lagoon Marine Preserve	95	Wildlife Habitat Enhancement	$ 5,946	$5,946	$ 9,054
Beethoven Beautiful	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,000	$1,000	
Belmar Child & Family Center	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,000	$ 6,977
Boyle Heights RCO / LANI	95	Forestry, Community Gardens, Open Space Enhancement	$22,000	$ 22,000	$ 33,300
Child Care & Parenting Program Organic Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,085	$3,085	$ 1,387
El Sereno Beautification & Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$21,000	$ 21,000	$ 15,699
Environmental Education for Disadvantaged Children	95	Conservation Education	$ 3,682	$3,139	

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Environmental Justice/ Racism & Sustainable Living	95	Conservation Education	$ 2,500	$2,500	$ 7,781
Erosion Control - Santa Susana Mountains	95	Erosion and Sediment Control	$ 3,000	$3,000	$402
Fish, Our Valuable Natural Heritage	95	Conservation Education	$11,000	$ 11,000	$ 3,831
Greening of Castle Heights Elementary School	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$5,000	$414
Hands-on Equipment for Research Opportunities	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 17,425
Jordan Downs Urban Garden Project	95	Forestry, Community Gardens, Open Space Enhancement	$15,966	$ 15,966	
Leimert Park Village Streetscape/Beautification	95	Forestry, Community Gardens, Open Space Enhancement	$ 6,865	$6,865	$270
Look Mom, No Soil	95	Conservation Education	$10,000	$ 10,000	$ 3,013
Los Angeles Regional Foodbank Urban Garden	95	Forestry, Community Gardens, Open Space Enhancement	$19,500	$ 19,500	$520
Los Angeles River Naturalist Training Program	95	Conservation Education	$25,000	$ 25,000	$ 1,227
Nickerson Garden Composting & Urban Garden	95	Conservation Education	$11,671	$ 11,671	
North East Trees/NOHO Art Dist Tree Planting	95	Forestry, Community Gardens, Open Space Enhancement	$26,000	$ 26,000	$ 27,616
Operation Clean Sweep Vining Project ('95-'96)	95	Other Community Conservation Improvements	$16,764	$ 16,764	$ 11,648
PACE Urban Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$ 20,000	$700
Ramona Gardens Informed Kids in Charge	95	Conservation Education	$12,320	$ 12,320	$ 3,317
Reseda Substation Greenscape Improvement	95	Other Community Conservation Improvements	$ 1,700	$1,700	$ 106,350
School Greening Project ('95-'96)	95	Forestry, Community Gardens, Open Space Enhancement	$23,364	$ 23,364	$ 3,676
StreetWorks -- Central City East	95	Other Community Conservation Improvements	$19,998	$ 19,998	$ 1,306
Sunland Blvd / Vineland Ave. Greening	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,940	$9,940	$ 11,279
Urban Forest Revegetation & Education	95	Wildlife Habitat Enhancement	$ 2,300	$2,300	$ 5,304
Urban Greening Project	95	Forestry, Community Gardens, Open Space Enhancement	$25,000	$ 25,000	$ 7,722
Vermont Square Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$10,000	$ 10,000	$ 14,233
Vernon - Central Community Garden #2	95	Forestry, Community Gardens, Open Space Enhancement	$16,500	$ 16,500	$900
Water, Wetlands & Wildlife ('95-'96)	95	Conservation Education	$15,000	$ 15,000	$ 8,672
Watts Markham Middle School LA River Restoration	95	Riparian, Flood Plain, Wetlands Enhancement	$ 1,190	$1,190	$837
West Valley Occupational Center	95	Conservation Education	$19,457	$ 19,457	$ 1,662
Youth Empowerment Project Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$16,983	$ 16,983	$ 20,182
Youth Leadership Clean-up Project	95	Other Community Conservation Improvements	$10,000	$ 10,000	$ 36,750
Los Angeles Total FY 95			**$ 458,731**	**$458,188**	**$ 389,392**
Total Projects		**36**			
Grand Total			**$ 1,250,226**	**$ 1,215,959**	**$ 942,826**

Las Vegas:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Clark County Conservation Booklet	98	Conservation Education	$ 3,000	$ 3,000	$ 2,300
UNLV Dept of Environmental Studies Composting Study	98	Other Community Conservation Improvements	$ 1,500	$ 1,500	$ 533
Clark County Conservation Booklet II	98	Conservation Education	$ 2,000	$ 2,000	$ 3,300
Clark County Wetlands Park	98	Forestry, Community Gardens, Open Space Enhancement	$75,500	$ 75,500	$ 3,745

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
City of North LV Tree Planting/Cheyenne	98	Forestry, Community Gardens, Open Space Enhancement	$ 3,600	$ 3,600	$ 135
Clark County Museum Guild	98	Conservation Education	$40,000	$ 40,000	$84,480
City of Boulder City-Demonstration Proj II	98	Forestry, Community Gardens, Open Space Enhancement	$34,075	$ 34,075	$ 1,151
City of Boulder City-Community Gardens	98	Forestry, Community Gardens, Open Space Enhancement	$21,000	$ 21,000	$ 50
Las Vegas Total FY 98			**$ 180,675**	**$ 180,675**	**$95,694**
Total Projects	**8**				
O.K. Adcock Elementary School Landscape Retrofit	97	Conservation Education	$ 5,000	$ 5,000	$ 6,430
Boulder City Adams Boulevard Demonstration Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$27,835
KNPR Environmental Education Project	97	Conservation Education	$ 2,000	$ 2,000	$24,208
Martha P. King Elementary School Tortoise Oasis Project	97	Wildlife Habitat Enhancement	$ 2,500	$ 2,500	$ 9,807
Las Vegas Total FY 97			**$14,500**	**$ 14,500**	**$68,280**
Total Projects	**4**				
Grand Total			**$195,175**	**$195,175**	**$163,974**

New York:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Friends of Gateway/Neighborhood Open Space Coalition-Bringing Comm. to Jamaica Bay	97	Riparian, Flood Plain, Wetlands Enhancement	$ 182,500	$ 182,500	--
Partnership for Parks - NYC Dept. of Parks and Recreation - Bronx River Program	97	Riparian, Flood Plain, Wetlands Enhancement	$ 182,500	$ 217,500	--
New York Total 97			**$ 365,000**	**$ 400,000**	--
Total Projects	**2**				
Citizens Committee of NYC - Neighborhood Environmental Leadership Institute	96	Conservation Education	$ 60,000	$ 140,908	--
City Parks Foundation - Urban Soil Mix Research and Demonstration Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 50,000	$ 237,360	--
City Parks Foundation - Urban Forest and Education Program - Preservation and Conservation of Staten Island Woodlands	96	Forestry, Community Gardens, Open Space Enhancement	$ 45,000	$ 92,707	--
Council on the Environment of NYC - Koskiusko St. Garden/Learning Center	96	Forestry, Community Gardens, Open Space Enhancement	$ 76,970	$ 88,527	--
Henry Street Settlement-Urban Force Environmental Internship and Stewardship Projects	96	Conservation Education	$ 90,000	$ 180,480	--
NYC Dept. of Parks and Rec.-Urban Park Ranger-Willow Lake Wetlands Nature Trail	96	Riparian, Flood Plain, Wetlands Enhancement	$ 22,000	$ 37,601	--
Open Road of New York, Inc. - Community-Based Compost/Garden Systems	96	Forestry, Community Gardens, Open Space Enhancement	$ 80,000	$ 95,600	--
Regional Plan Association - Setting the NYC Agenda for the Future of the Regional Forest Ecosystem	96	Forestry, Community Gardens, Open Space Enhancement	$ 50,000	$ 57,644	--
Settlement College Readiness Program - Urban Resources Environmental Internship Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 20,000	$ 73,225	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
South Bronx Overall Development Corp - Third Avenue Urban Design Studio	96	Other Community Conservation Improvements	$ 39,930	$ 98,285	--
Staten Island Institute of Arts & Sciences - Burial Ground Environmental & Historic Documentation Project	96	Other Community Conservation Improvements	$ 8,500	$ 12,625	--
New York Total 96			**$ 542,400**	**$1,114,962**	--
Total Projects		**11**			
Mid-Bronx Desperadoes – Rock Garden Park Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 218,750	$1,800,000	--
Andrew Freedman Home – Grounds Restoration Project	95	Other Community Conservation Improvements	$ 138,022	$ 187,712	--
Phipps Community Development Corp. - Bronx River / Zooway	95	Other Community Conservation Improvements	$ 183,228	$ 406,200	--
New York Total 95			**$ 540,000**	**$2,393,912**	--
Total Projects		**3**			
American Forests – Conference Scholarships	94	Conservation Education	$ 8,400	$ 572	--
Andrew Freedman Home – Tree Pruning	94	Forestry, Community Gardens, Open Space Enhancement	$ 18,000	$ 18,000	--
Citizens Committee of NYC - Capacity Building Grants	94	Other Community Conservation Improvements	$ 50,000	$ 50,000	--
City Parks Foundation – Small Mammal Study	94	Wildlife Habitat Enhancement	$ 13,000	$ 22,675	--
Friends of Van Cortland Park - Forest Trail Map	94	Conservation Education	$ 17,500	$ 26,600	--
Green Guerillas – Composting Demonstration Sites	94	Forestry, Community Gardens, Open Space Enhancement	$ 6,685	$ 6,786	--
Learning Alliance/NYC Environmental Justice Alliance - Community Greening/Environmental Leadership Program	94	Conservation Education	$ 25,000	$ 53,984	--
Lower East Side Ecology Center - Composting Demonstration Sites	94	Forestry, Community Gardens, Open Space Enhancement	$ 6,530	$ 6,000	--
Mid-Bronx Desperadoes – Rock Garden Park Startup	94	Forestry, Community Gardens, Open Space Enhancement	$ 40,000	$ 89,642	--
NY Academy of Sciences Junior Academy - Black Rock Forest Video Project	94	Other Community Conservation Improvements	$ 15,000	$ 15,000	--
NY Academy of Science Summer Science Res. Training Program - URP Scholars	94	Conservation Education	$ 10,000	$ 10,000	--
NYC Audubon Society – Jamaica Bay Restoration Project	94	Riparian, Flood Plain, Wetlands Enhancement	$ 25,000	$ 25,000	--
North Brooklyn YMCA – After School Program	94	Conservation Education	$ 25,000	$ 25,000	--
Phipps Community Development Corporation - Bronx River/Zooway Startup	94	Other Community Conservation Improvements	$ 10,000	$ 15,825	--
Prospect Park Alliance – Lake Monitoring and Restoration	94	Riparian, Flood Plain, Wetlands Enhancement	$ 25,000	$ 26,110	--
New York Total 94			**$ 295,115**	**$ 391,194**	--
Total Projects		**15**			
Grand Total			**$1,742,515**	**$4,300,068**	--

Philadelphia:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Making Way for New Trees	97	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	--	--
Environmental Leadership Development Initiative	97	Conservation Education	$5,382	$ 950	--
Chinatown Community Garden Project	97	Forestry, Community Gardens, Open Space Enhancement	$4,550	$21,612	--
Nature Saturdays: West Park and 'Hood'	97	Conservation Education	$ 14,120	$24,853	--
Norris Square Teen Tree Tenders	97	Forestry, Community Gardens, Open Space Enhancement	$5,500	$ 6,374	--
Wissahickon at Schuylkill Streambank Restoration	97	Riparian, Flood Plain, Wetlands Enhancement	$8,805	$ 6,217	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Water Quality Through Conservation & Education	97	Conservation Education	$ 15,000	$ 9,977	--
Urban Quality Monitoring Mentor Program	97	Conservation Education	$ 10,921	$10,921	--
The North Philadelphia Environmental Excellence Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 39,000	$31,948	--
Green Team II	97	Forestry, Community Gardens, Open Space Enhancement	$ 35,133	$51,196	--
Neighborhood Open Space Program	97	Conservation Education	$ 20,000	$17,012	--
Protecting Water Quality from Animal Wastes	97	Forestry, Community Gardens, Open Space Enhancement	$ 25,000	$ 5,783	--
Edison Community BIOME	97	Conservation Education	$ 50,050	--	--
Awbury Arboretum Restoration and Interpretation Project	97	Forestry, Community Gardens, Open Space Enhancement	$ 80,150	--	--
Living in a Watershed	97	Conservation Education	$ 72,000	$20,764	--
Earth YES!	97	Conservation Education	$ 60,600	$ 316,582	--
Philadelphia Total FY 97			**$456,211**	**$ 524,189**	
Total Projects		**16**			
Demonstration Garden for Visually Impaired People	96	Forestry, Community Gardens, Open Space Enhancement	$5,000	$ 9,877	--
Turtle Park Greening	96	Forestry, Community Gardens, Open Space Enhancement	$9,660	$ 8,282	--
Nature Saturdays: West Park and the Hood	96	Conservation Education	$ 11,478	$34,684	--
Vernon Park Improvements	96	Forestry, Community Gardens, Open Space Enhancement	$ 16,300	$24,837	--
Garden of Industry	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,380	$32,799	--
Eastern State Penitentiary Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 53,377	$ 124,373	--
Learning Grove Project	96	Conservation Education	$ 15,510	$87,154	--
Liberty Lands	96	Forestry, Community Gardens, Open Space Enhancement	$ 59,000	$72,751	--
Community Land Resource Initiative	96	Forestry, Community Gardens, Open Space Enhancement	$ 51,848	$56,516	--
9th & Indiana Community Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 10,523	$15,278	--
Green Neighborhood Network II	96	Forestry, Community Gardens, Open Space Enhancement	$ 27,000	$30,299	--
Urban Environmental Education Camps	96	Conservation Education	$ 49,445	$64,629	--
Green Team	96	Forestry, Community Gardens, Open Space Enhancement	$ 54,000	$ 112,309	--
Operation Rain Barrel	96	Riparian, Flood Plain, Wetlands Enhancement	$ 20,021	$20,575	--
Urban Water Quality Monitoring Project	96	Conservation Education	$ 20,091	$20,091	--
Environmental Labs for Community Improvements	96	Conservation Education	$ 55,000	$65,560	--
PURP Community Conference	96	Conservation Education	$ 16,095	$28,929	--
Philadelphia Total FY 96			**$484,728**	**$ 808,943**	
Total Projects		**17**			
Garden for the Disabled	95	Forestry, Community Gardens, Open Space Enhancement	$ 20,845	$20,690	--
Streambank Restoration Demonstration Site	95	Riparian, Flood Plain, Wetlands Enhancement	$ 50,000	$97,033	--
Beautification Conservation Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 17,368	$17,787	--
Inner City Nature Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$18,916	--
Pennypack Park Improvements	95	Riparian, Flood Plain, Wetlands Enhancement	$8,500	$ 9,165	--

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Urban Environmental Education Camps	95	Conservation Education	$ 39,703	$72,305	--
Green Neighborhood Network	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,000	$18,048	--
Baltimore Ave in Bloom: an Urban Botanical Trail	95	Forestry, Community Gardens, Open Space Enhancement	$ 17,500	$32,665	--
Garden Improvements	95	Forestry, Community Gardens, Open Space Enhancement	$4,994	$ 5,025	--
Johnnie Tillmon Community Garden	95	Forestry, Community Gardens, Open Space Enhancement	$ 15,051	$19,311	--
Vacant Land Education Project	95	Conservation Education	$ 28,580	$36,863	--
Food for Thought Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 26,336	$29,925	--
Environmental Labs for Community Improvements	95	Conservation Education	$ 49,000	$51,871	--
Environmental Theater	95	Conservation Education	$6,263	$ 6,313	--
Sustaining the Urban Forest	95	Forestry, Community Gardens, Open Space Enhancement	$ 19,956	$22,052	--
Garden Cultivators	95	Conservation Education	$ 36,575	$46,658	--
Green Team	95	Forestry, Community Gardens, Open Space Enhancement	combined w/1996 Green Team		
Reforestation of the Wissahickon Valley	95	Riparian, Flood Plain, Wetlands Enhancement	$ 28,500	$45,770	--
Urban Water Quality Monitoring Program	95	Conservation Education	$ 22,661	$22,661	--
Bartram Wetland Community Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 28,977	$49,779	--
Family Learning Garden	95	Forestry, Community Gardens, Open Space Enhancement	$2,454	$ 7,177	--
Philadelphia Total FY 95			**$453,263**	**$ 630,014**	
Total Projects	**21**				
Grand Total			**$1,394,202**	**$1,963,146**	--

San Francisco:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Adopt-A-Watershed Program Expansion	99	Conservation Education	$20,000	$20,000	
Arts Commission	99	Forestry, Community Gardens, Open Space Enhancement	$ 13,150	$13,150	$ 6,550
SF Community School	99	Conservation Education	$7,700	$ 7,700	
Friends of McKinley Square	99	Erosion and Sediment Control	$5,000	$ 5,000	
Friends of the Urban Forest, Youth Program	99	Conservation Education	$ 28,000	$28,000	$72,000
Girls 2000	99	Conservation Education	$8,150	$ 8,150	
Green City Project	99	Conservation Education	$ 10,000	$10,000	
Heron's Head Wetland, Team Leaders	99	Conservation Education	$ 14,000	$14,000	
Kids in Parks	99	Conservation Education	$2,000	$ 2,000	
Literacy for Environmental Justice	99	Conservation Education	$5,000	$ 5,000	
Mariners Village	99	Forestry, Community Gardens, Open Space Enhancement	$ 10,000	$10,000	
Mission Housing Development Corp	99	Forestry, Community Gardens, Open Space Enhancement	$ 40,000	$40,000	$33,000
Mission Neighborhood Centers	99	Conservation Education	$ 10,000	$10,000	
Randall Museum Friends, School Stewardship	99	Conservation Education	$ 11,000	$11,000	$50,000
SE Natural Areas Restoration Project	99	Wildlife Habitat Enhancement	$ 40,000	$40,000	

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Visitacion Valley Greenway	99	Forestry, Community Gardens, Open Space Enhancement	$ 35,000	$35,000	$10,000
Visitacion Valley Middle School Garden	99	Conservation Education	$ 10,000	$10,000	
YO Recyclers	99	Conservation Education	$ 5,000	$ 5,000	
San Francisco Total FY99			**$ 274,000**	**$ 274,000**	**$ 171,550**
Total Projects	**18**				
Adopt-A-Watershed Program Expansion	98	Conservation Education	$ 25,000	$25,000	$43,450
Amador Street Trees – project terminated	98	Forestry, Community Gardens, Open Space Enhancement	$-	$-	--
Bay Trail Route Guide	98	Conservation Education	$ 2,500	$ 2,500	--
Earth Day Garden Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$ 4,462	$ 5,205	--
Friends of the Urban Forest, 3rd St. Corridor	98	Forestry, Community Gardens, Open space Enhancement	$ 14,070	$14,070	$ 370,794
Friends of the Urban Forest, Youth Program	98	Conservation Education	$ 16,082	$24,753	
The Garden Project	98	Forestry, Community Gardens, Open Space Enhancement	$ 25,000	$25,000	
Girls 2000 Gardening Employment Training	98	Conservation Education	$ 17,974	$17,974	--
Gloria Davis Middle School	98	Conservation Education	$ 7,833	$ 7,833	
Hunters Point Boys and Girls Club Restoration	98	Forestry, Community Gardens, Open Space Enhancement	$ 8,957	$ 8,957	--
Kids In Parks, Hilltop Park	98	Conservation Education	$ 4,690	$ 4,690	
Literacy of Environmental Justice	98	Conservation Education	$ 5,190	$17,744	--
Pier 98 Wetlands Team leaders	98	Riparian, Flood Plain, Wetlands Enhancement	$ 9,790	$ 9,790	--
Project Area Committee, Open Space Planning	98	Other Community Conservation Improvements	$ 14,700	$14,700	--
SE Natural Areas Restoration Program	98	Other Community Conservation Improvements	$ 40,000	$40,000	$11,249
SE Health Center, Community Garden Program	98	Conservation Education	$ 3,390	$ 3,390	
SE Health Center, AIDS Grove Planning	98	Forestry, Community Gardens, Open Space Enhancement	$ 3,155	$ 3,155	
SF Arts Commission, Endangered Garden	98	Forestry, Community Gardens, Open Space Enhancement	$ 9,582	$15,775	
SF Conservation Corps	98	Forestry, Community Gardens, Open Space Enhancement	$ 5,574	$ 5,574	
Sojourner Truth Third Street Faire	98	Conservation Education	$ 15,227	$15,227	$44,228
Young Organized Recycles	98	Conservation Education	$ 12,100	$12,100	--
San Francisco Total FY98			**$ 245,277**	**$ 273,437**	**$ 469,721**
Total Projects	**21**				
Grand Total			**$519,277**	**$547,437**	**$641,271**

Seattle:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
People for Puget Sound	98	Riparian, Flood Plain, Wetlands Enhancement	$ 150,000	$ 115,118	$50,000
Seattle Total FY 98			**$ 150,000**	**$ 115,118**	**$50,000**
Bradner Gardens Park Project	97	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$28,210
Cascade Neighborhood Beautification and Stewardship Project	97	Other Community Conservation Improvements	$15,000	$15,000	$ 200
Duwamish Young Environmental Stewards	97	Conservation Education	$15,000	$15,000	--
Growing Green Gardens	97	Conservation Education	$10,500	$10,500	$ 8,475
Naturescaping for Urban Communities Project 2	97	Wildlife Habitat Enhancement	$44,000	$44,000	$ 4,610
Recreational Urban Water Trails	97	Riparian, Flood Plain, Wetlands Enhancement	$20,040	$20,040	$11,165

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Building Greg Davis Park	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	$ 120,575
Thornton Creek Project	97	Conservation Education	$36,000	$36,000	$24,290
TREC - Teen Recreation and Environment Conservation	97	Conservation Education	$40,000	$40,000	$54,587
Urban Environmental Stewardship Project	97	Conservation Education	$45,000	$45,000	$ 100
Urban Youth Community Greening Project	97	Forestry, Community Gardens, Open Space Enhancement	$18,000	$18,000	$25,500
Central Area Community Greening project	97	Forestry, Community Gardens, Open Space Enhancement	$25,000	$25,000	$ 7,780
SODO Urban Corridor	97	Forestry, Community Gardens, Open Space Enhancement	$20,250	$20,250	$26,300
Urban Forestry Explorer Program	97	Forestry, Community Gardens, Open Space Enhancement	$35,000	$ 3,500	$ 350
Seattle Total FY 97			**$ 398,790**	**$ 367,290**	**$ 312,142**
Total Projects		**13**			
100 Vegetable Gardens	96	Forestry, Community Gardens, Open Space Enhancement	$14,440	$14,440	$19,910
Bayside P-Patch Improvement Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,900	$ 5,900	$ 100
Bresemann Forest Restoration	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,984	$ 3,984	$ 16
Partnership for Enhancement of Mount Lake Terrace	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$ 832
Creating an International Community Forest	96	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	--
Cultivating Communities: Building Community & Mlk Gardens	96	Forestry, Community Gardens, Open Space Enhancement	$ 7,500	$ 7,500	$98,625
Discover Roots	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,496	$ 9,496	$19,704
Dwamish Youth Initiative-Phase 2	96	Riparian, Flood Plain, Wetlands Enhancement	$30,000	$30,000	$49,060
Eastside Garden Projects	96	Forestry, Community Gardens, Open Space Enhancement	$13,229	$13,229	$14,421
Foothills Linear Trails/Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,684	$ 2,684	$ 2,816
Black River Buffer Planting	96	Riparian, Flood Plain, Wetlands Enhancement	$ 2,499	$ 2,499	$ 225
G.R.E.E.N Inner City Environmental Education Project	96	Conservation Education	$30,000	$30,000	--
Guadeloupe Garden Phase 2	96	Forestry, Community Gardens, Open Space Enhancement	$16,600	$16,600	$28,800
Hilltop Community Garden Expansion	96	Forestry, Community Gardens, Open Space Enhancement	$ 7,734	$ 7,734	$ 7,766
Homeless Youth Gardening and Wetland Restoration Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,625	$ 3,625	$ 235
Kandle park Community Garden	96	Forestry, Community Gardens, Open Space Enhancement	$ 4,644	$ 4,644	$ 506
Kent Youth Horticulture Apprenticeship Program	96	Conservation Education	$ 3,541	$ 3,541	$ 459
Master urban Forest Plan for 72 Parks	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,984	$ 3,984	$ 8,266
Multi-cultural Household Hazardous Waste Education	96	Conservation Education	$20,058	$20,058	$ 46
Native Plant Supply Program	96	Forestry, Community Gardens, Open Space Enhancement	$28,000	$28,000	$ 3,800
Neighbors Park and Garden Project	96	Conservation Education	$10,426	$10,426	$13,742
Pelly Place Ravine	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 500	--
Piper Creek Watershed-Streets to Sound	96	Riparian, Flood Plain, Wetlands Enhancement	$ 9,900	$ 9,900	$16,149
Puyallup Tribe Habitat Preserve	96	Wildlife Habitat Enhancement	$ 8,100	$ 8,100	--
Restoring Native Plants in Open Space Areas #2	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,000	$ 2,000	--

Title	*FY*	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
School and Community Garden and Park	96	Forestry, Community Gardens, Open Space Enhancement	$11,973	$11,973	--
Snohomish Watershed Assistance Team	96	Wildlife Habitat Enhancement	$ 5,715	$ 5,715	$ 9,735
South Park Organic Cooperative Farm	96	Other Community Conservation Improvements	$10,000	$10,000	$41,905
Streetside Tree Planting	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,300	$ 3,300	$ 450
Sumner Sports Complex Trees and Trail Projects	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,034	$ 9,034	$ 7,116
Taking Back the Garden - Making the Garden Safe for the Elderly	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,865	$ 9,865	$66,265
Taylor Creek Restoration	96	Wildlife Habitat Enhancement	$ 9,600	$ 9,600	$19,380
TREC Teen Recreation and Environment Challenges	96	Conservation Education	$10,000	$10,000	$13,987
Tree Steward Field Guide	96	Forestry, Community Gardens, Open Space Enhancement	$ 2,300	$ 2,300	--
Tree's for a Better Everett	96	Forestry, Community Gardens, Open Space Enhancement	$ 940	$ 940	$ 1,060
Urban Community Forestry Project	96	Forestry, Community Gardens, Open Space Enhancement	$20,000	$20,000	--
Urban Environment Project	96	Conservation Education	$ 8,000	$ 8,000	--
Urban Tree Project	96	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	--
Weowana Park CITY Green Project	96	Forestry, Community Gardens, Open Space Enhancement	$10,000	$10,000	$92,161
YMCA Earth Service Corps 96	96	Conservation Education	$15,500	$15,500	$ 600
YWCA Community Garden and Park	96	Forestry, Community Gardens, Open Space Enhancement	$ 3,168	$ 3,168	$ 1,402
Naturescaping for Urban Communities #1	96	Wildlife Habitat Enhancement	$30,000	$30,000	--
The Urban King County Kitchen - Garden Project	96	Forestry, Community Gardens, Open Space Enhancement	$ 9,564	$ 9,564	$ 1,123
56th Ave., West Tree planting	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,500	$ 5,500	$ 8,800
Adopt Everett Train Station	96	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	--
Seattle Total FY 96			**$ 505,803**	**$ 501,303**	**$ 549,462**
Total Projects		**45**			
Adams School Wildlife Habitat	95	Wildlife Habitat Enhancement	$23,452	$23,452	$25,240
Northwest Stream Center	95	Riparian, Flood Plain, Wetlands Enhancement	$32,000	$32,000	--
3701 Beach Drive SW Design	95	Forestry, Community Gardens, Open Space Enhancement	$13,680	$13,680	$15,330
Capital Hill Community Council: St. Mark's Greenbelt Restoration	95	Forestry, Community Gardens, Open Space Enhancement	$30,633	$30,633	$ 8,792
Carkeek Park Play Area Improvement	95	Wildlife Habitat Enhancement	$46,537	$46,537	$20,123
Youth After School Adventures Program	95	Conservation Education	$12,500	$12,500	--
Dumas Bay Open Space Interpretive Signs	95	Conservation Education	$ 7,210	$ 7,210	--
Kent Apartment Based Compost/P-Patch	95	Conservation Education	$19,595	$19,588	$43,560
Brookside Elementary Environmental Education Gardening Project	95	Conservation Education	$ 2,516	$ 2,516	$ 9
Urban Park Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 7,000	$ 7,000	--
City of Renton Multifamily Recycling	95	Conservation Education	$ 3,502	$ 3,502	$ 5

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Clover Creek Fish Ladders	95	Wildlife Habitat Enhancement	$ 7,500	$ 7,500	--
Neighborhood Tree Plantings	95	Conservation Education	$18,300	$18,300	$10,000
Gardens Renovation	95	Forestry, Community Gardens, Open Space Enhancement	$ 1,300	$ 1,300	$ 772
,Young Gardeners	95	Riparian, Flood Plain, Wetlands Enhancement	$ 6,800	$ 6,800	$ 595
Hillside Creek Restoration	95	Wildlife Habitat Enhancement	$ 3,550	$ 3,550	$28,650
Filipino Youth Empowerment for Neighborhood Projects	95	Forestry, Community Gardens, Open Space Enhancement	$20,000	$20,000	$ 2,200
Franklin Pierce School District Horticulture Program	95	Conservation Education	$ 9,500	$ 9,500	$ 300
Hilltop Gardens Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 7,800
Guadeloupe Garden and Urban Farm Project	95	Forestry, Community Gardens, Open Space Enhancement	$30,000	$30,000	$22,000
Native Plants Center	95	Conservation Education	$22,522	$22,522	$ 1,782
Community Garden and Family Recreation Area	95	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	--
A Wild and Wooly Tale of Wetland Recovery	95	Conservation Education	$15,101	$15,101	$ 412,298
King County Surface Water Management Division White Center, Youth and Business Water Quality Improvement Proj	95	Conservation Education	$ 6,433	$ 6,433	--
Golden Hemlock Community Gardens	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,000	$ 9,000	--
The Secret Garden Phase 2	95	Forestry, Community Gardens, Open Space Enhancement	$13,150	$13,150	$22,960
Know Your Urban Resources	95	Conservation Education	$12,500	$12,500	--
King School Neighborhood Forestry Project	95	Forestry, Community Gardens, Open Space Enhancement	$ 4,150	$ 4,150	$ 850
Muckleshoot Environmental Project	95	Conservation Education	$20,000	$20,000	--
Clark's Creek Footbridge	95	Riparian, Flood Plain, Wetlands Enhancement	$ 6,900	$ 6,900	--
Rainier Valley Rose	95	Other Community Conservation Improvements	$49,450	$49,450	$ 7,830
Center Street Revegetation	95	Forestry, Community Gardens, Open Space Enhancement	$17,900	$17,900	$ 2,100
Redmond Elementary Stream Ecology and Rehabilitation Proj.	95	Forestry, Community Gardens, Open Space Enhancement	$19,927	$19,927	$ 7,778
The Neighborhood Environmental Team	95	Conservation Education	$18,670	$18,670	$ 1,662
Shoreline Environmental Project	95	Riparian, Flood Plain, Wetlands Enhancement	$ 2,500	$ 2,500	--
Snohomish Native Plant Salvage	95	Wildlife Habitat Enhancement	$22,200	$22,200	$22,300
Longfellow Creek Youth Education and Employment	95	Conservation Education	$13,209	$13,209	$ 831
Spanaway Creek Riparian Enhancement	95	Riparian, Flood Plain, Wetlands Enhancement	$ 4,500	$ 4,500	--
Tacoma City Assoc of Colored Women's Club	95	Erosion and Sediment Control	$ 3,300	$ 3,300	--
Restoring Native Plants in Open Space Areas #1	95	Forestry, Community Gardens, Open Space Enhancement	$ 3,000	$ 3,000	$ 1,500
YMCA Earth Service Corps 95	95	Forestry, Community Gardens, Open Space Enhancement	$30,900	$30,900	$ 800
Snoqualmie Valley Wetlands Project	95	Riparian, Flood Plain, Wetlands Enhancement	$ 2,500	$ 2,500	--
3701 Beach Drive SW Design	95	Forestry, Community Gardens, Open Space Enhancement	$13,680	$13,680	$15,330
Urban Market Garden Partnership	95	Forestry, Community Gardens, Open Space Enhancement	$ 9,900	$ 9,900	$20,700
Seattle Total FY 95			**$ 626,967**	**$ 626,960**	**$ 704,097**
Total Projects	**44**				

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Central Park Trail	94	Forestry, Community Gardens, Open Space Enhancement	$37,080	$37,080	$38,920
Young Environmental Savers	94	Conservation Education	$30,000	$30,000	--
Jackson Place P-Patch	94	Forestry, Community Gardens, Open Space Enhancement	$ 3,118	$ 3,118	$ 1,134
Phinney/Greenwood Street Tree Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 3,950
Ecosound '95	94	Conservation Education	$25,000	$25,000	--
Seattle P-Patch Building Community and Market Gardens for Seattle Housing Sites	94	Forestry, Community Gardens, Open Space Enhancement	$36,000	$36,000	$29,293
Duwamish Youth Initiative	94	Riparian, Flood Plain, Wetlands Enhancement	$40,000	$40,000	$13,670
University Heights P-Patch Expansion	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,996	$ 4,996	$ 2,364
Grassy Hill Environmental Enhancement Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,958	$ 4,958	$ 2,431
Baker Property Park Construction	94	Forestry, Community Gardens, Open Space Enhancement	$50,000	$50,000	$ 658
Cleveland Memorial Forest Restoration Project	94	Wildlife Habitat Enhancement	$50,000	$50,000	$50,000
Jackson Street Murals and Flower Boxes	94	Forestry, Community Gardens, Open Space Enhancement	$ 2,451	$ 2,451	$ 1,822
Rainier Rose Pilot Project	94	Forestry, Community Gardens, Open Space Enhancement	$ 5,000	$ 5,000	$ 4,045
Urban Wildlife Habitat at Alternative School #1	94	Forestry, Community Gardens, Open Space Enhancement	$ 4,326	$ 4,326	--
Seattle Total FY 94			**$ 297,929**	**$ 297,929**	**$ 148,287**
Total Projects	**14**				
Grand Total			**$1,979,489**	**$1,908,600**	**$1,763,988**

South Florida:

Title	FY	Project Category	URP Award	Match	Other Funds Leveraged
Bahama Village Landscape Proposal	98	Open Space Enhancement	$ 10,000	$ 10,000	
Beautification of Communities Served by Ft. Lauderdale Housing Authority	98	Conservation Education	$ 7,000	$ 7,000	
Cape Florida Wetland Restoration	98	Wetlands Enhancement	$ 10,000	$ 10,000	
Certification Training for Eco-tourism Guides/Interpretive Naturalists in Palm Beach County	98	Conservation Education	$ 8,800	$ 8,800	
City of West Palm Beach Street Tree Planting Project	98	Open Space Enhancement	$ 5,000	$ 5,000	
Comprehensive Invasive Exotic Removal Plan and Native Outdoor Classroom Project	98	Conservation Education	$ 10,000	$ 10,000	
Creation of Native Plant Nurseries in Four School	98	Conservation Education	$ 10,000	$ 10,000	
Eastside Community Garden	98	Community Gardens	$ 4,000	$ 4,000	
Florida Keys Sustainable Landscape Restoration	98	Conservation Education	$ 10,000	$ 10,000	
Inner City Neighborhood Environmental Enhancement and Empowerment	98	Open Space Enhancement	$ 9,989	$ 9,989	
Island City Park Preserve Construction Phase	98	Wetlands Enhancement	$ 10,000	$ 10,000	

Title	FY	*Project Category*	*URP Award*	*Match*	*Other Funds Leveraged*
Keep it Green	98	Open Space Enhancement	$ 10,000	$ 10,000	--
Metamorphosis	98	Wildlife Habitat Enhancement	$500	$500	--
Miami Urban Youth Environmental Education Program	98	Open Space Enhancement	$ 6,250	$ 6,250	--
Non-indigenous Tree Removal	98	Other Community Conservation Improvements	$ 5,000	$ 5,000	--
Paradise in Progress	98	Community Gardens	$ 10,000	$ 10,000	--
Pigeon Key Boot Key Harbor Learning Center	98	Conservation Education	$ 5,000	$ 5,000	--
Poinciana Special Needs Housing Landscaping Project	98	Open Space Enhancement	$ 10,000	$ 10,000	--
Richmond Heights Green Team	98	Conservation Education	$ 10,000	$ 10,000	--
Seminole Environmental Educational Outreach	98	Conservation Education	$ 9,987	$ 9,987	--
South Florida Community Forestry Sustainability Study	98	Conservation Education	$ 10,000	$ 10,000	--
Students S.O.A.R. (Sharing Our Agricultural Roots)	98	Conservation Education	$ 10,000	$ 10,000	--
Tremendous Miami Neighborhood Tree Planting Project	98	Open Space Enhancement	$ 10,000	$ 10,000	--
The Greening of Hollywood Little Ranches	98	Open Space Enhancement	$ 3,000	$ 3,000	--
The Kids Ecology Corps	98	Conservation Education	$ 19,474	$ 19,474	--
Tropical Crane Point Hammock Educational Trail	98	Wildlife Habitat Enhancement	$ 6,250	$ 6,250	--
West Grove Tree Planting Project	98	Open Space Enhancement	$ 8,000	$ 8,000	--
Total Projects FY 98			**$ 228,250**	**$ 228,250**	--
Total Projects		**27**			
ESL Site Environmental Education	97	Wildlife Habitat Enhancement	$ 3,750	$ 3,750	--
Limestone Creek Sustainable Development Project	97	Open Space Enhancement	$ 3,750	$ 3,750	--
Miami Urban Youth Environmental Education Program	97	Open Space Enhancement	$ 3,750	$ 3,750	--
Tropical Crane Point Hammock Educational Trail	97	Wildlife Habitat Enhancement	$ 3,750	$ 3,750	--
Total Projects FY 97			**$ 15,000**	**$ 15,000**	--
Total Projects		**4**			
Grand Total			**$243,250**	**$243,250**	--

ANIMAL FEEDING OPERATIONS

Mr. Skeen: EPA estimates that there are approximately 300,000 animal feeding operations. How many do you estimate need to develop or revise their waste management plans?

Response: The 1997 Census of Agriculture, adjusted to reflect operations where animals are most likely to be confined, shows there are 900,885 beef, dairy, hog, and poultry farms with greater than 0.1 confined animal units. An animal unit equals 1,000 pounds of live weight. Of these farms, 3,324 have greater than 1,000 confined animal units. In addition, there are approximately 523,000 sheep, horse, goat, mule, rabbit, duck and geese operations, most of small size. Based on the NRCS Partnership FY 2000 Workload Analysis (WLA), approximately 300,000 AFOs will need assistance from NRCS and its partners to develop and be implementing comprehensive nutrient management plans (CNMPs) by the end of 2009. The difference between the Census of Agriculture number of AFOs and those expected to seek NRCS or partner assistance is explained by the fact that many 1) are too small to pose an environmental risk, 2) are not located in an environmentally sensitive area, 3) already meet NRCS CNMP technical standards, 4) are unwilling to participate voluntarily, and/or 5) will do their own work or seek assistance from private sources.

Mr. Skeen: How much are you currently spending on animal feeding operations technical assistance:

Response: The NRCS fiscal year (FY) 2000 budget provides $69.37 million in ongoing technical assistance ($55.87 million in Conservation Technical Assistance (CTA)and $13.5 million in the Environmental Quality Incentives Program (EQIP)) and $57.5 million for financial assistance for addressing the AFO workload. Of the $55.87 million, Congress earmarked $7.87 million in CTA which NRCS is using to prepare the technical tools and NRCS' field and partner conservationists for delivering CNMPs to AFOs beginning in FY 2001.

Mr. Skeen: Section 717 of the fiscal year 2000 agriculture appropriations act allows the Secretary to enter into cooperative agreements with various governments, public and private entities. Has this authority been used? If so, please provide a copy of those cooperative agreements for the record.

Response: The Secretary is utilizing his authority by entering into cooperative agreements as they relate to the wetlands reserve program. A copy of those cooperative agreements has been provided to the Committee.

Mr. Skeen: Are any NRCS employees detailed to the White House, the Executive Office of the President, the Executive Office of the vice-president, or any other White House office? If so, how many and where are they detailed to?

Response: NRCS has two employees detailed to the Council on Environmental Quality at the White House.

WATERSHED AND FLOOD PREVENTION OPERATIONS LOANS

Mr. Skeen: You have a proposal for a loan program to address the aging watershed infrastructure. How did you determine the subsidy rate? What process will be used to prioritize structures that need rehabilitation first? Is rehabilitation the only option or can States choose to remove an aging watershed?

Response: The subsidy rate for these loans is modeled from the Rural Utilities Service's (RUS) Municipal Electric Loan program, which is expected to be similar to loans for dam rehabilitation in terms of borrowers, defaults, interest, pre-payments, and loan characteristics. Terms for dam rehabilitation loans, including interest rate and maturities, are proposed to be the same as for the RUS program, and the borrower risk profile--affecting expected defaults, prepayments, etc.--is also expected to be similar.

NRCS would develop a risk-based ranking system to score loan applicants which would take in to account the greatest human health and safety, as well as environmental concerns.

There are basically three approaches, or a combination to rehabilitate an aging dam: remove sediment from the reservoir area and replace deteriorating components (steel and concrete); raise the dam in lieu of removing sediment and replace deteriorating components (steel and concrete); and/or remove or decommission the dam and restore the site to natural conditions to the extent possible.

Each of these alternatives must be evaluated for the specific site conditions. Opportunities to address other resource needs at the time of rehabilitation must also be considered such as wildlife habitat, water supply, water quality etc.

REGIONAL OFFICES AND TECHNICAL INSTITUTES

Mr. Skeen: What role do the regional offices and technical Institutes play in carrying out NRCS' mission?

Response: Regional offices and technical Institutes provide technical leadership and assistance in acquiring state of the art technology and developing and transferring that technology to field employees. The Regional offices ensure consistent technical delivery across State boundaries and provide consolidated administrative support to State operations so that more employee positions are available for field delivery. Technical Institutes are NRCS' technology transfer link with the scientific community. They work with university, Agricultural Research Service, and other scientists to bring back technology, integrate it with other appropriate technology, and adapt it into a form that is useable at the field level. NRCS State and field level specialists cannot accomplish this due to their time constraints and job responsibilities. This must be done by an office of a few people that can search out and develop technologies from across the country and internationally. If we did not have Regional offices and technical Institutes, we would have no efficient way of obtaining the latest technology and providing it on a Regional and national level, rather than 50 to 3,000 separate efforts. These offices are essential to NRCS' main mission as the only Federal Agency providing conservation technical assistance to private landowners. Without them, our technology would be obsolete.

RESOURCE CONSERVATION AND DEVELOPMENT APPLICATIONS

Mr. Skeen: What is the funding level needed to designate RC&D areas for all that have applied?

Response: As of March 6, 2000 there are 47 applications on file for designation. The average cost to NRCS to fully support an RC&D Area is approximately $154,000 per year. Full support to a designated area includes a Federal coordinator, a half-time administrative assistant, a computer, office space, related utilities, supplies, a vehicle, and management at the state and national levels. To fund these applicant areas the agency would need an additional $7.24 million in RC&D appropriated funds.

Mr. Skeen: What funding level is needed to fully support the RC&D program with its current 315 designated areas?

Response: The national average cost to provide basic support to an area council is $154,000 per year. This support to a designated area includes a Federal coordinator, a half-time administrative assistant, a computer, office space, related utilities, supplies, a vehicle, and management at the state and national levels. For a number of years the appropriation for this program has not kept pace with normal increases in operating costs (rents, employee salaries, utilities, vehicle maintenance, etc) nor for the additional areas designated for support (since 1990, the number of designated RC&D areas has increased by 50 percent). Our current appropriation is $35,265,000, or approximately $111,952 for the 315 designated areas. This shortfall has caused the agency to further curtail basic support for the councils by keeping vacancies open for extended periods, reducing travel and training, limiting vehicle mileage and maintenance, reducing office costs, etc. These types of cutbacks in basic support are limiting the effectiveness of the Councils as well as our ability to provide technical assistance. The funding level needed to fully support the RC&D program with its current 315 designated areas is $48.51 million.

Mr. Skeen: What makes the RC&D program different from empowerment zones/enterprise communities that are also funded by the federal government?

Response: The major difference between the RC&D program and programs such as the empowerment zones/enterprise communities (EZ/EC) or the economic development district (EDD) program is that RC&D is not simply a grant program. The EZ/EC and EDD are excellent Federal programs that provide financial assistance and other incentives to a wide variety of communities. RC&D is a technical assistance program that encourages the blending of natural resource use with local economic and social values. Program objectives address improving the quality of life, including social, economic and environmental concerns; continuing prudent use of natural resources; and strengthening local citizens' ability to utilize available sources of assistance through USDA and other Federal agency partnerships. The RC&D program complements other Federal programs.

The RC&D Council consists of volunteers representing public and private sector sponsors and other local organizations. These organizations represent a diverse cross-section of community interests. The RC&D becomes a not-for-profit entity to address issues of

importance to the communities the Council represents. The RC&D forum allows citizens to provide local solutions for local problems. They undertake community driven actions that are strategically focused on regional resource conservation and economic viability.

The support currently provided to designated RC&D Areas by USDA, primarily through NRCS, includes a full-time Federal coordinator, a half-time administrative assistant, computer, office space and related utilities and supplies, and a vehicle. In other words, the Federal investment is to make available a skilled USDA employee who provides technical assistance and access to USDA and other resources. Federal resources are used efficiently and judiciously and only when local resources are inadequate to get the job done. This staff assistance to the RC&Ds allows funds generated from other sources to be used for project implementation rather than staffing an organization.

Federal technical assistance to communities is not a one size fits all item. Meaningful assistance must be tailored to meet the needs of a particular community in order to produce true local empowerment. The RC&D program provides this. The Federal staff does not dictate or decide what to do but facilitates and supports the local planning process. The program allows for the incorporation of all sources of funding assistance (Federal, state, local, private, charitable) into a Federally-facilitated self-help program. The technical assistance can help reduces staff costs of other Federal programs.

Many RC&D Councils have helped form Economic Development Districts in their areas. Numerous RC&D Councils have helped communities come together to apply for Empowerment Zone or Enterprise Communities. In the last round of EZ/ECs, the Clinch-Powell RC&D in Tennessee was instrumental in the success of the designation of an Enterprise Community in the area.

The RC&D program has 36-year history of incredible success across the Nation. The program continues to be successful because it allows communities the flexibility to make decisions as their problems evolve and change. The program is in high demand with 47 areas waiting for designation as a USDA RC&D. Nationally, more than 73% of the Nation's counties and almost 64% of the US population is represented by RC&D Councils. Thus, the RC&D program has a far more extensive network assisting communities than those currently involved in the EC/EZ program.

Mr. Skeen: What role do RC&D councils have in identifying conservation priorities using the 'locally-led' process? Provide some examples for the record.

Response: RC&D Councils utilize the locally led process to identify conservation priorities and complete projects. Their very structure and organizational make-up is geared solely towards a locally led process. The councils are made up of county representatives from the Soil Conservation Districts, the county governments, and representatives from non-governmental organizations. Most RC&D's use the committee system to carry out work and committees are generally structured along natural resource treatment needs (or community development needs) identified in the area's plan and annual plan of work. Conservation priorities identified in the local soil conservation district(s), the counties, and by other members through their joint and separate associations in the local communities bring the issues and priorities to bear at the council level.

The following examples are a small selection of numerous projects from States around the country of how councils either use a locally led process or participate with NRCS and Soil and Water Conservation Districts in their process:

In Alabama, Indiana, Tennessee, Texas, West Virginia and numerous other states the RC&D Coordinators and some Council members were asked to facilitate the locally led meetings of the Soil and Water Conservation Districts. RC&D coordinators have extensive experience in the locally led process through their work with RC&D Councils.

In California, the counties located in the High Sierra RC&D Area have been through a number of catastrophic wildfires. In February 1994, the Council, made up of Conservation District Directors, and County Supervisors discussed what actions were needed to reduce the impacts of wildfires. The Council sponsored a "Fuel Reduction Workshop" held on July 13,1994. Over 100 participants heard discussions on wildfires, their impact on the local economy and resources, and possible actions to reduce the threat of wildfire. From this one workshop, the area now has over $5 million devoted to fuel reduction activities; has developed new partnerships on "biomass to ethanol" projects; the State of California has enacted a "State Fire Plan"; and creation of "Fire Safe Councils" throughout the Area. This locally led process on fire/fuels is a long-term project that started with one RC&D workshop.

The Texas North Rolling Plains RC&D and the Wes-Tex RC&D collaborated with the Western Governors Association to hold locally led meetings to assess conservation related needs of wildlife, especially the Lesser Prairie Chicken. The meetings were held in several towns in Texas. As a follow-up, the RC&D co-sponsored meetings to create a locally led landowners association for the purpose of addressing conservation and habitat needs of the Lesser Prairie Chicken in the area. The North Rolling Plains RC&D also helped establish the Texas Prairie River Region organization and helped them apply for their 501c3 designation. This organization works with the landowners association to promote conservation based on the unique habitat needs of the Lesser Prairie Chicken. RC&D is working with both the Texas Prairie Rivers organization and the landowners organization in locally led efforts to identify critical conservation needs and to find funding sources to help improve range condition and wildlife habitat.

In Oregon, Cascade Pacific RC&D works with Watershed Councils and Soil and Water Conservation Districts in identifying local conservation issues and priorities. A wide range of local interests participates in these two groups, providing an excellent forum for developing local conservation priorities. Cascade Pacific RC&D is in the process of helping develop MOUs between these organizations so that they can better work together to achieve common conservation goals. The council also supports the work of Watershed Councils as they develop watershed assessments, which identify conservation issues and priorities in their basin. These assessments lead into action plans and projects that will improve or protect identified conservation priorities. They provide technical assistance and funding opportunities to implement a variety of projects that address these priorities, including fish passage improvements, riparian and wetland restorations, water quality monitoring, and agricultural practices.

The Black Diamond RC&D & New River-Highlands RC&D along with the Virginia Department of Conservation & Recreation are leading efforts to unite local governments, Federal & state agencies, nonprofits, conservation districts, environmental groups, more than twenty

watershed groups, business community and citizens in an effort to accelerate water quality improvement efforts in the 2 million acre basin of the Headwaters of the Upper Tennessee River within Virginia. The RC&Ds secured funding for a full-time planner to pull together the first strategic plan for this basin. Over 35 public meetings were held between September 1999 to February 2000, to gather public input on what the citizens' priorities are for improving water quality, surface and groundwater. From this local input, they were able to discern 20 broad categories of concerns, such as sewage, mining, agriculture, forestry, litter, endangered species, education, public water supply, etc. An "ad hoc" committee was put together for the twenty categories. Each committee is currently working on goals, objectives and strategies to address the public's concerns. The coalition, which formed in June 1999, is called the Upper Tennessee River Roundtable.

The West Central Highlands RC&D in Idaho had participated in a locally led effort for four years to address the Clean Water Act requirements of writing Total Maximum Daily Load (TMDL) plans for stream segments listed as 'impaired' through section 303(d) of the Clean Water Act. In Idaho, there is a court-mandated timeline. The council has led the effort with three Watershed Advisory Groups to initiate water quality monitoring, establishing the load allocation for stream segments, and writing the TMDL document, the watershed management plans and the implementation plans. They have also led the groups through grant applications for implementation funds, usually EPA 319 grants. This is all done through the locally led process with cooperating agencies and entities such as Soil Conservation Districts, county governments, cities, irrigation districts, etc.

ACCOUNTABILITY SYSTEMS

Mr. Skeen: In FY 1999 NRCS implemented several new accountability measures designed to help the agency explain how it spends its time and funding, express accomplishments, and identify future workload needs. For the record, please provide a summary of: how NRCS spent its time and funding as captured by the Total Cost Accounting System; major accomplishments as reported by the Performance Results and Management System; and anticipated workload facing the agency in FY 2000 and 2001 as identified by the workload analysis process.

Response: In fiscal year 1999, NRCS implemented an agency-wide system called the Total Cost Accounting System (TCAS) that employees use to record the actual hours worked by Conservation Program/Initiative and Activity. The Actual Cost Recovery Evaluation System (ACRES) database assists the agency to identify the utilization of staff resources by having employees record the actual hours worked by Conservation Program/Initiative and Activity. The ACRES data includes work performed on multiple year projects and identifies overtime, credit, and compensatory time directly to a Conservation Program/Initiative and Activity.

During fiscal year 1999, NRCS recorded actual work hours in 27 Conservation Programs/Initiatives and 10 Activities. Actual work performed on any Conservation Program is identified by one of the following activities: planning, application, practice/system maintenance/follow-up, policy development/program management/oversight and evaluation, resource inventory and database development, conservation information activities and district support, training, technology development, and administration.

The following chart shows the percentage of time NRCS worked on Conservation Programs/Initiatives:

Program Hours	Agency-wide
Conservation Initiatives	29%
CCC Programs	21%
Soils	9%
Watershed & Flood Prevention	5%
Resources Conservation Development	4%
Other Appropriations	7%
Benefits All Programs	25%
Total	100%

The following chart shows the percentage of time NRCS worked on activities in the programs:

Activity Hours	Agency-wide
Planning	22%
Administration	17%
Application	16%
Policy Development/Program Management/Oversight & Evaluation	11%
Resource Inventory & Database Development	10%
Other Activities	8%
Conservation Information Activities/District Support	6%
Training Received	4%
Technology Development/Transfer/Handbooks	4%
Practice/System Maintenance & Follow up	2%
Total	100%

Currently we are in a transitional period. The ACRES database is linked with the NRCS Integrated Accountability System to increase the accountability for financial, program, and performance information. This will allow managers to track how the agency is spending time in achieving the performance and strategic goals and provide information necessary for agency management activities such as workload analysis (WLA), performance measurement (PRMS), resource allocation, and performance planning.

Anticipated Workload facing the agency:
The National Partnership Field Workload Analysis 2001 (WLA 2001) projects a total workload for the Conservation Partnership of 20,086 staff years needed to accomplish the workload anticipated at the field level. The Conservation Partners have a combined workforce of 15,326 available at the field level, leaving a gap of 4,760 staff years needed to complete the work identified in WLA 2001. At the current rate of investment, it will take decades to address many of the nation's natural resource conservation needs according to WLA 2001. For instance, it will take 39 years to implement conservation systems on cropland, 29 years for grazing lands, 52 years for urban lands, and over 30 years to address the animal waste management systems. According to the WLA 2001 data, there is a demand for direct customer assistance (natural resource information, data or technical products) from individuals, groups, and units of government approximately 2.5

times greater than can be presently met by the conservation partnership.

Major accomplishments as reported by the Performance Results and Measurement System:
NRCS completed its first Annual Program Performance Report using data from the Performance and Results Measurement System (PRMS). Data collected at 287 PRMS pilot sites during fiscal year 1999 were used to estimate the agency's performance on key indicators such as resource management systems applied, nutrient and waste management systems installed, and cropland protected against excessive erosion. Program-specific results were used for the Wetlands Reserve, Forestry Incentives, and the Small Watersheds programs. NRCS reported that performance indicator targets were generally exceeded and performance goals were achieved.

Some notable accomplishments in the fiscal year 1999 report:

- Over 630,000 customers received conservation planning and application assistance.
- Resource management systems were applied on about 8.7 million acres of cropland and 7.9 million acres of grazing land.
- Nutrient management was applied on about 2.7 million acres.
- Nearly 270,000 acres of wetlands were created, restored, or enhanced.

For fiscal year 2000, full national PRMS data will be used in the performance report rather than sample site data. In addition to data collected at field offices, data reported at the state and national office level will be integrated into the report.

Mr. Skeen: How much did it cost the agency to implement the new accountability system?

Response: The NRCS Integrated Accountability System (IAS) includes 4 primary components: Workload Analysis (WLA), Workload Management System (WMS); Total Cost Accounting System (TCAS), and Performance and Results Measurement System (PRMS); and integrates data from several other databases (e.g., NRI). The information technology development costs for the systems (including equipment, NRCS information technology staff, and contractor support) for FY 1998 through 1999 totaled $793,000. An estimated $1,050,000 was needed for FY 2000 to complete development and fully implement IAS ($150,000 to maintain existing hardware and software, ensure adequate server capacity, and add data warehousing software; $900,000 for 10 contractor staff to add new components and maintain the system). Because of budget constraints, the effort was funded at two-thirds of the total need and some components were deferred to a future fiscal year. The FY 2000 effort will provide the technical and maintenance staff required to complete a limited number of improvements and maintain the IAS data warehouse and Internet access site.

As an on-going data collection expense, the combined requirements for TCAS and PRMS have been shown through an oversight and evaluation study to be under 15 minutes per day per user, even in the start up year. All tests indicate that 10 minutes per day per field employee will be an adequate time expenditure to capture the required national

data with additional training and improved telecommunications access. The Workload Analysis is conducted on a periodic basis, probably once every three years, after 2000, and requires only minimal field staff time to conduct. At this rate, these components of IAS (PRMS and TCAS) have reduced the time burden for these functions by 2.5 times over the previously used systems.

Mr. Skeen: How much does it cost to maintain the system annually?

Response: A minimum estimated $462,000 is required to maintain the system annually. This estimate includes only the costs for keeping the existing system operational and does not build in additional costs for enhancements or modifications that might be needed. The cost is comparable or low relative to other administrative data systems, which are neither as large or complex as the Integrated Accountability System (e.g., $475,000 for MIDAS maintenance; $500,000 for NASIS database maintenance; and $500,000 for PLANTS database).

These costs are more than offset by the contributions the IAS makes to cost savings generated by the system. With the enhanced telecommunications access presently being installed, staff time required for data entry in PRMS is anticipated to decline from 15 minutes to 10 minutes per field employee per day. The net savings over the previous agency performance reporting system is 195 staff years annually ($13,500,000). TCAS requires an estimated 10 minutes per month per employee and reduces the error rate in reporting from 6.5 percent to 2 percent over the previous time and attendance reporting system and resulting in a savings of $924,000 annually.

CSP VS CFO

Mr. Skeen: How is the newly proposed Conservation Security Program different from the Conservation Farm Option program that was authorized under the 1996 Farm Bill, but never fully implemented?

Response: The Conservation Farm Option is only available to producers of wheat, feed grains, cotton, and rice who also have contract acreage enrolled in the Agricultural Market Transition Act program, i.e. production flexibility contracts. CFO contract which covers a ten-year period and participants are required to develop and implement a conservation farm plan. During the contract period the owner or producer 1) receives annual payments for implementing the CFO contract and 2) agrees to forgo payments under the Conservation Reserve Program, the Wetlands Reserve Program, and the Environmental Quality Incentives Program in exchange for one consolidated payment.

The Conservation Security Program is quite different. First, it is a voluntary annual conservation program available to all agricultural producers who choose to maintain or improve their natural resources on private land. The Conservation Security Program provides both a direct conservation security payment and technical assistance to farmers, not on a cost share basis, but as direct payments to farmers who undertake conservation practices that help curb erosion and protect water supplies. The practical effect will be to supplement farm income while inducing long-term conservation treatment benefits. The CSP does not provide cost-share payments; it provides direct payments to good land stewards. CSP does not affect payments currently being made by any other farm program. Acreage currently under a conservation easement would not be eligible for a CSP payment.

Second, the Conservation Security Program is not just geared towards traditional farm commodities but would be open to farmers and ranchers nationwide who practice sound stewardship on cropland, grazing land, irrigated land and other lands used for the production of agricultural products. In addition to the limited list of crops eligible for CFO, CSP would be available on cropland used as orchards and vineyards and to grow vegetables, fruits, nuts, tobacco, and other crops. Pasture and range grazing land and hayland, which typically are not emphasized in other farm programs, would also be eligible for CSP.

Mr. Skeen: Why can't the conservation concerns being addressed fall under the existing Conservation Farm Option program using the currently authorized level of $50 million?

Response: The Conservation Farm Option is a pilot, limited in scope. The Administration has forwarded the Conservation Security Program as a way to broaden the scope and impact of conservation programs beyond the traditional farm commodities.

Mr. Skeen: Why do you need a $600 million program?

Response: The $600 million dollar level would provide funding for an estimated 100,000 agreements. It is a beginning, in reality, in building the future of agricultural policy. That future is intimately tied to the conservation of soil and other natural resources on private lands, in keeping farmers farming and in building a new stronger agriculture policy for the next generation.

Mr. Skeen: The testimony mentions that program payments would cover conservation measures by land use. Please elaborate more on how these funds might likely be disbursed.

Response: Although the decision process is not yet complete, the payments could cover conservation measures by land use. Examples could be crop residue management or nutrient management for cropland; proper grazing use for range and pastureland; integrated pest management for orchards, tobacco, vineyards, hayland management for hayland; and irrigation water management for irrigated land. The program will be designed to reward those who are currently maintaining sound stewardship on their private lands. It would ideally also provide an incentive for those who wish to increase their level of conservation treatment but for some reason have not yet done so.

The land that is eligible is primarily used for the production of agricultural products. This "working land" is where there are the greatest risks of non-point source pollution or soil degradation or reduced wildlife habitat due to certain agricultural operations. This is also the land where the greatest opportunities exist for environmental benefits.

The farmer would receive an annual payment based on the level of conservation treatment covered by the program agreement. Payment levels would be based on the comprehensiveness of producers' conservation efforts.

The conservation benefits obtained would vary based upon the level of conservation treatment. Levels of conservation treatment provide flexibility that is responsive to the immediate needs of participants while allowing for opportunities for greater conservation benefits in the future. It encourages participants to adopt higher levels of

conservation. Participants have flexibility to enter the program within their existing economic capabilities and, through progressive planning, move to higher levels of conservation treatment.

The conservation measures must meet NRCS technical standards. Innovation and the use of new technologies would be encouraged.

Mr. Skeen: Please describe how other USDA agencies and local groups would fit into the delivery of the new Conservation Security Program in the field if it were authorized and funded as proposed by the President.

Response: As with all of our technical assistance work, the NRCS is in a partnership with State conservation agencies and Soil and Water Conservation Districts in almost every county in the country. NRCS, District and State agency employees work side by side with technical specialists from other local and state and federal agencies and private groups to get the conservation job done. This program would work in a similar way, following the Conservation Partnership model. The administrative activities of CSP will be determined by the Administrative Convergence final policy decisions.

Mr. Skeen: Do you anticipate laying off any employees in FY 2000?

Response: No, we do not. Although we originally projected not being able to support 1,055 FTE's in FY 2000, we have been able to manage without layoffs by reducing fleet costs, travel, training, temporary employment, and by not filling vacancies.

HIRING

Mr. Skeen: If the President's budget were fully funded, could you in fact hire the necessary technical people? What types of jobs would be filled? Where are your job candidates typically located?

Response: If the budget were fully funded, NRCS would target specific occupations for candidates such as: natural resources specialists, soil conservationists, range management, soil scientists, agronomists, civil engineers, agricultural engineers, and community planners. In addition to the natural resources knowledge and skills required, NRCS would search for special expertise in nutrient management, water quality, wetlands, and animal husbandry. NRCS would attend career days, job fairs, special emphasis conferences, and professional society meetings. We will also continue to make use of Student programs such as the USDA 1890 National Scholars Program, HACU-in-Residence Program, Student Educational Employment Program (Student Career Experience Program and Student Temporary).

ANIMAL WASTE AND WATER QUALITY MANAGEMENT ISSUES

Mr. Skeen: Please describe, by program, what you anticipate accomplishing in the area of animal waste and water quality management issues during fiscal years 2000 and 2001.

Response: The FY 2000 AFO earmark in the amount of $7.87 million will be directed to such activities as issuance of final CNMP Technical Guidance; continued implementation of NRCS Nutrient Management Policy by states; development of course materials and implementation of

training for NRCS and partner field staffs in nutrient and pest management, agricultural waste management systems design, and animal husbandry and feeding management; development of certification process for CNMPs; and update and revision of AFO-related conservation practice standards.

The remaining FY 2000 technical and financial assistance through CTA and EQIP will be directed to providing agricultural waste management planning and implementation assistance to 9,300 AFOs.

In FY 2001, NRCS will provide assistance to 10,500 AFOs. A typical AFO will receive the following CNMP technical assistance: field visit, environmental and natural resource assessment, soil information and testing, evaluation of manure utilization requirements, development of manure and nutrient management plans, design preparations, survey and layout practices, quality control during construction of practices, maintenance information, follow-up activities, and revision and fine-tuning of plans and practices, as needed. NRCS will designate $12 million to continue start-up expenses for the delivery of CNMPs, such as: continuing the development of new, science-based technical information; training employees and others who will assist; and implementing an outreach, information, and education program.

Mr. Skeen: If funding for animal waste and water quality remained at the FY 2000 level, how long would it take to complete the total workload in this area?

Response: Based on the NRCS FY 2000 NRCS/Partnership Workload Analysis (WLA-2000), approximately 300,000 AFOs will seek NRCS and conservation partner assistance. Assuming the non-availability of technical assistance from other sources to address this portion of the AFO workload, at the current rate of investment, it will take over 30 years to accomplish the goal.

GRAZING LANDS

Mr. Skeen For FY 2000 Congress provided $17 million for Grazing Land Conservation. What is NRCS able to accomplish with the $2 million increase in funding for this initiative?

Response: The additional Grazing Land Conservation Initiative (GLCI) funds are continuing to allow NRCS to provide technical assistance at local level. The $2 million increase will enable NRCS to provide a minimum of 100 additional demonstration projects on grazing lands that will impact an additional 2.6 million acres currently not being treated. Some of the environmental benefits resulting from this funding would include increasing the value of the forage for domestic livestock as well as providing economic stability to rural communities. Furthermore, the increased funding will also improve the health of grazing land and its direct relationship with improving the quality of the water cycle. This results in cleaner water for human use and for fish and wildlife.

We now have over 700 employees that are spending a majority of their time helping farmers and ranchers solve their conservation problems. That is 2½ times more people than 5 years ago. These are not new hires, but a redirection of existing staff. We are continuing to work locally with our partners to find local solutions to problems.

We recently established a permanent full-time National GLCI Coordinator to allow us to work more effectively with the coalition. We are providing assistance in the development of a National Grazing Land Conference on Grazing Lands that is being sponsored by the National GLCI Steering Committee and the National Association of Conservation Districts (NACD).

We have also invested $1 million in the Forage Quality Data Project. Through this project, our specialists have available some of the latest technology in the grazing land arena. Research conducted by Texas A&M University shows that use of the forage quality analysis program by ranchers combined with our technical assistance provides on average a $32 return per cow to the rancher. Bob McCan, a leading rancher in Texas, recently told me that "this is the best program NRCS has had since the Conservation Plan Map", it has ranchers knocking at our field office doors asking for technical assistance.

Mr. Skeen How much funding and what types of conservation efforts would be needed to fully address the problems facing grazing lands in this nation?

Response: Demands by landowners and society for grazing land benefits, values, and products are increasing. Society benefits from an available supply of food and fiber; clean air, healthy wildlife populations and habitat; improved fisheries and aquatic systems; healthy riparian area, soils and water, reduced potential for flooding, less sediment in streams and reservoirs, and economic and social stability.

The Nation's grazing lands total 583 million acres (about ½ of America's private land) and includes pastureland, rangeland, and grazed forestland. Existing technical assistance is limited for those who own grazing land and does not meet the needs for adequately sustaining or enhancing the resources.

The primary costs associated with addressing the problem is for staff to provide Conservation Technical Assistance (CTA), and to develop and provide new technology to the owners and managers of the private grazing land on a voluntary basis. An increase of about 2,176 staff years is needed at a cost of $305 million annually for the optimum staffing level to accomplish the necessary work in an appropriate time period.

Approximately 326 million acres (56%) of grazing land could benefit from the implementation of conservation practices. This includes 259 million acres (44.5%) of grazing land that could improve with grazing management (prescribed grazing). 180 million acres (30.9%) could improve with erosion control practices, and 102 million acres (17.5%) could improve with weed and brush management.

Private grazing landowners are eager to voluntarily improve their lands. However, they need technical assistance to help them use the latest and best technology to make grazing land management decisions. Owners of private grazing lands must continue to recognize conservation problems and opportunities and receive sound voluntary technical assistance to improve their grazing land resource to meet ecological and economic demands

This assistance will provide owners and managers of private grazing land information to make management decisions that will conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States.

CRP SUSPENSION

Mr. Skeen: Last year NRCS suspended technical assistance for the Conservation Reserve Program for six weeks during the spring of 1999. Do you anticipate any suspensions during FY 2000? If so, what would be the reason and when would it likely happen?

Response: Although $35 million was made available for the FY 2000 program, we still may have a significant shortfall in funding to address. According to the latest estimates provided to us from the Farm Service Agency, CRP will require $69.7 million for technical assistance in FY 2000. NRCS' share of this is $66.2 million and the Forest Service's share is $3.7 million. After the apportionment of the $35 million available, this would leave a shortfall of $33.2 million for NRCS and $1.7 million for the Forest Service. Unless supplemental funding is received, NRCS estimates suspending CRP technical assistance sometime in July.

Mr. Skeen: Please describe the methodology that is used to document and calculate the technical assistance costs for CRP.

Response: The Farm Service Agency (FSA) administers CRP, and NRCS provides the technical assistance for the program. Technical assistance estimates for the program are calculated by FSA based on historical information for the program (i.e. number of acres to be offered and enrolled; average acres per bid; average acres per contract; etc.).

NRCS is reimbursed for technical assistance based on the number of offers (rank and evaluation) and the number of offers that are accepted (planning and implementation of practices) in the program. NRCS enters into an agreement with FSA that specifies the rate that NRCS will be reimbursed for technical assistance.

Mr. Skeen: Please provide the committee with a list of other conservation programs funded through the Commodity Credit Corporation (CCC) that may be potentially short of technical assistance funding in fiscal year 2000 and 2001.

Response: Several conservation programs are funded through the Commodity Credit Corporation (CCC), and are affected by Section 11 of the CCC Charter Act, they include the Wetlands Reserve Program (WRP); Conservation Reserve Program (CRP), and Farmland Protection Program (FPP). The CCC section 11 cap is limited to approximately $36 million annually in funds available for fund transfers and allotments to all agencies. Currently, between 10 to 14 other agencies utilize available CCC section 11 cap funds. This limits the amount of funds available for conservation technical assistance. Technical assistance funding for the WRP and CRP alone will consume the entire section 11 cap funding available, and will require additional funding to meet the needs of these programs.

For fiscal year 2000, it is estimated that NRCS will need an additional $1.3 million and $33.2 million to fund the shortfalls in technical assistance for WRP and CRP, respectively.

Fiscal year 2001 is currently presenting many challenges for technical assistance funding to support CCC conservation programs. The following lists NRCS technical assistance needs subject to Section 11.

Conservation Reserve Program[1/]	$86.4 million
Wetlands Reserve Program	$22.55 million
Farmland Protection Program	$6.5 million

The President's Budget proposes funding the technical assistance for CRP and WRP from CCC at $75 million. Although this would relieve some pressure from the Section 11 cap, NRCS would still face a shortfall of approximately $29.45 million for CRP. The President's Budget also proposes funding technical assistance for FPP at 10% of the program level, or $6.5 million.

1/ Includes the USDA Forest Service needs for CRP FY 2001 activity of $4.5 million.

Mr. Skeen: How much is needed in funding to exempt CRP and WRP from CCC Charter ACT section 11 cap restrictions in FY 2001?

Response: Under the current enrollment caps for CRP and WRP, technical assistance for FY 2001 is estimated at $83.9 million. For CRP in FY 2001, the total technical assistance need--including Forest Service--would be $77.1 million. The technical assistance need for FY 2001 WRP enrollments would be approximately $6.8 million.

However, if the acreage caps are raised to 40 million for CRP and 250,000 acres for WRP, technical assistance needs for FY 2001 are estimated to be approximately $86.4 million for CRP and $22.5 million for WRP.

Mr. Skeen: How much would be needed, thereafter, on an annual basis?

Response: It is estimated that NRCS will enroll an estimated 40,000 acres in WRP, under current law, in FY 2001 to reach the enrollment cap of 975,000 acres. Under current law, it is estimated that approximately $5 million would be needed annually for WRP technical assistance. Based on estimates provided by the Farm Service Agency (FSA), under current law, CRP will require $77.1 million in FY 2001 and $84.4 million in FY 2002.

However, if the acreage caps are raised, it is estimated that technical assistance for WRP would run approximately $22.55 million annually. FSA estimates that technical assistance for CRP will run approximately $93.8 million in FY 2002.

Mr. Skeen: Will you submit legislation exempting CRP and WRP from the Section 11 Cap? If so, when?

Response: The Administration will address the issue of exempting CRP and WRP from the Section 11 cap in the Farm Safety Net proposal when it is submitted to Congress in April.

PILOT REHABILITATION

Mr. Skeen: Congress provided $8 million for pilot rehabilitation projects in Ohio, Mississippi, New Mexico and Wisconsin. Please describe the efforts underway in each state.

Response: NRCS is currently working with local communities in Ohio, Mississippi, New Mexico, and Wisconsin and watershed project sponsors

and state dam safety officials on their high priority dam rehabilitation projects. These projects will demonstrate the variety of alternatives that will be involved and issues that will be encountered with rehabilitation, as well as the many benefits. We will be assisting project sponsors with planning, design and implementation of the alternative they select. Construction should begin at the end of FY 2000.

Mr. Skeen: In your testimony Mr. Reed, you state that 22 states have 2,200 watersheds that are in need of rehabilitation. What states have the largest number of watersheds needing rehabilitation?

Response: There are approximately 10,500 dams nationally. Last year, NRCS conducted a rapid survey of *known* rehabilitation needs. Currently, we are aware of over 2,200 dams located in 22 states that have *known* rehabilitation needs. A list of the 22 states is provided for the record.

[The list follows:]

State	Total No. of Project Dams	No. of Dams Needing Rehab.	Estimated Technical Assistance Funds Needed	Estimated Financial Assistance Funds Needed	Estimated Total Funds Needed
Alabama	108	71	$5,523,900	$18,413,000	$23,936,900
Arkansas	201	77	4,714,000	15,712,950	20,426,950
Colorado	152	49	8,460,000	19,646,000	28,106,000
Georgia	357	129	14,183,180	70,915,900	85,099,080
Illinois	64	36	2,385,300	7,951,000	10,336,300
Indiana	127	41	3,240,000	10,800,000	14,040,000
Iowa	1,187	284	4,644,000	15,480,000	20,124,000
Kansas	792	97	4,434,000	14,780,000	19,214,000
Kentucky	195	105	4,543,350	15,144,500	19,687,850
Mississippi	578	84	7,053,104	23,401,335	30,454,439
Missouri	659	244	5,248,000	15,900,000	21,148,000
Nebraska	900	294	900,000	2,700,000	3,600,000
New Mexico	71	17	2,200,000	20,160,000	22,360,000
New York	53	49	516,750	1,722,500	2,239,250
Ohio	77	46	1,644,000	5,480,000	7,124,000
Oklahoma	2,094	190	12,168,000	40,560,000	52,728,000
Pennsylvania	91	14	127,000	690,000	817,000
Tennessee	137	43	2,572,700	9,571,000	12,143,700
Texas	1932	283	19,427,850	64,759,500	84,187,350
Virginia	144	16	2,355,000	7,420,000	9,775,000
West Virginia	167	34	10,746,000	42,600,000	53,346,000
Wisconsin	86	42	539,000	1,793,000	2,332,000
Totals	10,172	2,245	$117,625,134	$425,600,685	$543,225,819

Mr. Skeen: Based on your pilot efforts, what is typically needed in watershed structure rehabilitation?

Response: There are basically three approaches, or a combination to rehabilitate an aging dam. These are: remove sediment from the

reservoir area and replace deteriorating components (steel and concrete); raise the dam in lieu of removing sediment and replace deteriorating components (steel and concrete); or remove or decommission the dam and restore the site to natural conditions to the extent possible.

Each of these alternatives must be evaluated for the specific site conditions. Opportunities to address other resource needs at the time of rehabilitation must also be considered such as wildlife habitat, water supply, water quality etc.

Mr. Skeen: Does the new loan program to assist state and local governments with the rehabilitation costs need Congressional authorization? If so, when do you anticipate providing that proposed legislation to the authorizing committees?

Response: The proposed loan program does not require Congressional authorization. Appropriations language submitted with the President's Budget provides funds to make loans for rehabilitation of structures.

Mr. Skeen: Do you anticipate the need for additional funding in FY 2000 to support the Emergency Watershed Protection Program? If so, how much?

Response: NRCS does not anticipate additional funding at this time. However, that may change with spring floods/snow melt and hurricane/tornado season.

Mr. Skeen: You stated that you have 173 EWP projects ongoing in 46 states. How many are for recent disasters that happened in FY 1999 and FY 2000? How long does it typically take to close out EWP projects?

Response: There are seventy-three active projects for events that occurred in FY 1999 and 2000. Normally, we want to complete projects as quickly as possible. The range is from one to six months with some taking as long as two to three years if state permits, landrights or the weather delays restoration and recovery efforts. A list of the active EWP projects for events that happened in FY 1999 and thus far in FY 2000 is provided.

[The list follows:]

STATE	NUMBER	EVENT	DATE
AK	5007	Unalakleet	7/19/99
AK	5008	Gerstle River	8/12/99
AL	5045	January '99' Rainfall	1/22/99
AL	5046	March 99' Rainfall	3/13/99
AL	5047	June 99 Rains	6/24/99
AR	5061	Jan.1999 Tornadoes	1/21/99
AR	5062	Seven County	3/15/99
AR	5063	Jan.1999 Tornadoes	1/21/99
AR	5064	Jan.2000 Icestorm	1/27/00
AZ	5036	1999 AZ Monsoon	7/30/99
AZ	5037	Eagle Creek Flood	8/30/99
AZ-FS	5038	Eagle Creek	8/30/99
CA	5158	Piru	10/30/98

CA	5159	Calif.Floods of 1999	2/2/99
CA	5160	Lowden	7/2/99
CA	5161	Willow	9/15/99
CA	5162	Pilot	10/15/99
CA	5163	Butte	9/15/99
CA	5164	Santa Anita	12/27/99
CO	5039	Front Range Storm	4/30/99
DE	5003	Floyd	9/16/99
FL	5032	Irene	10/14/99
GA	5015	Dooly Co.Tornado	4/19/99
IA	5009	NE Iowa Storm	5/20/99
ID	5024	Bayview	1/20/00
IL	5033	May 1999 Storm	5/23/99
IL	5034	June 1999 Storm	6/8/99
KY	5039	January 99 Rainfall	1/8/99
MA	5014	Floyd	9/22/99
MD	5011	Floyd	9/15/99
ME	5012	Floyd	9/16/99
MS	5138	Rainfall of 9.8	1/30/99
MS	5139	Rainfall of 6 inches	1/30/99
MS	5140	Prentiss County Storm	1/22/99
MS	5141	Grenada County Storm	1/29/99
MS	5142	Yazoo County Storm	1/31/99
MS	5143	Harrison County Storm	1/30/99
MS	5144	Lauderdale County Storm	1/31/99
MS	5145	4.5 Inch Rain	3/13/99
NC	5028	Floyd	9/14/99
NC-FS	5027	Hickey Creek	7/7/99
ND	5012	July 99 Flood	7/12/99
ND	5013	Aug.99 Flood	8/12/99
NE	5010	Sandhills Wildfire	3/16/99
NE	5012	Summer 99 Storms	8/6/99
NE	5013	Knox-Cedar July 99 Storms	7/19/99
NH	5012	Floyd	9/17/99
NJ	5007	Floyd	9/16/99
NM	5005	NM 1999 Summer Thunderstorms	7/15/99
NV	5017	August 99 Wildlifes	8/5/99
NY	5032	July 4th Storm	7/4/99
NY	5033	Floyd	9/16/99
OH	5049	Paddle Creek	2/18/99
OH	5050	Brown Co.Storm	4/21/99
OH	5051	Moores Run	6/25/99
OK	5065	October/November Storm	10/30/98
OK	5067	April/May Okla.	4/24/99
OK	5068	April/May Okla.	5/3/99
OK	5070	Jan.2000	1/26/00
PA	5010	Dennis	9/7/99
PA	5011	Floyd	9/17/99
RI	5001	Storm of 9/9/99	9/9/99
SC	5025	Floyd	9/16/99

SC-FS	5026	Floyd	9/16/99
TN	5036	January 1999 Storm	1/22/99
TX	5052	Charley	10/18/98
TX	5053	Jan.99 Storm	1/15/99
VT	5018	Jeffersonville	7/4/99
VT	5019	Floyd	9/17/99
WV	5053	Pipestem Flood	5/18/99
WV	5054	Trigger Run	7/24/99
WV	5055	Mud River Flood	8/12/99
WV	5057	Feb.2000	2/19/00

Mr. Skeen: GAO provided the Committee with a report on carryover funding typically carried over the agencies in the Department of Agriculture. NRCS and EWP came up on the report as having carryover activity year after year. Why does this happen?

Response: There are two primary reasons for carryover of EWP funds. First is the timing of the natural disaster event and passage of any supplemental appropriations. Late summer and early fall are prime times for fires, hurricanes and floods. It takes time to award contracts and develop project agreement with local communities which often results in carry over into the following fiscal year. Second, the magnitude of the natural disaster can be of such that there is so much work to do it must be spread out over a longer period of time, thus resulting in some carryover. Other reasons include; time required to design and contract jobs, time to obtain required state permits, state requirements that prohibit activities during fish spawning and the availability of staff resources to get the job done.

Mr. Skeen: The appropriations and budget for this account has remained fairly static for several years while at the same time the Administration has placed greater emphasis on water resources and quality. Could you explain how this program fits into the Administration's water quality plans?

Response: The Watershed Survey and Planning program provides NRCS technical assistance for local communities to assess natural resource concerns, including water quality and develops plans to solve complex problems through federal and state programs. Funds under this budget item were allocated to all states, Puerto Rico, and the Pacific Basin in FY 2000.

Mr. Skeen: What is the number of watershed projects that is currently in backlog? How are you working off watershed project backlogs?

Response: Local communities are waiting on over 500 projects for federal appropriations to implement their authorized watershed plans in all states. As more local communities seek to address resource needs and congressional appropriations continue to decline, the resulting gap will continue to widen and the watershed backlog will increase. Over the last 5 years, local communities have received authorization for 66 projects totaling $300 million. These new projects fall behind the ongoing projects on the backlog list. Unfortunately, construction costs that are attributed to addressing the backlog of watershed

projects continue to rise. Unless there is a corresponding increase in watershed appropriations to offset the increasing construction costs, the backlog is never diminished precipitously.

Mr. Skeen: How much funding would it take to fully fund the backlog of watershed projects?

Response: It would take approximately $1.4 billion dollars. To keep pace with rising construction costs and new authorizations, $225 million would be needed annually. As more local communities seek to address resource needs and congressional appropriations continue to plummet, the gap will continue to widen and the watershed backlog will continue to swell. Over the last five years local communities have received authorization for 66 watershed projects in 35 states for the total of $300 million. All of these new projects get in line behind the on-going projects on the backlog list.

QUESTIONS SUBMITTED BY MR. KINGSTON

IRRIGATION/POND CONSTRUCTION ASSISTANCE

Mr. Kingston: I'm hearing from a lot of people about a serious need for better irrigation/pond construction assistance through USDA. It appears that there may be a couple avenues to better address this need for FY 01: an increase in EQIP (Environmental Quality Incentives Program) or new proposal for Conservation Security Payments (or "Green Payments"). Is there anything in your current budget request to help farmers construct ponds to retain surface water? Is that an increase from last year?

Response: The Environmental Quality Incentives Program (EQIP) may be used to help farmers construct ponds to retain surface water. EQIP is a locally driven program that provides technical, financial, and educational assistance to EQIP program participants. The Local Working Group, made up of residents in a county, identifies priority area and priority area needs. If there is a need to construct ponds, then the Local Work Group includes this on their list of conservation practices. Landowners can apply for cost-share assistance to assist with the installation of any conservation practice on the list. The EQIP program was funded at $174 million in FY 1999 and in FY 2000. The Administration's budget is requesting that EQIP be funded at $325 million in FY 2001.

Mr. Kingston: It is my understanding that EQIP provides only technical assistance and only a small amount of that. Is that correct?

Response: The EQIP program provides technical, financial, and educational assistance to landowners. The FY 2000 EQIP budget calls for approximately $33 million to be spent on technical assistance, $4 million on educational assistance, and approximately $137 million on cost-share assistance with landowners.

Mr. Kingston: I would like to expand the resources for this surface water retention activities in FY01. What are your recommendations on how I should pursue this for FY01, i.e. which accounts, etc.?

Response: Proposed increases in the program funds to include both technical and financial assistance needs in the EQIP program and the appropriation of funds by Congress for the Conservation Security Program would help expand the resources for these activities.

At present there are 23 states that are using the Small Watershed Program to address irrigation-related projects. Federal investments, to date, on these projects total $220,241,000 for PL-566 and an additional $25,204,000 for PL-534. There is an additional $32,500,000 backlog of authorized Small Watershed projects, which include irrigation that, have not been implemented due to lack of appropriations.

The benefits of these projects include water conservation, erosion reduction, and sediment reduction. Associated possible outcomes include drought relief, reduced need for irrigation water diversion from rivers and streams, reduced demands from critical aquifers such as the Edwards Aquifer, enhanced wildlife habitat, and water-based recreation opportunities resulting from water impoundment.

QUESTIONS SUBMITTED BY MS. EMERSON

INCREASE IN FEDERAL REGULATIONS

Ms. Emerson: I am very, very troubled by the heavy-handed regulation being implemented by the Administration to the detriment of farmers, ranchers, private landowners, and those in the forest products industry. We are really seeing a barrage - and that's really the best word to describe it considering the rapid fire manner in which new rules are being proposed - of new regulatory programs coming out of Federal agencies. There is the Animal Feeding Operations Strategy and the proposed rule on forest management plans and the roadless areas initiative and the Total Maximum Daily Load regulations and the prospect of the Global Climate Change treaty. All of these top-down, punitive regulations drive up farmers' and ranchers' costs of production and are a serious threat to the way of life in rural America. What the Administration fails to recognize is that our farmers and ranchers are our first and best conservationists. They take care of the land because their families depend on it for their livelihood. Why is it that the Administration's first instinct is to regulate and penalize, instead of to provide voluntary, incentive-based programs that promote the best land management practices?

Response: The U.S. Department of Agriculture has always stood for providing assistance to farmers and ranchers in conserving their natural resources on their private working lands. Since the Dust Bowl era of the 1930's until today, USDA has delivered a voluntary, incentives-based approach when working with farmers and ranchers on natural resources issues. We have used a four-pronged approach to deliver this assistance, comprised of research, education, technical assistance, and financial assistance. Today, perhaps more than ever, this same approach is a key component of the strategy USDA will use.

The Administration's budget proposal for FY 2001 includes important funding to increase the delivery of voluntary, incentive-based programs. For NRCS programs alone, there are important increases needed in the Environmental Quality Incentives Program, Wetlands Reserves Program, Wildlife Habitat Incentives Program, Farmland Protection Program, and the new Conservation Security Program.

Ultimately, the success of the voluntary, incentives-based approach will be determined in large part by the public and private commitment to the four-pronged approach. With proper long-term support and commitment for this four-prong, voluntary incentives-based approach, USDA can help ensure the success of enduring natural resource conservation.

TOTAL MAXIMUM DAILY LOAD REGULATIONS

Ms. Emerson: As you know, the Administration is currently developing new Total Maximum Daily Load regulations. Specifically, the Environmental Protection Agency has published a proposed rule which would shift many agriculture and forestry activities that are currently "nonpoint" sources and label them as point source. However, NRCS' own mission statement - which is posted on the NRCS Website - states that NRCS strives: "To provide leadership in a partnership effort to help people conserve, improve, and sustain our natural resources and environment." Do you feel that this type of heavy-handed, top-down

regulation represents a "partnership effort" to work with our farmers, ranchers, and timbermen?

Mr. Under Secretary, over the past week or so, your office seems to have shifted its position on these proposed TMDL regulations. In fact, you have backed away from some strongly worded comments sent by your Deputy Under Secretary to the EPA. I have read these comments, and I share many of your Deputy's concerns about the tremendous impact these regulations could have on the farmers, ranchers, and timbermen who make up the backbone of our rural economy in Southern Missouri. Wasn't this original USDA response to EPA drafted by experts within USDA who performed extensive background research on the Clean Water Act concerning Congressional intent?

Response: USDA shares EPA's commitment to clean water and to building on the successes that have been achieved in reducing water pollution over the past several decades. While USDA is proud to have assisted both agriculture's and forestry's contributions to the nation's efforts to clean our waters, we recognize there is more that both agriculture and forestry can and should do. Total Maximum Daily Loads (TMDLs), used appropriately, are one of the tools that can be used to help achieve the further gains needed to address remaining sources of pollution.

As U.S. Secretary of Agriculture Dan Glickman stated in his February 23, 2000 testimony on TMDL's before the Senate Committee on Agriculture, Nutrition, and Forestry, USDA does believe the language of EPA's draft rule is very complex, and farmers/ranchers need a clear statement of how the proposed rule will affect them. USDA defers to EPA's interpretation of its own legal authorities because EPA is the agency charged by the Congress to implement the Clean Water Act. USDA has concerns about the proposed rule, but adjustments can be made without undermining the intent or the letter of the law. To that purpose, USDA and EPA have formed an interagency group to work through USDA's technical concerns regarding the proposed TMDL rule.

Specifically, USDA believes the TMDL rule should clarify that a farmer's or rancher's best management practices will be taken into account when determining how to best meet clean water standards; second, the rule should be more clearly constructed and should minimize adverse effects on agricultural and silvicultural operations, including providing comprehensive cost projections of the impact of the rule; third, the rule should allow for reasonable timeframes for planning and implementation; and fourth, the rule should clarify if and when the TMDL process would apply to discharges from silvicultural activities.

USDA believes that education, partnerships, and its programs/services are going to play decisive roles in efforts to improve water quality. As Secretary Glickman stated, the TMDL rule should be fair, clear, and provide farmers and ranchers with greater certainty. With this in mind, USDA has been working diligently with the EPA to resolve its concerns about the draft TMDL rule.

Ms. Emerson: What evidence was brought to you that caused you to shift away from the pro-producer views you originally put forth in your comments on these regulations?

Response: My testimony on February 15, 2000 before the House Committee on Transportation and Infrastructure and Secretary Glickman's testimony on February 23, 2000 before the Senate Committee on

Agriculture, Nutrition and Forestry regarding the draft TMDL rules show USDA's continuing commitment to the agricultural community. It is not so much that our views have changed. We did feel a need to clarify that the October 22, 1999 comments did not represent USDA's official view. The clarification was necessary because the letter did not go through Departmental clearance and the Secretary never reviewed it. Having said this, many of the concerns have continuing validity and are the subject of our discussions with EPA.

USDA is concerned about the costs and workload to the individual landowner, communities, and the public associated with needed nonpoint source pollution control measures. Whether in a TMDL situation or not, these costs can be significant. This is why we consider it critical to use locally-led processes in determining how to achieve water quality goals, and that the best available science and technology be applied to make the most cost effective solutions accessible to landowners and communities. We will continue to work with EPA, the states, and others in a collaborative manner to help landowners and communities achieve clean water goals as efficiently and effectively as possible. USDA's technical and financial assistance, technical guidance, planning processes, and related services are essential tools in helping landowners and communities to plan and implement nonpoint source pollution controls that make both environmental and economic sense.

Ms. Emerson: Mr. Under Secretary, I understand that in your testimony last week before the Senate Agriculture Committee, Chairman Lugar inquired as to whether your agency had performed a cost-benefit analysis on the economic impact on farmers of these proposed regulations. First, let me say that I find it incredible that neither EPA nor USDA has not performed a cost-benefit analysis already. What are your plans for performing such a cost-benefit analysis?

Response: USDA has not performed a cost-benefit analysis of EPA's proposed TMDL rule. This responsibility rests with EPA because EPA is the agency charged by Congress with implementing the Clean Water Act. We have expressed publicly to EPA that it should provide comprehensive cost projections of the impact of the proposed TMDL rule on agriculture and silviculture. EPA has indicated that it is performing some additional economic analysis that would address the administrative costs of developing and implementing the TMDL program and help the public understand economic impacts beyond the incremental administrative costs of the new requirements. In this effort, EPA will attempt to choose representative TMDLs that have USDA program involvement in assisting locally-led watersheds. Beyond this, USDA is studying the EPA reports that have been prepared to date and will make a decision as to the scope of any cost review it might conduct in the future.

Ms. Emerson: What role do you believe USDA will have in the TMDL implementation process?

Response: It is envisioned that USDA will have at least three roles in the implementation of TMDLs. The first is providing guidance for local communities to identify and resolve national resource issues in the development of TMDLs. USDA believes the locally-led process is best suited to address natural resource concerns in watersheds. The second role is providing education and technical assistance to local communities and landowners in the implementation of Best Management

Practices (BMPs) in order to achieve the goals of the TMDL pollution load allocation. Finally, USDA will provide financial incentives through a wide variety of programs to implement BMPs and resource management systems to protect and restore soil, water, and related natural resources in order to achieve non-point source pollution components of TMDLs in agriculture and silviculture sectors. The most widely used incentives are the various Natural Resource Conservation Programs such as: Environmental Quality Incentives Program (EQIP), Conservation Reserve Program (CRP), Conservation Reserve Enhancement Program (CREP), Wetlands Reserve Program (WRP), Small Watershed Program (PL-566 and PL-534), Resource Conservation and Development Program (RC&D), and Wildlife Habitat Incentives Program (WHIP).

Sufficient high quality technical assistance, coupled with adequate financial incentives, is critical to providing a reasonable assurance that non-point source pollution problems are resolved. The National Watershed Assessment, developed under the Clean Water Action Plan, estimates that 40,000 TMDLs may have to be developed for over 21,000 impaired waterbodies. To provide high quality technical assistance to this workload presents a tremendous challenge for USDA, other federal, state, and local programs.

FOREST MANAGEMENT PLANS

Ms. Emerson: I have grave concerns about the proposed rule on forest management plans and the negative impact it might have on our forests and those who use our forests. I think the proposed rule takes us from "multiple-use" to "single-use" or even "no-use" and will place even more of our national forests off limits to commodity production and recreation. As you know, timber sales from national forest lands are already dramatically down from just 5 and 10 years ago. In 1989, for example, the total volume offered was 12.2 billion board feet. Last year, the appropriated level provided for a total volume offered of just 3.62 billion board feet. Does the Department have an estimate as to the rule's impact on timber sales? Please provide to the Subcommittee the Department's estimate.

Response: Your concerns focus on two main issues: multiple use and impacts on timber sales and community economics. The answer below addresses each of these issues.

Multiple Use:

Regarding the multiple use concern, I can assure you that the proposed planning rule builds upon, and will foster, the entirety of the agency's legal foundations that encompass the direction given in the Multiple-Use, Sustained-Yield Act (MUSY). Inherent in the proposed rule's three-part goal of sustainability is the promotion of a wide variety of uses, values, products and services through a collaborative process that enhances society's capability to make sustainable choices across the landscapes they care about.

> multiple use mission of the National Forest System to develop and administer renewable resources for multiple use and sustained yield of the several products and services obtained. It is consistent with the MUSY direction to provide for harmonious and coordinated management of the various resources.
>
> of plant and animal communities based on suitability and

capability of specific land areas for meeting multiple use objectives (16 U.S.C. 1604(G)(3)(B).

Timber and economic impacts:

A rule, as a regulatory document (in this case, land management planning), has neither economic or timber impacts on any constituent group or local community. However implementation of actions done under that Rule may have impacts. Thus, we consider and evaluate these potential impacts as part of the NEPA process when proposing to revise a forest or grassland plan or proposing project-level actions. More specifically, when the currently proposed planning rule is finalized, any proposed plan revisions or subsequent project level proposals will be subject to full consideration of economic impacts on potentially affected groups, including forest industries and local communities. The CEQ Regulations (40 CFR 1508.23) clearly define the point at which a proposal exists for meaningfully evaluating effects.

P.L. 566 SMALL WATERSHED PROGRAM

Ms. Emerson: I support the P.L. 566 Watershed Program and NRCS' efforts to bring this program to bear to help local communities. What is the backlog of unfunded projects in the P.L. 566 Small Watershed Program in dollar amounts and in number of projects? Please provide for the hearing record a list of the backlogged projects.

Response: The unfunded commitment (backlog) for the Small Watershed Program (PL-566 and PL-534) is approximately $1.4 billion dollars. Over the last five years, communities have received authorization for 66 watershed projects in 35 states for a total of $300 million. All of these new projects get in line behind the ongoing projects on the backlog list. There are presently 518 active PL-566 projects and 9 PL-534 projects. A list of the active projects is provided for the record.

[The information follows:]

STATE	ACTIVE PL-566 WATERSHED PROJECT
ALABAMA	BIG NANCE CREEK
ALABAMA	CAMP BRANCH
ALABAMA	CHANDLER MOUNTAIN
ALABAMA	CHOCCOLOCCO CREEK
ALABAMA	COCHGALECHEE CREEK
ALABAMA	DRY CREEK
ALABAMA	DYNNE CREEK
ALABAMA	HARRISON MILL-PANTHER CREEKS
ALABAMA	KELLY-PRESTON MILL CREEK
ALABAMA	MEMPHIS-NOXUBEE
ALABAMA	NORTHEAST YELLOW RIVER
ALABAMA	PATES CREEK
ALABAMA	POWELL CREEK
ALABAMA	SHORT-SCARHAM CREEKS
ALABAMA	SOUTH SAUTY CREEK
ALABAMA	TOWN CREEK-DEKALB
ALABAMA	WHITEWATER CREEK
ALABAMA	WILKERSON CREEK
ALASKA	DELTA CLEARWATER
ARIZONA	APACHE JUNCTION-GILBERT

STATE	ACTIVE PL-566 WATERSHED PROJECT
ARIZONA	BUCKHORN-MESA
ARIZONA	ELOY
ARIZONA	HOHOKAM
ARIZONA	MARICOPA-STANFIELD
ARIZONA	NEW MAGMA
ARIZONA	WEST MARICOPA
ARIZONA	WHITE TANK MOUNTAINS
ARIZONA	WILLIAMS-CHANDLER
ARKANSAS	BIG SLOUGH
ARKANSAS	BUFFALO RIVER TRIBUTARIES
ARKANSAS	FLAT ROCK CREEK
ARKANSAS	FOURCHE CREEK
ARKANSAS	GOULD PORTION OF GRADY-GOULD
ARKANSAS	LITTLE RED RIVER
ARKANSAS	NORTH FORK OF OZAN CREEK
ARKANSAS	OZAN CREEKS
ARKANSAS	POINSETT
ARKANSAS	SOUTH FORK
ARKANSAS	SOUTH FOURCHE
ARKANSAS	UPPER PETIT JEAN
CALIFORNIA	BEARDSLEY
CALIFORNIA	CARPINTERIA VALLEY
CALIFORNIA	CENTRAL SONOMA
CALIFORNIA	CULL CREEK
CALIFORNIA	ELKHORN SLOUGH
CALIFORNIA	HAYFORK CREEK
CALIFORNIA	INDIAN CREEK
CALIFORNIA	LOWER LLAGAS CREEK
CALIFORNIA	LOWER SILVER CREEK
CALIFORNIA	MARSH-KELLOGG CREEK
CALIFORNIA	McCOY WASH
CALIFORNIA	TEHACHAPI
CALIFORNIA	UPPER LLAGAS CREEK
CALIFORNIA	UPPER STONY CREEK
CALIFORNIA	WOODLAKE-ANTELOPE VALLEY
COLORADO	HIGHLINE BREAKS
COLORADO	LIMESTONE-GRAVEYARD CREEKS
COLORADO	TRINIDAD LAKE NORTH
COLORADO	WOLF CREEK-HIGHLANDS
CONNECTICUT	MILL-HORSE BROOK
CONNECTICUT	NORWALK RIVER
CONNECTICUT	SOUTH BRANCH PARK RIVER
CONNECTICUT	YANTIC RIVER
DELAWARE	INDIAN RIVER BAY
DELAWARE	MARSHYHOPE CREEK
DELAWARE	UPPER CHOPTANK RIVER
DELAWARE	UPPER NANTICOKE RIVER
FLORIDA	AUCILLA RIVER
FLORIDA	NORTH EAST MIDDLE SUWANNEE RIVER
FLORIDA	NORTH WEST MIDDLE SUWANNEE RIVER
FLORIDA	SOUTH EAST MIDDLE SUWANNEE RIVER
FLORIDA	SOUTH WEST MIDDLE SUWANNEE RIVER
FLORIDA	SPRING CREEK

STATE	ACTIVE PL-566 WATERSHED PROJECT
GEORGIA	BEAVER CREEK
GEORGIA	BIG CEDAR CREEK
GEORGIA	CASON BRANCH-DUHART CREEK
GEORGIA	FIVE POINTS AREA
GEORGIA	HORSE CREEK
GEORGIA	LITTLE RIVER
GEORGIA	LITTLE SANDY CREEK & TRAIL CREEK
GEORGIA	LOWER LITTLE TALLAPOOSA RIVER
GEORGIA	PISCOLA CREEK
GEORGIA	SHOAL CREEK
GEORGIA	TESNATEE CREEK
GEORGIA	TURKEY CREEK
GEORGIA	UPPER FIFTEEN-MILE CREEK
HAWAII	HONOLUA
HAWAII	KAHALUU
HAWAII	LAHAINA
HAWAII	LOWER HAMAKUA DITCH
HAWAII	UPCOUNTRY MAUI
HAWAII	WAILUKU-ALENAIO
HAWAII	WAIMANALO
HAWAII	WAIMEA-PAAUILO
IDAHO	BEDROCK CREEK
IDAHO	BRUNDAGE
IDAHO	HAZELTON BUTTE
IDAHO	LOWER SAND CREEK
IDAHO	MISSION-LAPWAI CREEK
IDAHO	ROCK CREEK-BIG CANYON/EAST FORK
IDAHO	ROCK CREEK-HOUTZ/OUTLET
IDAHO	ROCK CREEK-ROY EAST
IDAHO	ROCK CREEK-SUBLETT
IDAHO	ROCK CREEK-SUMMIT
IDAHO	TAMMANY CREEK
IDAHO	TENSED/LOLO
IDAHO	THORN CREEK
IDAHO	UPPER SAND CREEK
ILLINOIS	ARGYLE LAKE
ILLINOIS	ASH-LOOP
ILLINOIS	KINKAID LAKE
ILLINOIS	LAKE BLOOMINGTON
ILLINOIS	LAKE CARLINVILLE
ILLINOIS	LAKE MATTOON
ILLINOIS	LAKE TAYLORVILLE
ILLINOIS	LICK CREEK
ILLINOIS	LITTLE CALUMET RIVER
ILLINOIS	LOWER DES PLAINES TRIBUTARIES
ILLINOIS	MILL CREEK
ILLINOIS	RACCOON LAKE
ILLINOIS	SPRING LAKE
ILLINOIS	UPPER CRAB ORCHARD CREEK
INDIANA	HONEY CREEK
INDIANA	JORDAN CREEK
INDIANA	MARIAH CREEK
INDIANA	MIDDLE FORK OF ANDERSON RIVER

STATE	ACTIVE PL-566 WATERSHED PROJECT
INDIANA	MUDDY FORK OF SILVER CREEK
INDIANA	PIGEON CREEK
IOWA	A&T LONG BRANCH
IOWA	BEAR CREEK
IOWA	HACKLEBARNEY
IOWA	LITTLE PAINT CREEK
IOWA	LITTLE RIVER
IOWA	LONG BRANCH
IOWA	MILL CREEK
IOWA	MILL-PICAYUNE CREEK
IOWA	MOSQUITO OF HARRISON
IOWA	SIMON RUN
IOWA	SOAP CREEK
IOWA	TROUBLESOME CREEK
IOWA	TURKEY CREEK
IOWA	TWELVE MILE CREEK
IOWA	WAUBONSIE CREEK
KANSAS	DIAMOND CREEK
KANSAS	DOYLE CREEK
KANSAS	EAST SECTOR WHITEWATER RIVER
KANSAS	ELK CREEK
KANSAS	GRASSHOPPER-COAL CREEK
KANSAS	LOWER ELK RIVER
KANSAS	LYONS CREEK
KANSAS	MIDDLE CREEK (MORRIS)
KANSAS	NORTH BLACK VERMILLION
KANSAS	NORTH SECTOR UPPER WALNUT
KANSAS	NORTH-MIDDLE FORKS WOLF
KANSAS	PONY CREEK
KANSAS	ROY'S CREEK
KANSAS	SOUTH FORK
KANSAS	SOUTH FORK WOLF
KANSAS	SPILLMAN CREEK
KANSAS	SQUAW CREEK LOWER WOLF
KANSAS	UPPER BLACK VERMILLION
KANSAS	UPPER DELAWARE AND TRIBUTARIES
KANSAS	WEST SECTOR WHITEWATER RIVER
KANSAS	WET WALNUT NO. 1
KANSAS	WET WALNUT NO. 2
KANSAS	WET WALNUT NO. 3
KENTUCKY	BACON CREEK
KENTUCKY	BIG MUDDY CREEK
KENTUCKY	BOONE FORK
KENTUCKY	BRASHEAR'S CREEK
KENTUCKY	CANE VALLEY
KENTUCKY	CANEY CREEK
KENTUCKY	CANOE CREEK
KENTUCKY	EAST AND MIDDLE FORKS OF MASSAC CREEK
KENTUCKY	EAST FORK OF POND RIVER
KENTUCKY	FALL CREEK
KENTUCKY	HIGHLAND CREEK
KENTUCKY	LITTLE AND MIDDLE PITMAN CREEK
KENTUCKY	NORTH FORK NOLIN RIVER

STATE	ACTIVE PL-566 WATERSHED PROJECT
KENTUCKY	OBION CREEK
KENTUCKY	PIGEON ROOST CREEK
KENTUCKY	RED LICK CREEK
KENTUCKY	SHORT CREEK
KENTUCKY	SOUTH FORK OF LITTLE RIVER
KENTUCKY	STEWART CREEK
KENTUCKY	UPPER TRADEWATER RIVER
KENTUCKY	WEST FORK OF MAYFIELD CREEK
LOUISIANA	AVOYELLES-ST. LANDRY
LOUISIANA	BAYOU BOURBEUX
LOUISIANA	BAYOU MALLET
LOUISIANA	BAYOU PENCHANT-LAKE PENCHANT
LOUISIANA	CENTRAL MADISON
LOUISIANA	CENTRAL RICHLAND
LOUISIANA	CYPRESS-BLACK BAYOU
LOUISIANA	FIFTH WARD
LOUISIANA	MIDDLE TANGIPAHOA
LOUISIANA	SICILY ISLAND
LOUISIANA	UPPER VERMILION BAYOU
LOUISIANA	WALNUT-ROUNDAWAY
LOUISIANA	WEST FORK BAYOU L'OURS
MAINE	KENDUSKEAG STREAM
MAINE	LONG-CROSS LAKES
MAINE	MEDUXNEKEAG RIVER
MAINE	PRESQUE ISLE STREAM
MAINE	UPPER PISCATAQUIS RIVER
MARYLAND	DRY RUN
MARYLAND	GOLDSBORO
MARYLAND	LINGANORE CREEK
MARYLAND	UPPER CHESTER RIVER
MARYLAND	WEST AND RHODE RIVERS
MASSACHUSETTS	BAITING BROOK
MASSACHUSETTS	CLAM RIVER
MASSACHUSETTS	WASHINGTON MOUNTAIN BROOK
MICHIGAN	BARAGA VILLAGE
MICHIGAN	BEAR RIVER
MICHIGAN	ELK RIVER
MICHIGAN	MUD CREEK
MICHIGAN	SOUTH BRANCH KAWKAWLIN RIVER
MICHIGAN	SWAN CREEK
MINNESOTA	CANBY CREEK
MINNESOTA	KANARANZI-LITTLE ROCK
MINNESOTA	SOUTH ZUMBRO
MINNESOTA	WHITEWATER RIVER
MISSISSIPPI	BAYOU PIERRE
MISSISSIPPI	CHOCTAW
MISSISSIPPI	CHUQUATONCHEE CREEK
MISSISSIPPI	COPIAH CREEK
MISSISSIPPI	DRY CREEK
MISSISSIPPI	DRY CREEK(COLUMBIA)
MISSISSIPPI	HAMBRICK
MISSISSIPPI	INDIAN CREEK
MISSISSIPPI	LONG BEACH

STATE	ACTIVE PL-566 WATERSHED PROJECT
MISSISSIPPI	SOUTH DELTA
MISSISSIPPI	TALLAHAGA CREEK
MISSISSIPPI	TOWN CREEK
MISSISSIPPI	TUSCUMBIA RIVER
MISSOURI	BIG CREEK-HURRICANE CREEK
MISSOURI	EAST FORK OF BIG CREEK
MISSOURI	EAST FORK OF THE GRAND RIVER
MISSOURI	EAST LOCUST CREEK
MISSOURI	EAST YELLOW CREEK
MISSOURI	GRASSY CREEK
MISSOURI	GRINDSTONE-LOST-MUDDY CREEK
MISSOURI	HICKORY CREEK
MISSOURI	LOWER LITTLE BLACK
MISSOURI	MARTHASVILLE TOWN BRANCH
MISSOURI	McKENZIE CREEK
MISSOURI	MONITEAU CREEK
MISSOURI	MOZINGO CREEK
MISSOURI	TOWN BRANCH
MISSOURI	TROUBLESOME CREEK
MISSOURI	UPPER LITTLE BLACK
MISSOURI	UPPER LOCUST CREEK
MISSOURI	WEST FORK OF BIG CREEK
MISSOURI	WILLOW-CRAVENS
MONTANA	LOWER BIRCH CREEK
MONTANA	MILL CREEK
MONTANA	THIRTYMILE CREEK
NEBRASKA	AOWA CREEK
NEBRASKA	BALLS BRANCH
NEBRASKA	BLACKWOOD CREEK
NEBRASKA	BONE CREEK
NEBRASKA	EAST-WEST-DRY MAPLE CREEKS
NEBRASKA	GERING VALLEY
NEBRASKA	LOWER MEDICINE CREEK
NEBRASKA	MIDDLE BIG NEMAHA
NEBRASKA	MIDDLE FORK MAPLE CREEK
NEBRASKA	PAPILLION CREEK
NEBRASKA	SOUTH BRANCH LITTLE NEMAHA
NEBRASKA	STEVENS-CALLAHAN(CAMP CREEK)
NEBRASKA	SWAN CREEK
NEBRASKA	TEKAMAH-MUD CREEK
NEBRASKA	UPPER MEDICINE CREEK
NEBRASKA	WOLF-WILDCAT CREEK
NEVADAV	EVANS CREEK
NEW HAMPSHIRE	DEAD RIVER
NEW JERSEY	ASSUNPINK CREEK
NEW JERSEY	REPAUPO CREEK
NEW MEXICO	ASAAYI LAKE
NEW MEXICO	COTTONWOOD-WALNUT CREEK
NEW MEXICO	ESPANOLA-RIO CHAMA
NEW MEXICO	LARGO-AGUA FRIA
NEW MEXICO	T OR C WILLIAMSBURG ARROYOS
NEW MEXICO	ZUNI PUEBLO
NEW YORK	BEAVER BROOK

STATE	ACTIVE PL-566 WATERSHED PROJECT
NEW YORK	MILL BROOK
NEW YORK	NANTICOKE CREEK
NEW YORK	NEWTOWN-HOFFMAN CREEKS
NEW YORK	NYC WS (Ashokan)
NEW YORK	NYC WS (Lower Cannonsville)
NEW YORK	NYC WS (Neversink)
NEW YORK	NYC WS (Pepacton)
NEW YORK	NYC WS (Rondout)
NEW YORK	NYC WS (Schoharie)
NEW YORK	NYC WS (Upper Cannonsville)
NEW YORK	OTISCO LAKE
NEW YORK	TOMHANNOCK RESERVOIR
NEW YORK	VIRGIL CREEK
NORTH CAROLINA	BIG AND DOUBLE CREEKS
NORTH CAROLINA	BLACK CREEK
NORTH CAROLINA	CRABTREE CREEK
NORTH CAROLINA	DEEP CREEK (YADKIN)
NORTH CAROLINA	LIMESTONE CREEK
NORTH CAROLINA	LITTLE YADKIN RIVER
NORTH CAROLINA	LOWER LITTLE & SOUTH YADKIN
NORTH CAROLINA	NAHUNTA SWAMP
NORTH CAROLINA	RAMSEUR RESERVOIR
NORTH CAROLINA	SANDY RUN CREEK
NORTH CAROLINA	SECOND BROAD RIVER
NORTH CAROLINA	STEWARTS CREEK-LOVILLS CREEK
NORTH CAROLINA	SWAN QUARTER
NORTH CAROLINA	TOWN FORK CREEK
NORTH CAROLINA	UPPER CONTENTNEA CREEK
NORTH CAROLINA	UPPER FRENCH BROAD RIVER
NORTH DAKOTA	BELFIELD
NORTH DAKOTA	MIDDLE BRANCH-PARK RIVER
NORTH DAKOTA	MUSKRAT LAKE BASIN
NORTH DAKOTA	SQUARE BUTTE CREEK
NORTH DAKOTA	TAYLOR
NORTH DAKOTA	UPPER TURTLE RIVER
OHIO	FOUR MILE CREEK
OHIO	KINGS CREEK
OHIO	LOWER STILLWATER RIVER
OHIO	NORTH HOCKING RIVER
OHIO	PRAIRIE-HOAGLIN BR. OF LITTLE AUGLAIZE R
OHIO	RUSH CREEK
OHIO	SHORT CREEK
OHIO	SOUTH FORK LICKING RIVER
OHIO	UPPER BLANCHARD RIVER
OHIO	UPPER KILLBUCK CREEK
OHIO	UPPER MAD RIVER
OHIO	UPPER STILLWATER RIVER
OHIO	UPPER TIFFIN
OHIO	WILLS CREEK
OKLAHOMA	BRUSHY-PEACEABLE CREEK
OKLAHOMA	CAMBELL CREEK
OKLAHOMA	CARNEY CREEK
OKLAHOMA	COTTON-COON-MISSION CREEK

STATE	ACTIVE PL-566 WATERSHED PROJECT
OKLAHOMA	COW CREEK
OKLAHOMA	DEER CREEK
OKLAHOMA	DRY CREEK
OKLAHOMA	HOYLE CREEK
OKLAHOMA	JACK CREEK
OKLAHOMA	KICKAPOO NATIONS
OKLAHOMA	LEADER-MIDDLE CLEAR BOGGY CREEK
OKLAHOMA	LITTLE BEAVER CREEK
OKLAHOMA	LOST-DUCK CREEKS
OKLAHOMA	LOWER BAYOU
OKLAHOMA	LOWER BLACK BEAR CREEK
OKLAHOMA	LOWER CLEAR BOGGY CREEK
OKLAHOMA	LOWER RED ROCK CREEK
OKLAHOMA	LUGERT-ALTUS
OKLAHOMA	MIDDLE DEEP RED RUN CREEK
OKLAHOMA	NORTH DEER CREEK
OKLAHOMA	OKFUSKEE TRIBUTARIES
OKLAHOMA	ROBINSON CREEK
OKLAHOMA	SALT-CAMP CREEK
OKLAHOMA	SANDY CREEK
OKLAHOMA	STILLWATER CREEK
OKLAHOMA	TRI-COUNTY TURKEY CREEK
OKLAHOMA	TURKEY CREEK
OKLAHOMA	UPPER BAYOU
OKLAHOMA	UPPER BLACK BEAR CREEK
OKLAHOMA	UPPER BLUE RIVER
OKLAHOMA	UPPER ELK CREEK
OKLAHOMA	UPPER MUDDY BOGGY CREEK
OKLAHOMA	UPPER RED ROCK CREEK
OKLAHOMA	WILD HORSE CREEK
OREGON	BUCK HOLLOW
OREGON	DEADMAN-BULLARD
OREGON	DRY CREEK
OREGON	NORTH SIDE BIG NESTUCCA
OREGON	UPPER STAGE GULCH
PACIFIC BASIN	AUA
PACIFIC BASIN	KAGMAN
PENNSYLVANIA	BRANDYWINE CREEK
PENNSYLVANIA	CEDAR RUN
PENNSYLVANIA	CLOVER CREEK
PENNSYLVANIA	GLENWHITE RUN
PENNSYLVANIA	JACOBS CREEK
PENNSYLVANIA	LAUREL HILL CREEK
PENNSYLVANIA	LITTLE TOBY
PENNSYLVANIA	MILL CREEK (CLARION AND JEFFERSON)
PENNSYLVANIA	MONASTERY RUN
PENNSYLVANIA	NESHAMINY CREEK
PENNSYLVANIA	OVEN RUN
PENNSYLVANIA	PITCHPINE RUN
PENNSYLVANIA	RED-WHITE CLAY CREEK
PENNSYLVANIA	ROCK CREEK
PENNSYLVANIA	TULPEHOCKEN CREEK
PENNSYLVANIA	YELLOW CREEK

STATE	ACTIVE PL-566 WATERSHED PROJECT
PUERTO RICO	ANASCO RIVER
PUERTO RICO	GUAYANES RIVER
RHODE ISLANDI	AQUIDNECK ISLAND
SOUTH CAROLINA	BUSH RIVER-BEAVERDAM CREEK
SOUTH CAROLINA	CABIN BRANCH
SOUTH CAROLINA	FRAZIER PARK
SOUTH CAROLINA	HOLLY HILL
SOUTH CAROLINA	LITTLE SALUDA RIVER
SOUTH CAROLINA	NICHOLS
SOUTH CAROLINA	NORTH FORK EDISTO
SOUTH CAROLINA	NORTHEAST CALHOUN
SOUTH CAROLINA	NORTHWEST CHEROKEE
SOUTH CAROLINA	OOLENOY RIVER
SOUTH CAROLINA	PACOLET RIVER
SOUTH CAROLINA	PICKENS-ANDERSON
SOUTH CAROLINA	RABON CREEK
SOUTH CAROLINA	RAFTING CREEK
SOUTH CAROLINA	SALEM COMMUNITY
SOUTH CAROLINA	SALKEHATCHIE RIVER
SOUTH CAROLINA	SOUTH EDISTO
SOUTH CAROLINA	THOMPSON-WESTFIELD CREEK
SOUTH CAROLINA	UPPER SAVANNAH
SOUTH CAROLINA	WALLACE
SOUTH CAROLINA	WEST ORANGEBURG
SOUTH DAKOTA	FALL RIVER-NORTH UNIT
SOUTH DAKOTA	FALL RIVER-SOUTH UNIT
SOUTH DAKOTA	LOWER LITTLE MN RIVER-BIG STONE LAKE
TENNESSEE	BEANS CREEK
TENNESSEE	BEAR CREEK (SCOTT)
TENNESSEE	BEAVER CREEK
TENNESSEE	BIG CREEK
TENNESSEE	BIG LIMESTONE CREEK
TENNESSEE	CANE CREEK
TENNESSEE	HURRICANE CREEK
TENNESSEE	LICK CREEK (1995)
TENNESSEE	MADISON-CYPRESS CREEK
TENNESSEE	MCNAIRY-CYPRESS CREEK
TENNESSEE	NORTH FORK WOLF RIVER
TENNESSEE	NORTH FORK-FORKED DEER RIVER
TENNESSEE	PORTLAND
TENNESSEE	RED BOILING SPRINGS
TENNESSEE	REELFOOT-INDIAN CREEK
TENNESSEE	SPRING CREEK
TENNESSEE	SULPHUR FORK CREEK
TENNESSEE	SWEETWATER CREEK
TENNESSEE	WHITE OAK CREEK
TEXAS	AQUILLA-HACKBERRY CREEK
TEXAS	ATTOYAC BAYOU
TEXAS	BIG CREEK(DELTA CO.)
TEXAS	BIG CREEK(TRI-COUNTY)
TEXAS	CADDO CREEK
TEXAS	CANEY CREEK
TEXAS	CHOCTAW CREEK

STATE	ACTIVE PL-566 WATERSHED PROJECT
TEXAS	CORNUDAS; NORTH AND CULP DRAWS
TEXAS	DONAHOE CREEK
TEXAS	ECLETO CREEK
TEXAS	ELM CREEK (1250)
TEXAS	ELM CREEK (CEN-TEX)
TEXAS	HITSON; C&L AND WASHBURN DRAWS
TEXAS	LEONA RIVER
TEXAS	LOS OLMOS CREEK
TEXAS	LOWER AQUILLA-HACKBERRY CREEK
TEXAS	NOLAN RIVER
TEXAS	PALUXY RIVER
TEXAS	PINE CREEK
TEXAS	RED DEER CREEK
TEXAS	RUSH CREEK
TEXAS	SALADO CREEK
TEXAS	SAN DIEGO-ROSITA CREEKS
TEXAS	SULPHUR CREEK(WP)
TEXAS	TEHUACANA CREEK
TEXAS	THREE MILE AND SULFER DRAW
TEXAS	UPPER NORTH BOSQUE RIVER
TEXAS	UPPER SAN MARCOS RIVER
UTAH	BLUE CREEK-HOWELL
UTAH	DRY GULCH-MARTIN LATERAL
UTAH	FERRON
UTAH	MONROE-ANNABELLA
UTAH	MUDDY CREEK-ORDERVILLE
UTAH	SAND WASH
UTAH	TRI-VALLEY
UTAH	WARNER DRAW
VERMONT	BARTON AND CLYDE RIVERS
VERMONT	BLACK RIVER
VERMONT	LEMON FAIR RIVER
VERMONT	LOWER LAKE CHAMPLAIN
VERMONT	LOWER LAMOILLE RIVER
VERMONT	LOWER OTTER AND DEAD CREEKS
VERMONT	LOWER WINOOSKI RIVER
VIRGINIA	ARARAT RIVER
VIRGINIA	BUSH RIVER
VIRGINIA	CEDAR RUN
VIRGINIA	CHESTNUT CREEK
VIRGINIA	COPPER CREEK
VIRGINIA	CRIPPLE CREEK
VIRGINIA	HAYS CREEK
VIRGINIA	LICK CREEK
VIRGINIA	LOONEY-MILL CREEK
VIRGINIA	SANDY CREEK
VIRGINIA	THREE CREEK
VIRGINIA	WATKINS BRANCH
WASHINGTON	EAST SIDE GREEN RIVER
WASHINGTON	MARSHLAND
WASHINGTON	MOXEE
WASHINGTON	NEWAUKUM
WASHINGTON	NORTH PINE-SPRING VALLEY CREEK

STATE	ACTIVE PL-566 WATERSHED PROJECT
WASHINGTON	OMAK CREEK
WASHINGTON	PLEASANT VALLEY CREEK
WASHINGTON	REBEL FLAT CREEK
WASHINGTON	TENMILE CREEK
WASHINGTON	TUCANNON RIVER
WASHINGTON	WEST SIDE GREEN RIVER
WEST VIRGINIA	BRUSH CREEK
WEST VIRGINIA	ELK TWOMILE CREEK
WEST VIRGINIA	HEADWATERS OF INDIAN CREEK
WEST VIRGINIA	HOWARD CREEK
WEST VIRGINIA	LITTLE WHITESTICK-CRANBERRY CREEKS
WEST VIRGINIA	MILL CREEK
WEST VIRGINIA	OPEQUON
WEST VIRGINIA	TETER CREEK
WEST VIRGINIA	UPPER BUFFALO CREEK
WEST VIRGINIA	UPPER MUD RIVER
WEST VIRGINIA	WHEELING CREEK
WISCONSIN	MOSHER-ANDERSON CREEK
WISCONSIN	PINE RIVER
WYOMING	ALLISON DRAW
WYOMING	NORTH PLATTE RIVER

Active PL-534 Flood Prevention Projects		
STATE	NAME	
CALAFORNIA	Los Angeles River	
CALAFORNIA	Santa Ynez	
IOWA	Little Sioux	
MISSISSIPPI	Little Tallahatchie	
MISSISSIPPI	Yazoo	
OKLAHOMA	Washita	
TEXAS	Middle Colorado	
TEXAS	Trinity	
VIRGINIA	Potomac Headwaters	
WEST VIRGINIA	Potomac Headwaters	

Ms. Emerson: What is your agency doing to complete these projects in a reasonable time frame?

Response: The rate at which projects are completed is directly proportional to the level of appropriations. The unfunded commitment (backlog) for the Small Watershed Program (PL-566 and PL-534) is approximately $1.4 billion.

Ms. Emerson: I would also like to reference something in the USDA budget summary which I think is very important. On page 70 of the Budget Summary, which out of USDA, it says, "NRCS will continue to reduce the backlog of unfunded work by examining approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong." I

recognize that NRCS must go back to update and modify those plans that are on the backlog list, but I think this underscores the point that there are inadequate funds in this program. Can you tell how many projects are removed from the list in a given year under this procedure and what percentage that is of the total number of projects on the backlog list: Please provide this information for the hearing record.

Response: NRCS continues to work with project sponsors to resolve the backlog of authorized projects. This is accomplished in one of three ways. First, available funding is used to complete all remaining phases of a project. The project is listed as installed, and as such is removed from the backlog. Second, when appropriate, if the watershed plan contains actions that are no longer needed or have been satisfied through means other than Watershed Operations, it is revised or supplemented to reflect current needs. Such projects are listed as installed and removed from the backlog. Finally, NRCS and the project sponsors unanimously agree that the project in question is no longer viable or feasible, and the project is deauthorized, which removes it from the backlog.

Below is a list of the modified or deleted projects in fiscal year 1999 and so far in fiscal year 2000. Such projects constitute only 4 percent of the total number of active projects.

[The information follows:]

WATERSHED PROJECTS MODIFIED OR DELETED DURING FY 1999-2000

MS	BOX CREEK	99/08	Deauthorized
MS	HOULKA CREEK	99/08	Deauthorized
MS	MANTACHIE; BOGUE FALA AND BOGUE EUCUBA C	99/08	Deauthorized
MS	BROWNS CREEKS	99/08	Inactive
AR	CEDAR-PINEY CREEKS	99/08	Installation Complete
KS	MIDDLE WALNUT	99/04	Installation Complete
MN	BURNHAM CREEK	99/07	Installation Complete
NJ	FURNACE BROOK	99/08	Installation Complete
VA	UPPER APPOMATTOX RIVER	99/08	Installation Complete
AR	CANEY BAYOU	99/04	Project Life Over
AR	FLESCHMAN'S BAYOU	99/04	Project Life Over
LA	BAKER CANAL	99/05	Project Life Over
LA	COCODRIE-GRAND LOUIS	98/12	Project Life Over
LA	NORTH TENSAS	99/05	Project Life Over
AZ	NEW MAGMA	99/10	Modified
CA	INDIAN CREEK	99/12	Modified
CA	UPPER STONY CREEK	99/12	Modified
MO	McKENZIE CREEK	99/08	Modified
MS	TALLAHAGA CREEK	99/11	Modified
PA	RED-WHITE CLAY CREEK	99/02	Modified
PA	YELLOW CREEK	99/08	Modified

Ms. Emerson: Given this backlog, why is NRCS requesting reduced funding for this program, from $90.8 million to $74.4 million?

Response: The $83.4 million requested reflect the priorities of the Administration.

Ms. Emerson: What was the agency's funding request to the Department for this program?

Response: NRCS requested $85,933,000 for Watershed Protection and Flood Prevention Operations for FY 2001.

Ms. Emerson: What was the Department's funding request to the Office of Management and Budget for this program?

Response: The Department requested $84,635,000 for FY 2001.

CONSERVATION RESERVE PROGRAM

Ms. Emerson: I will preface this question by acknowledging that the Farm Service Agency has the primary responsibility for administering the Conservation Reserve Program (CRP). However, given that the NRCS still provides the technical assistance and has a large hand in the CRP, I would like to ask you about enrolling the maximum acreage of 36.4 million acres. I would simply note that I am a strong supporter of increasing the amount of acreage that may be enrolled. It's my understanding that USDA had enrolled only about 30,193,000 acres in CRP by the end of fiscal year 1999. Why is it that USDA refuses to enroll the maximum acreage?

Response: USDA has not refused to enroll the maximum acreage of CRP. The Administration adopted a policy of preserving 4 million acres for buffer practices under the continuous CRP sign up. Secretary Glickman previously agreed to hold back 5.8 million acres for enrollment in the continuous CRP, Conservation Reserve Enhancement Program (CREP), general CRP appeals, and errors and omissions. Enrollment under the continuous CRP, thus far, has been less than expected, but it is expected that the bonuses administratively authorized, as part of the Farm Safety Net proposal ($100 million in FY 2000; $125 million in each of FY 2001 and FY 2002) will significantly increase enrollment. After sign up 16, the hold back was revised to 4 million acres. The hold back will again be adjusted based on continuous CRP and CREP accomplishments.

In addition, Secretary Glickman pledged that CRP under the 1996 Act would provide more environmental benefits than the old program. Each CRP sign up since the 1996 Act has only enrolled acreage with the highest environmental benefits. The FY 2000 sign up (number 20) will be no different than the previous general sign ups.

AMERICAN HERITAGE RIVERS INITIATIVE

Ms. Emerson: What exactly is the NRCS's role in the President's American Heritage Rivers Initiative?

Response: The Natural Resources Conservation Service has been working with other Federal agencies to design and implement the American Heritage Rivers initiative, contributing its natural resources management skills and visions for healthy, and productive rivers and communities.

The NRCS voluntary, locally based partnership approach to program delivery works well with the American Heritage Rivers initiative. All existing processes for program participation, including the application

processes, cost-sharing, and timetables will still apply in American Heritage Rivers communities. NRCS staff is available to let applicants and communities know what program opportunities exist. Within the programs, Federal agencies seek stronger intergovernmental partnerships with state, local and tribal governments to streamline and speed the delivery of services and programs.

Ms. Emerson: How much has the NRCS spent in implementing this program, which I might add has not been authorized by Congress, and what level of funding is your agency requesting this year?

Response: From fiscal year 1997 through fiscal year 2000, NRCS has provided approximately $1.0 million for staff time and associated costs to assist with the implementation of the American Heritage Rivers initiative. For all of these years, sixty percent of the funds were from the NRCS Conservation Operations account, and 40 percent from the Watershed Surveys and Planning account. We expect to provide $340,000 of assistance in fiscal year 2001.

Ms. Emerson: Would you submit for the hearing record a table outlining all of your expenditures for this program since its inception and what those expenditures have funded?

[The information follows:]

American Heritage Rivers Initiative

	FY 1997	FY 1998	FY 1999	FY 2000
Staff Years and Associated Costs	$94,000	$225,000	$340,000	$340,000

QUESTIONS SUBMITTED BY MS. KAPTUR

NATIONAL SUMMIT ON PRIVATE LANDS CONSERVATION

Ms. Kaptur: Secretary Lyons, if there are three chief priorities that I have as we look at the appropriation request for the Department of Agriculture, it is that we need to use our storehouse of commodities as our greatest tool in the international arena, that we need to move commodities if we are going to save our family farms, and that we need to conserve and appreciate our natural resources if we want to have them available to us in the future. There is a vital and inseparable linkage between our soil and water resources, and how we use those resources for personal, productive, recreational and community purposes. We need to find ways to link farmers, businesses, homeowners, local, county and state governments to the appreciation for this national resource. Could you summarize for us the findings from the National Summit on Private Land Conservation and the key elements of how we can respond to those findings?

Response: The National Summit on Private Lands Conservation identified numerous conservation issues and policy considerations. The following are considered some of the most significant issues raised.

Tax Relief. Tax law reform was considered necessary to provide relief for private landowners who are practicing good conservation. Examples include: elimination of capital gains and inheritance taxes so that land can be more easily maintained from generation to generation; tax exemptions for conservation payments; and tax credits for applying conservation practices.

Outreach. In general, participants believed that incentives should be strengthen to provide more opportunities for limited resource farmers. Some believed that USDA's conservation programs should focus on family and small farms. It was strongly recommended that the Secretary fully implement recommendations from the Civil Rights Action Team and the Commission on Small Farms to assist the underserved in achieving conservation on their land.

Conservation Assistance. Participants expressed concern about the lack of funding for existing conservation programs. The Environmental Quality Incentives Program, Wetlands Reserve Program, Forestry Incentives Program, Stewardship Incentives Program, Conservation Reserve Program, and the Farmland Protection Program were specifically mentioned. In addition, there was strong support for additional funding for technical assistance and research to support these programs and to carry out basic conservation activities at the field level.

Stewardship Payments. Profitability was considered key to conservation and it was believed that land stewardship would suffer given the present economic crisis in rural America. Support was expressed for use of stewardship payments as a means of providing income assistance to producers for the environmental benefits they produce rather than the traditional price support and disaster payments. Such payments were considered an important part of the "green box" discussions now taking place as a part of the WTO negotiations. Strong support was expressed pursuing legislation

authorizing stewardship payments coupled with "safe harbor" provisions for those that practice good conservation.

Farmland/Forestland Protection. Participants expressed concern about the conversion of farmland and forestland to nonfarm uses and the associated environmental and social consequences. Tax law reform was cited as a major part of the solution to reduce such conversion.

Conservation Delivery. There was a consensus that conservation partnerships, coordinated through a locally led conservation process, were critical in achieving conservation on private land. However, there were differences of opinion on the amount of regulation needed relative to voluntary efforts. There was a strong belief by most, however, that increased regulation would lead to extinction of the small family farm.

Resource Protection. Considerable public demand for natural resource protection was expressed. Major emphasis was repeatedly stated about water quality and wildlife habitat enhancement. Concern expressed on numerous occasions that the Department was not providing adequate assistance on private grazing lands. Forest health on private forestland was also raised as a concern.

Urban Conservation. The forum participants were somewhat critical of USDA's lack of conservation assistance to urban landowners. USDA was perceived as delivering crop subsidies and food programs with little recognition about its conservation efforts. A few recognized the interconnectedness of rural and urban areas.

Private Property Rights. Protection of private property rights and the taking of those rights for conservation on private land were expressed. Most participants believed that the private landowner should take responsibility for land stewardship with minimal Federal government involvement and regulation.

A major step toward responding to these issues is through support of the Administration's 2001 budget for NRCS. In releasing the budget, the Secretary said, "The President, the Vice President and I strongly believe that we must look at land as a valuable commodity instead of as a tool that can be replaced. This Conservation Initiative, which is a key part of the overall Farm Safety Net package, will build upon and strengthen stewardship by those who make their living from the land without threatening their livelihood in the process."

The proposal is an outgrowth of discussions at five regional forums on private land conservation held last fall, culminating in the USDA National Summit on Private Land Conservation held on December 7, 1999.

Ms. Kaptur: As I said, there needs to be a linkage between land use and land owners of all types. While the Summit focused on private land conservation, what can you tell us about public land conservation and how it can be integrated with private land conservation?

Response: The public/private land interface is an important issue and one that USDA has continued to address through locally led conservation. Decisions made by public land managing agencies directly affect all people, urban and rural. The nearly 3,000 conservation

districts with over 15,000 locally elected supervisors provide a public outreach forum that coordinates Federal, state and local conservation efforts with local community input. Locally led conservation is a resource driven process that stresses public outreach, conservation needs assessment and local priority setting. These local leaders bring all those with a stake in the outcome together to address nearly every aspect of natural resource conservation to find a common ground for addressing conservation concerns on both public and private land. Public and private land conservation efforts are focusing on common goals and objectives.

LOCAL GOVERNMENT CONSERVATION PROGRAMS

Ms. Kaptur: While I know you have a list of specific projects around the country that are good examples of conservation practices, can you tell us whether or not there are specific local government programs that are good examples for how we can move ahead with responsible balance between conservation and community development?

Response: There are numerous good examples where local governments provide a responsible balance between conservation and community development.

The Toledo Harbor-Maumee Basin project was put in place to harbor sediment. Federal, state and local agencies, citizens and agri-business are working with the Port Authority and landowners in the 4 million-acre Maumee Basin to reduce sediment from reaching the harbor. Rather than dredging, NRCS and local conservation districts set up Sediment Reduction Committees to work with farmers on soil erosion reduction initiatives. A unique funding mechanism involving NRCS, Corps of Engineers, and the Ohio EPA provide technical assistance and funding for the project. Harbor sedimentation has been reduced by over 15%.

The San Miguel Watershed is located in southwestern Colorado and includes the mountain resort community of Telluride. The San Miguel Watershed Coalition was formed to guide development in the watershed. The group is comprised of 21 entities represented by private citizens, community groups, and units of local, state, and Federal government. They signed a Memorandum of Understanding with the purpose of agreeing to work together. To date, they have been able to develop three groups of local regulations aimed at providing safeguards to not only the immediate growth area around Telluride but also for downstream communities. Those regulations are in the areas of wetland, watershed, and source water protection.

The Seco Creek watershed comprises an area of 267 square miles in South Central Texas. The watershed overlies the Edwards Aquifer, which is the sole source of drinking and industrial water supply for over 1.5 million people in the city of San Antonio and surrounding areas. In addition, it provides a critical supply of irrigation water for more than 103,000 acres of agricultural cropland. The Seco Creek Water Quality Demonstration Project is a cooperative project involving state and federal agencies, universities and local and regional organizations. Project goals include voluntary adoption of best management practices (BMP) to protect surface and ground water supplies from contamination from chemicals, sediment, and microorganisms. The project also engages the urban communities to reduce water-degrading elements of sediment, fertilizers and pesticides coming from towns and cities in the area by using education and stewardship programs.

In addition, NRCS and the Conservation Partnership have participated with 28 local governments to acquire easements through the Farmland Protection Program promoting a balance between conservation and community development.

LIMITING URBAN EXPANSION

Ms. Kaptur: Some states have developed special tax programs that preserve farmland by holding down property taxes so long as the land is retained for agricultural use. It helps the farmer by holding down taxes, while the public benefits from preservation of farmland. I am sure there are other programs that also try to limit urban expansion into productive areas. Can you detail for the record those state programs with which NRCS is familiar?

Response: All states in the nation have some types of policies and programs aimed to protect and preserve farmland. Farmland protection programs combine planning and zoning with voluntary, incentive-driven strategies to keep land in agriculture. Although the primary tools include agricultural protection zoning, purchase of agricultural conservation easements, transfer of development rights and agricultural districts, tax incentives have been used by all the 50 states.

Today, all 50 states have established right-to-farm laws; twenty states use purchase of agricultural conservation easements; at least 20 counties have established transfer of development rights programs; sixteen states have agricultural district laws; and at least 24 states have legislation allowing agricultural protection zones (APZ).

All 50 states have at least one real property tax incentive for the preservation of farmland. The most important property tax incentive program is differential assessment. Differential assessment programs reduce the amount of local property tax that farm owners are required to pay. There are 3 types of differential assessment programs: preferential assessment, deferred taxation, and restrictive agreement. Three states—Michigan, New York, and Wisconsin—have Circuit Breaker programs that allow farmers to claim state income tax credits to offset part of their local property tax bills. These programs relieve farmers of real property taxes that exceed a certain percentage of their income.

Farmland preservation will be most effective when it combines all the land planning and use control programs, tax and other economic incentive programs as listed above. We have provided to the Committee the publication, *Saving American Farmland: What works*, published by the American Farmland Trust, 1997. NRCS and the National Agricultural Library of USDA and American Farmland Trust supported the publication of this excellent reference. A summary printout of updated information on state farmland protection programs from the Farmland Information Center Electronic Library has also been provided to the Committee.

CUSTOMER BASE

Ms. Kaptur: As your efforts have expanded over the past several years, can you tell us what has been the mixture of calls for assistance from NRCS personnel? How much is related to traditional farming issues, to land use issues, to community development issues? How many calls are coming from farmers, from businessmen, from governmental units including park and recreational authorities?

Response: According to the Performance Results Measurement System (PRMS), in the first 5 months of fiscal year 2000, 1,145,110 (73%) customer assistance contacts were to individuals, while 427,637 (27%) customer assistance contacts were to groups or units of government. About 5% or 75,541 of these contacts were non-agricultural/urban assistance to individuals and groups.

STAFF REDUCTIONS

Ms. Kaptur: Has your staff been increasing or decreasing? If it has been shrinking, what adjustments have you made to compensate for these reductions?

Response: Beginning in 1995 and concluding in early 1996, the Natural Resources Conservation Service (NRCS) downsized and restructured above the field level in an effort to keep as many employees in the field as possible. Conducted as part of the Department's restructuring and reinvention, NRCS achieved the streamlining targets. Since 1996, permanent staff positions have continued to decrease. Permanent staff positions have declined over the past 4 years from 11,443 to a projected 10,408, or about a 9 per cent reduction. These reductions are now affecting the delivery of field office services. Coupled with reductions in temporary staff, attrition has been used to absorb reductions. Many adjustments have been required because attrition is highly unpredictable, especially by location. The agency has streamlined administrative services and reorganized field operations in many states from an individual field office servicing a county to teams that serve multiple counties. Quality management and similar techniques have been used to improve efficiencies, but maintaining service levels has reached or dropped below threshold levels. In some locations, service levels can not be maintained and in many others the efficiencies are eroding rapidly; both situations require short-term adjustments.

The adjustments made are short-term and will have the following impacts:

- Foregoing equipment purchases while increasing maintenance and safety costs. This action increases total cost over time and delays the use of the latest and most economical technologies.
- Foregoing training. This action requires more supervisory time by senior staff and limits the service range of the employee.
- Detailing staff in travel status to "cover" locations and provide the minimal mandated services. This action results in limited service of the most critical needs while increasing travel costs and accelerating the depreciation of the vehicle fleet.
- Leaving field positions vacant for extended periods. The action results in servicing of only critical needs by other offices and makes compliance activities nearly impossible.

- Service levels have been reduced. The action is normally not understood or received well by the public and results in time delays that often jeopardize program participation.
- Use of inexperienced staff in complex compliance and related technical assistance resulting in slower service.

ALTERNATE SOURCES OF ASSISTANCE

Ms. Kaptur: If NRCS were not available to respond to these inquiries, where would these individuals or groups turn?

Response: According to the Conservation Partnership Workload Analysis for fiscal year 2001 (WLA 2001), the primary conservation partners provide 15,325 staff years of technical assistance distributed among the partners as follows: Natural Resources Conservation Service - 7,644 staff years; Soil and Water Conservation Districts - 5,758 staff years; State Conservation Agencies - 758 staff years; Resource Conservation and Development Councils - 238 staff years; Others (Including Volunteers) - 527 staff years.

These four partners provide the vast majority of field-level conservation technical assistance across the country. In addition, NRCS provides about 3,957 staff years of technical expertise to develop technical standards and guides and to implement and manage national programs. If NRCS staff were not available, the remaining conservation partnership could provide approximately 7,682 staff years. However, this staff would not be sustainable without the base technical staff that NRCS provides to develop technical standards and guidance for the partnership. Conservation activities in some states with little or no conservation partnership staff would be devastated by NRCS not being available. Other states with high partnership staff would probably make the transition. There is also a small amount of technical assistance available commercially across the country. The probability of the marketplace filling the technical assistance void left by NRCS is unlikely, due to the number of producers who could economically support such assistance.

WATER RESOURCES RESPONSIBILITIES

Ms. Kaptur: The agency's name was changed a few years ago from "Soil Conservation Service" to "Natural Resources Conservation Service", to more accurately reflect your range of responsibilities. Can you tell us how much more you have been doing with water-related matters over the past three years, and what have been some of your chief accomplishments?

Response: It has been recognized for some time that soil erosion was only one aspect of resource management facing agricultural producers. Farmers and ranchers are facing challenges in resource management that greatly exceed concerns relating to soil erosion and the products of erosion. A unilateral focus on reducing soil erosion may actually exacerbate resource problems associated with water, air, plants, animals and the human components of the resource base. For this reason, the NRCS technical tools have been strengthened over the years to consider each of these resource areas in formulating management alternatives, using a systems approach. In actuality, the

name change simply reflected the gradual change in assistance that had already occurred.

Many programs administered by NRCS have contained authorities to address water and other resource issues for well over 50 years. Many of these older programs, in addition to their newer counterparts like the Environmental Quality Incentive Program, are being used to address water and air quality concerns, animal feeding operations, and numerous other resource challenges.

Ms. Kaptur: How has this recognition of water resources changed the make-up of NRCS personnel, the need for training, and collaborative research with ARS and the Land Grant system?

Response: The rapidly changing needs of today's agriculture have had a resounding impact on both the human resource requirements, and acquisition and transfer of new technology. Adjustments made to accommodate these needs include adaptation of new employee recruitment to include individuals with skills commensurate with the technical challenges, and the creation of technology institutes in the major natural resource areas. The Institutes, co-located with Land Grant colleges, facilitate the acquisition and exchange of new technology through a more direct association with research entities. The Institutes also develop training modules for field level employees.

FARMLAND PROTECTION PROGRAM

Ms. Kaptur: I believe that we need to be more proactive in protecting prime land, both for agricultural use as well as for the appreciation of future generations. I am interested in the Farmland Protection Program that attempts to get conservation easements or other interests from landowners. For what period of time are these easements obtained?

Response: The Farmland Protection Program (FPP) administered by the Natural Resources Conservation Service (NRCS) is part of the Farm Safety Net Proposal and the Lands Legacy Initiative. This program was authorized in the Federal Agriculture Improvement and Reform Act of 1996 (H.R. 2854/Public Law 104-127) for the purpose of purchasing conservation easements or other interests on lands with prime, unique, or other productive soil to limit non-agricultural uses of the land. The minimum requirement for the duration of these conservation easements is 30 years, with priority given to those offers providing permanent protection.

Ms. Kaptur: How are the lands for inclusion in the program determined? Do they have to meet special resource characterizations? Are you working state by state, or region by region?

Response: The Federal Agriculture Improvement and Reform Act of 1996 authorized $35 million for the FPP and all funds have been exhausted. These funds were distributed through a FPP Request for Proposals. Proposals were submitted to the NRCS State Offices from States, Tribes, and units of local government that had pending offers with landowners for the acquisition of conservation easements or other interests in lands that contain prime, unique, or other productive soils. A pending offer was a bid, contract, or option extended to a landowner by a State, Tribe, or local government entity to acquire a

conservation easement or other interests in land to limit nonagricultural uses of the land before the legal title to these rights was conveyed.

Criteria used to determine priority of the pending offers considered: (1) The quality of the land considering the soil, economic viability, size, and product sales; (2) other factors including the scale of the contiguous tract, historical, scenic, and environmental qualities; and (3) the likelihood of conversion considering developmental pressure, zoning, utility availability and other related factors.

The Federal Agriculture Improvement and Reform Act of 1996 authorized the Farmland Protection Program to purchase conservation easements for land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purpose of protecting topsoil by limiting nonagricultural uses of the land. This authorization limited participation to those states with state farmland protection programs. Presently, 19 states and 52 government entities across the country are participating in the FPP.

Ms. Kaptur: Can the landowner get out of the easements through the repayment of fees paid or a fine?

Response: The answer lies in the language of the easement and the case law of the state in which the subject property lies. Essentially, a landowner is selling off their development rights when they enter into an FPP easement so they cannot change their minds. Generally, the only way a landowner could get an easement terminated is to go to court and try to get the easement extinguished. If successful, the purchaser would have to pay back to the grantees the value of the development rights. Each state has its own case law which would govern whether and how difficult it would be to extinguish an easement without consent of the grantees.

Ms. Kaptur: While I know that we are concerned about farmland being converted to other uses, I am also concerned about what other landowners might do with their lands. People can own land waiting for the next shopping center, and in the meantime it lies in a non-productive use. Governments can own land through forfeiture or condemnation just as well as they can through designations of a parcel as a park. Do you offer the opportunity for these other landowners to participate in your conservation programs?

Response: Participation in the Farmland Protection Program administered by the Natural Resources Conservation Service is restricted by the authorization. The Federal Agriculture Improvement and Reform Act of 1996 authorized the Farmland Protection Program to purchase conservation easements on land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purpose of protecting topsoil by limiting nonagricultural uses of the land. The Farmland Protection Program authorization allows landowners to sell development rights enabling the land to remain in agricultural use rather than being converted to other uses. Units of government are able to participate through the purchase of conservation easements. Easements are for a minimum duration of 30 years and preferably in perpetuity so this may not be an option for all landholders.

Ms. Kaptur: For our understanding, how would you characterize lands around the United States compared with 100 years ago in terms of the acreage devoted to agricultural, industrial or commercial, residential or recreational use?

Response: The National Agricultural Statistics Service reports that in 1900 there was just under 842 million acres of land in farms. It grew to about 1 billion acres by the 1920's and then began declining slightly between 1978 and 1982 to reach the current day level of about 932 million acres. Land in farms includes cropland, pasture, range, and woodland. Cropland acreage grew to about 420 million acres in the 1920's and has remained at about that level up to today. However, cultivated cropland changes annually in response to market conditions and agricultural productivity. Currently, there is about 325 million acres of cultivated cropland. Today's cropland was previously forest, range, pasture, or wetlands. The majority of cropland is on high-quality soils in landscapes conducive to agricultural production. Most of the cropland is well cared for, but, we have identified that there is about 112 million acres excessively eroding and in need of conservation treatment. In many areas, of the U.S. near or adjacent to present-day urban areas conversion of agricultural land to development represents permanent loss of the arable land base. Near-term trends in the last 15 years have been documented recently in the NRI. The extent of developed land was 5% (76 million acres) of the total U. S. land base in 1982 and 7% (105 million acres) by 1997. This does not pose a threat to our capability to produce food and fiber now or in the future. The concern that has been voiced, however, is the continued fragmentation of farm and forest land in developing areas, potential impacts on water quality, water supply, wildlife habitat, quality of life, and other concerns such as flood control. Over the past 100 years, developed land has increased as a result of settlement of the U. S., population growth, and increasing urbanization. According to the Census of Population we have grown from 76 million people in 1900 to over 270 million in 1998. Results from our 1997 NRI show that New Jersey, Massachusetts, Rhode Island, and Connecticut lead the nation in terms of percent of land area developed. Texas, Pennsylvania, Georgia, Florida, and North Carolina topped the nation in land developed between 1992 and 1997. About 2/3 of the development is occurring in metropolitan areas but there are also many small communities and rural areas experiencing rapid growth throughout the country.

Ms. Kaptur: We often hear about the shrinking number of farmers in our country, while our production capability seems to be expanding. Much of this is due to improved farming techniques and efficiencies. But there seems to be a logical breaking point at which we cannot expect to maintain our productive capacity if we continue to shrink our productive resources. Are you concerned that we may be approaching that Point?

Response: Yes, there is concern that as the productive resources shrink, the pressures and demands on our land will mount. While the number of farms in the United States grew slightly for the third year in a row, the acres of land in farms continued to fall. *(USDA, NASS Agricultural Statistics 1999, Table 9-2)* One area of concern is the manner in which land is being converted from agriculture to other uses, in particular, the conversion that leads to urban sprawl. The conversion of prime farmland, for example, will present a major problem

down the road if we are forced to use marginal land to keep up with production demands as the production per acre curve continues to flatten. Also, as we produce on fewer acres, the job of natural resource management will become more critical and complex and will require greater community cooperation. Additionally, with the number of small farms increasing, there will be a greater demand for technical assistance and the ability for small farm family operators to make a "living wage" is of increasing concern.

COMMUNITY/FEDERAL INFORMATION PARTNERSHIP

Ms. Kaptur: You talk about communities, businesses, academia and citizens having greater access to geospatial data, and you request $5 million for long-term development and maintenance of this data. What is the basis for this number? Is this simply initial planning money, and if so what do you project the five-year cost of this project to be?

Response: Five million dollars is the minimal funding which will allow us to enter into a limited number of cooperative data development partnerships at the local level. Additional funds will be required to address the full scope of local data needs and we anticipate requesting such funds in subsequent years. These funds will allow NRCS to leverage resources with others, generate and maintain critical data in selected areas and offer the data to the public via the Internet.

Ms. Kaptur: At this point, who do you expect will hold, maintain and disseminate this data? Is this going to be a centralized collection or will it be disseminated through either NRCS or other private facilities around the country.

Response: A portion of the requested funds would be used to establish geo-data servers that will provide both NRCS field staff and public access to data. We are presently detailing our geospatial data delivery mechanism for field-based initiatives and much of the strategy is dependent upon funding levels. However, our vision is to ensure accessibility to non-sensitive, high quality, timely and relevant geo-spatial data for resource management through a series of nested servers supported by both NRCS and partners. Public access to data through web based data servers supports this effort.

Much of the small-scale data (most detailed) will be generated, updated, and maintained at the local level through cooperative partnerships and agreements. At this level, the most up-to-date data will be available to users. Existing national NRCS data centers will address long-term data archival, large-scale data dissemination and regional data needs. Data generated at the local level will be fed at regular intervals to central archival locations for long-term storage and access. All servers will be linked and conform to Federal Geographic Data Committee (FGDC) guidelines to facilitate data distribution. These distributed data delivery hubs will contribute to the National Spatial Data Infrastructure and further contribute to NRCS' adherence to Executive Order 12906.

Ms. Kaptur: There is a consortium in my state called OhioView that is composed of a number of universities including the University of Toledo and Bowling Green State University in my District. They are interested in addressing environmental degradation as a consortium in conjunction with Bob Parkinson, the GIS and Remote Sensing Specialist

at the main NRCS office in Columbus. Is this the kind of project that would fit under your geospatial effort?

Response: This type of partnership and collaborative effort would fit under our present concept of the Community/Federal Information Partnership (CFIP) funding. The keys to OhioView success have been the agreement on a product by a diverse group, adherence to recognized standards, delivery in a recognized format and defining the public delivery mechanism. This type of cooperative effort resulting in a less expensive, valuable outcome is critical to the ability of NRCS staff and partners ability to offer timely customer support.

Ms. Kaptur: How much of this information is coming to you from NASA? Given the news stories of the lands mapping project in this last Shuttle Mission, one would expect that NASA is likely to have a strong ability to contribute to this project.

Response: As a member of the Federal Geographic Data Committee, we are committed to the cooperative development of geographic data meeting a multitude of applications. We use data from many other federal agencies and partners. Though the data resulting from the recent Shuttle Radar Topography Mission (SRTM) will be of tremendous value to the scientific and defense community, the resolution will not be adequate for our field based applications. Once the data is available for review (estimated at 12 months), we will re-evaluate this assessment for both our local needs and broader regional planning applications. Presently, our detailed imagery needs are sufficiently met through partnership arrangements with the National Digital Orthophoto Program (NDOP) Steering Committee who coordinates the development of the digital orthoimagery. Additional NASA datasets are available and serve well for regional applications as opposed to the more detailed requirements of local planning.

Though the digital ortho imagery data offers a greater level of resolution than the SRTM product, customers and partners frequently request greater detail than the digital orthophotoquad (DOQ) presently offers. As GIS technology and user knowledge increase, so do the demands for high quality and high-resolution data.

COMMON COMPUTING ENVIRONMENT

Ms. Kaptur: Will any part of the geospatial data project be dependent upon the further development of the Common Computing Environment?

Response: The geospatial data project is dependent upon the existence of the Common Computing Environment (CCE) in order to realize its full benefits and potential. Making use of geospatial information about USDA customers and the management of their natural resources requires the appropriate software, computers, and telecommunications capabilities. The CCE project is moving forward to implement those capabilities and fully support the use of geospatial data. The CCE has provided computers that have sufficient power to process geospatial data and associated applications as well as printers that can be used to create maps and reports based on geospatial data. We are working this year to acquire the initial components of an enterprise Geographic Information System (GIS) solution that will be used by the Service Center agencies to manage and apply geospatial data in the course of

servicing USDA customers. Finally, the CCE expects to purchase servers and data storage facilities over the next two years that will help collect, manage, and distribute geospatial data to meet local Service Center, state, regional, and national needs.

Ms. Kaptur: Where are you at in the development of the common computing environment? Have agreements been reached across agency lines with respect to hardware, software needs, and other specialized issues, or are these matters still awaiting final decision?

Response: The Common Computing Environment (CCE) has reached agreements on several key issues across agency lines and has begun implementation of these components as funding has allowed. The agreements have resulted in the following accomplishments:
Purchased approximately 30,000 new computers (combination of desktop and laptop systems) for all three Service Center agencies. All of these computers were set up the same way, with a single configuration that allowed for the use of any machine by any employee from the three agencies. Also, each of these new computers came with common office automation software that is being used by all three agencies and has dramatically improved the sharing basic information.

Purchased approximately 7,000 new printers for all three agencies, which have been distributed so that every Service Center has one of each of the new types of printers. These printers are connected to the local network and can be used by anyone in the Service Center to create quality products for USDA customers.

Agreement has been reached on a single enterprise Geographic Information System solution for the three agencies. Activity is underway to collect funds and complete the initial purchase of this solution this fiscal year.

Agreement has been reached on common network servers for connecting, supporting, and managing the workstations that were previously acquired. Current funding projections show that some of these servers will be purchased this fiscal year, with the balance to be acquired next fiscal year.

Common hardware and software tools for supporting reengineered applications and migrating legacy applications have been selected and are being used to develop the initial Business Process Reengineering pilot applications.

Considerable work has been completed to establish a common electronic access capability that will provide information and services internally to employees and externally to USDA customers. A shared approach to creating and operating web farms, tools to develop web-based applications, and common security provisions is being implemented.

There is still one major issue where there is not agreement among the three agencies on the specific solution that will be implemented as part of the Common Computing Environment. Connectivity of the FSA legacy computer systems to the network and the other two agencies' systems has still not been resolved. There is a study underway that is being sponsored by the USDA Chief Information Officer which is expected to provide a resolution on this issue by June. The final connectivity solution could have a significant impact on the hardware that will be used for the network servers and how FSA applications are migrated to the CCE. Also, the selection of this solution could also impact other components of the CCE including electronic mail, document management,

groupware, relational database software, and remote system management utilities.

INTERNATIONAL RELATIONS

Ms. Kaptur: Can you tell me how often and under what circumstances NRCS personnel participate in conservation efforts between nations, or within other nations? Please give us examples of some of these efforts.

Response: During fiscal year 1999, NRCS participated directly with other nations in long- and short-term technical assistance assignments involving 37 specialists and in scientific and technical exchanges involving 13 specialists. Some examples include:

Technical Assistance

District conservationist and resource conservationist provided technical services and leadership in initiating, developing, and coordinating natural resource programs in the Federated States of Micronesia and the Republic of Palau.

Under the auspices of the U.S./South African BiNational Commission (BNC), seven NRCS staff worked with South African counterparts to develop a framework for the Sustainable Use Resources Technical Guide, an adaptation of the NRCS Field Office Technical Guide to South African culture and conditions. Four NRCS staff worked as part of a joint U.S./South African team to assess the South African Landcare Program.

In response to USAID, NRCS provided two technical staff to assess the damage caused by Hurricane George in the Dominican Republic and Eastern Caribbean. To assess the damage by Hurricane Mitch in Nicaragua and Honduras, NRCS staff completed 15 assignments. The focus in Nicaragua was Emergency Watershed Protection Project work; and in Honduras, the assessment involved reclamation of agricultural land and watershed rehabilitation.

Scientific and Technical Exchanges

China continues to be a major player in exchanges. Three NRCS specialists participated in two outgoing exchanges. Two specialists collaborated with the Yellow River Conservancy Commission in collecting new plants for conservation.

A three-person team visited The Netherlands to interact with officials of the Nature Management and Fisheries Department, Dutch Ministry of Agriculture, to learn of their approach on nutrient and water quality issues associated with animal agriculture.

NRCS scientists collaborated with New Zealand Landcare researchers in the first-ever visit to Antarctica, to install soil moisture and temperature sensors.

Ms. Kaptur: I believe that there may have been cases in the past where NRCS personnel might have been involved in such international projects when funding had been provided by the U.S. Agency for International Development (AID). Can you describe for us the circumstances of those projects? Were they proposed by AID, NRCS, other governance, or other private volunteer organizations (PVOs) or other non-governmental organizations (NGOs)?

Response: The primary source of funding for NRCS technical assistance is AID. USDA's Foreign Agricultural Service (FAS) has an agreement with AID (in force since 1961) whereby agencies of USDA, including NRCS, are called upon to provide technical assistance to AID projects around the world. These projects were proposed by AID, through FAS.

Ms. Kaptur: Where have these projects occurred?

Response: During fiscal year 1999, these reimbursable technical assistance projects occurred in South Africa, the Caribbean, and Central America.

Ms. Kaptur: I am very familiar with some special water needs in Lebanon, Israel, Palestine, and the Ukraine. Have any NRCS personnel been involved in projects in these areas? If so, please detail the projects for the record.

Response: An NRCS economist served as a cooperative development specialist under USDA's Foreign Agricultural Service's Commercial Agriculture Development Program, November 2-December 12, 1998, in the Ukraine. Our economist coordinated local education and development efforts to facilitate formation and operation of cooperatives, primarily in the Odessa and Kiev Oblasts. No NRCS personnel were involved in any of the other countries.

REHABILITATION OF WATERSHED STRUCTURES

Ms. Kaptur: Your testimony, Mr. Reed, talks about the need for rehabilitating flood control structures built 30 to 50 years ago. You suggest over 2,200 structures in 22 states as candidates for this program. First, can you detail for us where these structures are located?

Response: There are approximately 10,500 dams nationally. Last year, NRCS conducted a rapid survey of known rehabilitation needs. Currently, we are aware of over 2,200 dams located in 22 states that have known rehabilitation needs. These 22 states include:

National Summary of

Known Rehabilitation Needs

On Dams built by PL-566, PL-534, Pilot, and RC&D

April 1999

State	Total No. of Project Dams	No. of Dams Needing Rehab.	Estimated Tech. Asst. Funds Needed	Estimated Fin. Asst. Funds Needed	Estimated Total Funds Needed
Alabama	109	71	25,523,700	$18,413,000	$43,936,900
Arkansas	201	77	4,714,000	15,712,950	20,426,950
Colorado	152	49	8,460,000	19,646,000	28,106,000
Georgia	357	129	14,183,180	70,915,900	85,099,080
Illinois	64	36	2,385,300	7,951,000	10,336,300
Indiana	127	41	3,240,000	10,800,000	14,040,000

Iowa	1,187	284	4,644,000	15,480,000	20,124,000
Kansas	792	97	4,434,000	14,780,000	19,214,000
Kentucky	195	105	4,543,350	15,144,500	19,687,850
Mississippi	578	84	7,053,104	23,401,335	30,454,439
Missouri	659	244	5,248,000	15,900,000	21,148,000
Nebraska	900	294	900,000	2,700,000	3,600,000
New Mexico	71	17	2,200,000	20,160,000	22,360,000
New York	53	49	516,750	1,722,500	2,239,250
Ohio	77	46	1,644,000	5,480,000	7,124,000
Oklahoma	2,094	190	12,168,000	40,560,000	52,728,000
Pennsylvania	91	14	127,000	690,000	817,000
Tennessee	137	43	2,572,700	9,571,000	12,143,700
Texas	1932	283	19,427,850	64,759,500	84,187,350
Virginia	144	16	2,355,000	7,420,000	9,775,000
West Virginia	167	34	10,746,000	42,600,000	53,346,000
Wisconsin	86	42	539,000	1,793,000	2,332,000
Totals	10,172	2,245	$117,625,134	$425,600,685	$543,225,819

Ms. Kaptur: I understand that there is growing concern with small dams built with NRCS assistance that may now be nearing the end of their useful lives. What problems are created, as they grow older? Who is responsible for these dams and for assuring their safety? How much funding is needed to repair and rehabilitate the dams?

Response: Today, there is growing national interest and concern that many of the early upstream flood control dams, that resulted from the Flood Control Act of 1944 and the Watershed Protection and Flood Prevention Act of 1954, are at or near the end of their 50-year design life and pose a public safety issue.

Many of these small, upstream flood control dams resemble large farm ponds. They are part of a full complement of land and water conservation practices on private lands aimed at the basic conservation principle of holding the raindrop high in the watershed as close to where it strikes the land as possible.

The Small Watershed Program has a 50-year tradition of protecting lives and property and conserving natural resources. Administered by the Natural Resources Conservation Service (NRCS), the watershed program assists local communities with technical and financial assistance to take a comprehensive approach to address local natural resource concerns.

Public Safety Concerns

Local communities, with assistance from NRCS, have constructed more than 10,000 upstream flood control dams since 1948. Many of the older small dams have significant rehabilitation needs. Some pose a threat to public safety to those downstream from the dams or who use the reservoirs as a source of drinking water. Other dams have the potential for creating adverse environmental impacts in the same downstream floodplain that they have been protecting.

Benefits of Watershed Protection Projects

Watershed projects, which are organized and operated by local sponsors, provide flood control, municipal and irrigation water supply, recreation, erosion control, and wildlife habitat enhancement on more than 130 million acres in the nation.

The nation's Small Watershed Program yields annual benefits of nearly $1 billion annually. Projects reduce flooding to prime farmland, highways, communities, and residences, and conserve natural resources. They are an integral part of communities in every state in the nation. They represent a $14 billion national infrastructure investment of local, state and Federal partnerships that beneficially impact thousands of people's lives every day.

Time Takes Its Toll

Many project areas now are in a far different setting than when they were originally constructed. Population has grown, development has occurred upstream and downstream from the small dams, land use changes have taken place, sediment pools have filled, structural components have deteriorated, and many do not meet state dam safety regulations that have been enacted and revised with more stringent requirements since the dams were built.

Many of these dams lie in upstream agricultural areas and are unknown to most residents who are protected by them. Many are quietly deteriorating as time takes its toll on their components. Unless something is done to rehabilitate or, in some cases, to remove them, they pose a public safety issue.

Rehabilitation Opportunities

In addition to addressing human health and safety issues, rehabilitation provides opportunities for communities to provide new benefits, such as adding municipal and irrigation water supplies, firefighting water sources, recreation, and wetland and wildlife enhancements. All rehabilitated dams will meet all state and federal environmental and safety standards. In limited cases, where flood control can be achieved by other measures, dams may even be removed and the site restored to natural conditions to the extent possible.

Ownership

Watershed project sponsors are the owners of the dams and are responsible for their safety. Project sponsors must be legal subdivisions of state government and include counties, towns, villages, parishes, cities, conservation districts, other special purpose watershed districts, and state government.

Funding Needs

There are approximately 10,500 dams nationally. Last year, NRCS conducted a rapid survey of known rehabilitation needs. Currently, we are aware of over 2,200 dams located in 22 states that have known rehabilitation needs. In order to obtain a detailed cost and risk associated with this concern, a comprehensive assessment should be

conducted. We estimate the cost of such an assessment to be approximately $15 million. Nonetheless, experts knowledgeable in this field and experienced in this area estimate the total cost to address all rehabilitation needs to be over $1 billion over the next ten years.

WATERSHED AND FLOOD PREVENTION OPERATIONS LOAN PROGRAM

Ms. Kaptur: The Administration's budget proposes a new loan program to help address these needs. How would this program work? What other resources are available to address needs for small dam rehabilitation and repair?

Response: Project sponsors could apply for subsidized loans totalling up to $60 million per year. Loan approvals would be based on risk to human health and safety. Subsidy costs and staff costs to administer the loan program would be paid from the on-going watershed operations account.

Currently, many watershed project sponsors only have funds available to conduct routine operations and maintenance and do not have taxing authority or escrow accounts to address the substantial costs for rehabilitating dams. Sponsors in a few states are attempting to get their state legislatures to provide cost-share match in anticipation of new Federal legislation.

Ms. Kaptur: Given that these projects were initially built in rural areas, are all of these 2,200 structures still classified as rural, or do the now fall under the jurisdiction of the Environmental Protection Agency and its programs?

Response: Over the last fifty years, many of the rural settings in which the dams were originally constructed are now dotted with residential commercial development. Dams that were originally built to protect agricultural land and serve agricultural purposes, are now protecting towns, suburbs, shopping centers, retirements homes, etc. These dams were originally built as "low hazard" and due to growth and development, require upgrading to higher safety standards since they are now classified as "high hazard" due to their threat to life and property, should they fail.

Many of the older small dams have significant rehabilitation needs. Some pose a threat to public safety to those downstream from the dams or who use the reservoirs as a source of drinking water. Other dams have the potential for creating adverse environmental impacts in the same downstream floodplain that they have been protecting. Many project areas now are in a far different setting than when they were originally constructed. Population has grown, development has occurred upstream and downstream from the small dams, land use changes have taken place, sediment pools have filled, structural components have deteriorated, and many do not meet state dam safety regulations that have been enacted and revised with more stringent requirements since the dams were built.

We are not aware that EPA has any jurisdiction over existing dams concerning dam safety or rehabilitation.

Ms. Kaptur: If any of these or other similar projects do fall under EPA, how are you coordinating with them to be sure the work gets done?

Response: We are not aware that EPA has any jurisdiction over existing dams with respect to dam safety or rehabilitation. We are not aware of any existing Federal statutory authority to rehabilitate Federally-assisted dams.

SERVICE CENTER MODERNIZATION PLAN

Ms. Kaptur: Are there any FY 2000 appropriated funds being held by USDA to support or implement the Service Center Modernization Plan?

Response: No funds are being "held" by USDA. The National Food and Agriculture Council (NFAC) Service Center Initiative (SCI) pursues implementation of the plan with a budget contributed by the partner agencies. In FY 2000, the agencies are planning to invest approximately $60 million. This level of investment includes the $12.6 million appropriated to the Office of the Secretary for the common computing environment (CCE).

Ms. Kaptur: Does the Service Center Modernization Plan contain any language concerning administrative convergence or the Support Services Bureau?

Response: Yes, the Service Center Modernization Plan speaks to the issue of the Support Services Bureau (SSB) as proposed by the Secretary. The plan speaks to the initial transition planning that had been underway to move certain administrative business projects and information technology functions to the SSB once established. The plan specifically addresses the Congressional prohibition on using FY 2000 Appropriations for the establishment of the SSB.

RC&D APPLICANT AREAS

Ms. Kaptur: How many applications for RC&D designation do you currently have at this time, and what level of additional funding is needed to designate these areas?

Response: As of March 6, 2000, there are 47 applications on file for designation. The average cost to NRCS to fully support an RC&D Area is approximately $154,000 per year. Full support to a designated area includes a Federal coordinator, a half-time administrative assistant, a computer, office space, related utilities, supplies, a vehicle, and management at the state and national levels. To fund these applicant areas the agency would need an additional $7.24 million in RC&D appropriated funds.

Ms. Kaptur: Can you support the RC&D program at the current funding level? What level of funding is needed to fully support the program?

Response: The current funding level has made it extremely difficult for the agency to support the 315 designated RC&D areas. The national average cost to provide basic support to an area council is $154,000 per year. For a number of years, the appropriation for this program has not kept pace with normal increases in operating costs (rents, employee salaries, utilities, vehicle maintenance, etc) nor for the additional areas designated for support (since 1990, the number of designated RC&D areas has increased by 50 percent). Our current appropriation is $35,265,000, or approximately $111,952 for the 315

designated areas. This shortfall has caused the agency to further curtail basic support for the councils by keeping vacancies open for extended periods, reducing travel and training, limiting vehicle mileage and maintenance, reducing office costs, etc. These types of cutbacks in basic support are limiting the effectiveness of the Councils as well as our ability to provide technical assistance. The funding level needed to fully support the RC&D program with its current 315 designated areas is $48.51 million.

Ms. Kaptur: Why is RC&D so unique? What makes it different from other federal programs like Economic Development Districts, the EZ/EC?

Response: The major difference between the RC&D program and programs such as the empowerment zones/enterprise communities (EZ/EC) or the economic development district (EDD) program is that RC&D is not simply a grant program. The EZ/EC and EDD are excellent Federal programs that provide financial assistance and other incentives to designated communities. RC&D is a technical assistance program that encourages the blending of sustainable management of natural resources with local economic and social values and goals. Program objectives address improving the quality of life, including social, economic and environmental concerns; continuing prudent use of natural resources; and strengthening local citizens' ability to utilize available sources of assistance through USDA and other Federal agency partnerships. The RC&D program complements other Federal programs.

The RC&D Council consists of volunteers representing public and private sector sponsors and other local organizations. These organizations represent a diverse cross-section of community interests. The RC&D becomes a not-for-profit entity to address issues of importance to the communities the Council represents. The RC&D forum allows citizens to provide local solutions for local problems. They undertake community driven actions that are strategically focused on regional resource conservation and economic viability.

The support currently provided to designated RC&D Areas by USDA, primarily through NRCS, includes a full-time Federal coordinator, a half-time administrative assistant, computer, office space and related utilities and supplies, and a vehicle. In other words, the Federal investment is to make available a skilled USDA employee who provides technical assistance and access to USDA and other resources. Federal resources are used efficiently and judiciously and only when local resources are inadequate to get the job done. This staff assistance to the RC&Ds allows funds generated from other sources to be used for project implementation rather than staffing an organization.

Federal technical assistance to communities is not a one size fits all item. Meaningful assistance must be tailored to meet the needs of a particular community in order to produce true local empowerment. The RC&D program provides this. The Federal staff does not dictate or decide what to do but facilitates and supports the local planning process. The program allows for the incorporation of all sources of funding assistance (Federal, state, local, private, charitable) into a Federally facilitated self-help program. The technical assistance reduces staff costs of other Federal programs.

Many RC&D Councils have helped form Economic Development Districts in their areas. Numerous RC&D Councils have helped communities come together to apply for Empowerment Zone or Enterprise Communities. In the last round of EZ/ECs, the Clinch-Powell RC&D in Tennessee was

instrumental in the success of the designation of an Enterprise Community in the area.

The RC&D program has a 36-year history of incredible success across the Nation. The program continues to be successful because it allows communities the flexibility to make decisions as their problems evolve and change. The program is in high demand with 47 areas waiting for designation as a USDA RC&D. Nationally, more than 73% of the Nation's counties and almost 64% of the US population is represented by RC&D Councils. Thus, the RC&D program has a far more extensive network assisting communities than those currently involved in the EC/EZ program.

Ms. Kaptur: RC&D Councils support conservation of natural resources and the development of sustainable communities throughout the United States and its territories. RC&D has proven to be a very successful model of public-private cooperation throughout the nation. Why was the RC&D program left out of the President's conservation initiative?

Response: President Clinton's FY 2001 budget initiative is designed to broaden Federal support to more producers of more commodities in more areas of the country. The initiative includes four complementary proposals: 1) enhance the farm income support provided by the 1996 Farm Bill with supplementary counter-cyclical income assistance, targeting payments to producers facing reduced revenues; 2) increase environmental benefits and farm income through expanded conservation programs; 3) improve risk management by reforming the crop insurance program to provide better protection against natural disasters; and 4) expand economic opportunities in farm and rural areas. However, NRCS will have the operational lead for administering the Conservation Security Program and anticipates there are a number of roles that partners such as the RC&Ds can play, especially in facilitation and education in the rural communities. The RC&Ds can also play a major role in working with the Federal government through the proposed new cooperative development program to provide equity capital for new livestock and other processing cooperatives and the new bioenergy program to encourage greater use of farm products for production of biofuels. Many RC&Ds around the Nation have experience in the formation of cooperatives and value-added industries. RC&Ds in the mid-West are actively working on projects involving bioenergy through the use of biofuels. We feel that there will be opportunities for the RC&Ds to access funds and resources through this Initiative.

Ms. Kaptur: What was the funding level originally requested by the NRCS for the RC&D program, prior to OMB passback?

Response: NRCS requested $46,602,000 for the RC&D program to the Department. The Department requested $42,071,000 for the RC&D program to OMB. The OMB passback was $36,265,000.

CCC FUNDED TECHNICAL ASSISTANCE

Ms. Kaptur: There has been some concern that NRCS may not have sufficient funding available through the CCC to carry out its conservation technical assistance functions for CCC-funded programs such as the Conservation Reserve Program and the Wetlands Reserve Program, due to the "section 11 cap" and other constraints. I'd like to ask a series of questions in this regard.

First, do you have sufficient funds available for the current fiscal year to maintain current levels of permanent and temporary staff at NRCS through the end of the fiscal year? If not, how many staff positions would you need to reduce if you do not receive additional funding? When would these reductions be made?

Response: NRCS can maintain permanent staffing levels supported by appropriated funds provided in FY 2000. In many states, part-time employees have already had work schedules reduced or eliminated for this fiscal year. In most states, measures have been taken to reduce costs or to defer cuts to future years. It is going to be extremely tight and we do not yet know what, if any, more extreme measures will be needed. So we are foregoing travel, vehicles, office supplies, and any other controllable expense to avoid losing any of our permanent work staff.

Ms. Kaptur: How much additional funding (through CCC transfers or otherwise) would be needed to maintain current levels of employment at NRCS through the end of the current fiscal year?

Response: For fiscal year 2000, NRCS would need an additional $33.2 million for CRP, based on the latest FSA estimates, and $1.3 million for WRP. Additionally, the Forest Service would require an additional $1.5 million for CRP.

Ms. Kaptur: Turning to the coming fiscal year, FY 2001, how much funding will be available to NRCS through the CCC for technical assistance under current law?

Response: Approximately $6.76 million in CCC funding would be available to NRCS to enroll the remaining 40,000 acres under the current WRP acreage cap and to maintain the existing 935,000 acres currently enrolled.

Ms. Kaptur: How much do you believe would be needed to meet your basic technical assistance responsibilities for CCC-funded conservation programs in FY 2001, if the CCC programs such as CRP and WRP remain at the levels set by current law?

Response: It is estimated, NRCS would need approximately $80.36 million to provide the technical assistance necessary to carry out the WRP and CRP programs at their current authorized levels. The Forest Service would require an additional $3.5 million.

Ms. Kaptur: How much more would be needed if the CCC conservation programs are expanded as proposed in the Administration's Farm Safety Net Initiative?

Response: An additional $30.59 million would be necessary for NRCS to provide the required technical assistance for the proposed expansion of the WRP, CRP, and the FPP. Also, it is proposed the $90 million of the requested $600 million program level for the new Conservation Security Program be used for technical assistance and these funds would come from CCC, but would not be subject to the Section 11 cap.

ANIMAL FEEDING OPERATIONS

Ms Kaptur: Your budget proposes a substantial increase in funding (from $56 million to $87 million) within the Conservation Operations account for work connected with Animal Feeding Operations. What, specifically, is NRCS doing in this area? How would you use the increase?

Response: This increase will help NRCS provide the voluntary component of the USDA/EPA Unified National Strategy for Animal Feeding Operations (AFOs). The proposal will allow NRCS to provide increased assistance to small and limited resource farmers (less than 150 animal unit operations) as well as mid-sized operations (150 - 1,000 animal unit operations).

The NRCS fiscal year (FY) 2000 budget provides $55.87 million in ongoing technical assistance through Conservation Technical Assistance (CTA) for addressing the AFO workload. Of the $55.87 million, Congress earmarked $7.87 million in CTA which NRCS is using to prepare the technical tools and NRCS' field and partner conservationists for delivering comprehensive nutrient management plans (CNMPs) to AFOs beginning in FY 2001.

The FY 2000 earmark is being directed to such activities as issuance of final CNMP Technical Guidance; continued implementation of NRCS Nutrient Management Policy by states; development of training course materials and implementation of training for NRCS and partner field staffs in nutrient and pest management, agricultural waste management systems design, and animal husbandry and feeding management; development of certification process for CNMPs; and update and revision of AFO-related conservation practice standards.

The remaining FY 2000 technical assistance through CTA will be directed to providing agricultural waste management planning and implementation assistance to AFOs.

In FY 2001, NRCS will begin providing CNMP technical assistance to AFOs. A typical AFO will receive the following: field visit, environmental and natural resource assessment, soil information and testing, evaluation of manure utilization requirements, development of manure and nutrient management plans, design preparations, survey and layout practices, quality control during construction of practices, maintenance information, follow-up activities, and revision and fine-tuning of plans and practices, as needed. NRCS will designate $12 million to continue start-up expenses for the delivery of CNMPs, such as: continuing the develop of new, science-based technical information; training employees and others who will assist; and implementing an outreach, information, and education program.

GLOBAL CLIMATE CHANGE

Ms. Kaptur: Your budget request for Conservation Operations includes at least $15 million for work related to global climate issues. What does this work entail and what are it's benefits for agriculture?

Response: Most of the things that agriculture can do to both mitigate and adapt to climate change involves applying conservation practices and systems to build the health and resilience of the soil and the landscape resources that support agriculture. Promoting and facilitating these activities are entirely consistent with the

conservation mission of the agency. This budget initiative will improve the agency's knowledge infrastructure for technical assistance, and will help evaluate the effectiveness of its policies and programs to assist producers achieve their conservation goals.

Specifically, the increase of $15 million in the budget request will allow the agency to develop tools to help agricultural producers both plan and predict soil carbon under various conservation and production systems. It will also allow analysts to estimate soil carbon at regional and national levels, and under various policy scenarios. In addition, the initiative will establish regional field level pilots to test the effectiveness of various incentive systems and planning tools to encourage carbon sequestration and emissions reductions conservation systems.

Proposed activities include: development and testing of standardized field carbon data collection protocols; directed field collection of soil carbon data; utilization and analysis of historic soil carbon data; verification of carbon prediction model outputs for local, field application; acceleration of digital on-line soil data product delivery systems; and, enhanced soil data linkages to cropland, rangeland, and forestland management systems. In addition, modeling and inventory protocols and scaling techniques will be tested and evaluated for regional and national carbon stock assessments.

This initiative will benefit agriculture, while facilitating the provision of environmental benefits to society as a whole. Most activities to increase carbon in soil or in above ground vegetation also reduce erosion, improve agricultural productivity, improve water quality, and enhance wildlife habitat. For example, increased soil organic carbon increases rainfall infiltration into the soil, along with the soil's water and nutrient holding capacity. This improves water quality, reduces erosion, reduces the amount of fertilizer inputs required to produce a crop, and increases resistance to drought and flood.

This budget initiative will directly help producers achieve their goals to increase carbon on their land. It will also help to establish scientific groundwork for producers' efforts to market and sell "carbon credits" as a new commodity. Finally, it will help to track the effectiveness of policies and programs for traditional and emerging conservation objectives.

NATIONAL RESOURCES INVENTORY

Ms. Kaptur: I believe that a couple of months ago USDA released a study called the National Resources Inventory, which provides data on the health of our agricultural and forest lands, looking at indicators such as soil erosion, tree and forest cover, wetlands gains and losses, and the rate at which forest land is being converted to other uses. Could you tell us a bit about what that study show? Are we moving forward or backward in maintaining our rural lands in good condition?

Response: The recently released National Resources Inventory shows that significant progress has been made by our nations farmers and ranchers in reducing erosion 38 percent between the early 1980's and the end of 1995 when provisions in the 1985 Farm Bill were scheduled for full implementation. However, there remains to be a lot more that can be done because erosion levels have remained constant at about 2 billion tons per year since 1995. Currently 112 million of the 375 million acres of our nations working cropland continues to erode

excessively. Excess erosion is a prime indicator for water quality and environmental concerns. Analysis of changes in wetland acres has not yet been completed. Initial estimates on changes in wetlands indicate that the annual rate of change in wetlands from cropland, pasture, and Conservation Reserve Program land remains at about 24 thousand acres per year. The complete analysis will address wetland gains and losses on all land uses and is expected to be available later this year. Another of our continuing concerns is with the fragmentation of farm and forest lands. About 56 percent of the 16 million acres developed between 1992 and 1997 was crop, pasture, or range land in 1992 (27% cropland, 19% pasture, 10% range land). Forest land, mostly in the eastern and southern states, amounted to 40 percent of the land developed between 1992 and 1997.

QUESTIONS SUBMITTED BY MS. DELAURO

AQUACULTURE IN NEW ENGLAND

Ms. DeLauro: As you may know there is a crisis in the aquaculture sector of New England. The Long Island Sound is experiencing a 64% to 99% loss in its lobster catch. What can the NRCS do to help Connecticut lobster fisherman address and survive this crisis?

Response: Pollution and *hypoxia* due to point and non-point sources of pollution continue to plague aquaculture in the western portion of Long Island Sound. The Long Island Sound study documented that 20% of the nitrogen entering Long Island Sound, as well as other contaminates, comes from polluted runoff. The USDA, Natural Resources Conservation Service (NRCS) in Connecticut's role is primarily focused on reduction of those non-point sources of pollution in the following ways:

NRCS is a member of the Long Island Sound Study Management Committee which together with the EPA Long Island Sound Office and "Save The Sound", are conducting collaborative workshops for Long Island Sound watershed communities. The workshops, utilizing principles learned from the Norwalk River Watershed Initiative, provide skills for local resource protection efforts by Long Island Sound communities.

The Norwalk River Initiative is a model for citizen-based watershed management. The action plan being implemented reduces polluted runoff and improves the health of the Norwalk River and the Long Island Sound Estuary. The City of Norwalk and the Connecticut Department of Environmental Protection have requested NRCS assistance in the design and implementation of a streambank stabilization and fisheries enhancement project along the Silvermine River, a tributary of the Norwalk. The city has allocated $50,000 toward their share.

NRCS recently completed the first phase of construction on an innovative stormwater renovation wetland that reduces the pollutants in stormwater runoff. The site retrofits an existing detention basin with an 11-acre suburban sub-watershed within the Sasco Brook Watershed in the Town of Fairfield, Connecticut. NRCS will continue to play a major role in Phase II of the project by providing planting recommendations, lessons learned and technology gained from this project will be shared with other Long Island Sound communities.

NRCS is also active on two task force committees dealing with non-point sources of pollution. The Connecticut Erosion and Sediment Control Guidelines Committee will be issuing an extensively revised publication in calendar year 2000. Another committee is developing a stormwater runoff Best Management Practices manual to provide communities with the tools to mitigate pollution from stormwater runoff and discharge.

NRCS, through the Environmental Quality Incentives Program (EQIP) is helping to reduce pollution from agricultural operations. The 1997-1998 EQIP participants have saved over 1,000,000 lbs of nitrogen fertilizers and manure from entering streams which eventually discharge into Long Island Sound.

Through the Wildlife Habitat Incentives Program (WHIP), NRCS is assisting with anadromous fish passage through dam removal and fish ladder installations.

QUESTIONS SUBMITTED BY MR. FARR

RESOURCE CONSERVATION AND DEVELOPMENT

Mr. Farr: RC&D Councils support conservation of natural resources and the development of sustainable communities throughout the United States and its territories. RC&D has proven to be a very successful model of public-private cooperation throughout the nation. Why was the RC&D program left out of the President's conservation initiative?

Response: President Clinton's FY 2001 budget initiative is designed to broaden Federal support to more producers of more commodities in more areas of the country. The initiative includes four complementary proposals: 1) enhance the farm income support provided by the 1996 Farm Bill with supplementary counter-cyclical income assistance, targeting payments to producers facing reduced revenues; 2) increase environmental benefits and farm income through expanded conservation programs; 3) improve risk management by reforming the crop insurance program to provide better protection against natural disasters; and 4) expand economic opportunities in farm and rural areas. However NRCS will have the operational lead for administering the Conservation Security Program and anticipates there are a number of roles that partners such as the RC&Ds can play, especially in facilitation and education in the rural communities. The RC&Ds can also play a major role in working with the Federal government through the proposed new cooperative development program to provide equity capital for new livestock and other processing cooperatives and the new bioenergy program to encourage greater use of farm products for production of biofuels. Many RC&Ds around the Nation have experience in the formation of cooperatives and value-added industries. RC&Ds in the mid-West are actively working on projects involving bioenergy through the use of biofuels. We feel that there will be opportunities for the RC&Ds to access funds and resources through this Initiative.

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Congressional Explanatory Notes

NATURAL RESOURCES CONSERVATION SERVICE

Purpose Statement

The Natural Resources Conservation Service (NRCS) was established pursuant to Public Law 103-354, the Department of Agriculture Reorganization Act of 1994, (7 U.S.C. 6962). The mission of NRCS is to provide national leadership in a partnership effort to help people conserve, improve, and sustain the Nation's natural resources and environment.

NRCS technical experts help land managers and communities take a comprehensive approach in planning the use and protection of soil, water, and related resources on private and non-Federal lands, in rural, suburban, urban, and developing areas. NRCS assistance to individual landowners is provided through conservation districts, which are units of local government created by State law. NRCS works in partnership with the State conservation agency and other State and local agencies such as resource conservation and development councils and locally elected farmer committees, Federal agencies, Tribal governments, and private sector organizations.

Agency activities help to sustain agricultural productivity and provide broader benefits such as cleaner, safer, and more dependable water supplies; reduced damages caused by floods and other natural disasters; and an enhanced natural resource base to support continued economic development and recreation.

NRCS helps people to achieve these outcomes through activities conducted under the following programs of the Department of Agriculture.

Conservation Operations is authorized by the Soil Conservation and Domestic Allotment Act of 1935, P.L. 74-46 (16 U.S.C. 590a-590f) and the Soil and Water Resources Conservation Act of 1977, (16 U.S.C. 2001-2009). The purpose of the program is to sustain agricultural productivity and protect and enhance the natural resource base. Activities include:

1. Conservation Technical Assistance (CTA). The purpose of the program is to assist land-users, communities, units of State and local government, Tribes, and other Federal agencies in planning and implementing conservation systems to reduce erosion, improve soil and water quality, improve and conserve wetlands, enhance fish and wildlife habitat, improve air quality, improve pasture and range condition, reduce upstream flooding, and improve woodlands.

   Objectives of the program are to:
   - Assist individual landusers, communities, conservation districts, and other units of State and local government and Federal agencies to meet their goals for resource stewardship and assist individuals to comply with State and local requirements. NRCS assistance to individuals is provided through conservation districts in accordance with the Mutual Agreement signed by the Secretary of Agriculture, the governor of the State, and the conservation district. Assistance is provided to land users voluntarily applying conservation and to those who must comply with local or State laws and regulations.
   - Assist agricultural producers to comply with the highly erodible land (HEL) and wetland (Swampbuster) provisions of the 1985 Food Security Act as amended by the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 3801 et. seq.) and the Federal Agriculture Improvement and Reform Act of 1996 and wetlands requirements of Section 404 of the Clean Water Act. NRCS makes HEL and wetland determinations and helps land users develop and implement conservation plans to comply with the law.
   - Provide technical assistance to participants in USDA cost-share and conservation incentive programs. (Assistance is funded on a reimbursable basis from the CCC.)
   - Collect, analyze, interpret, display, and disseminate information about the condition and trends of the Nation's soil and other natural resources so that people can make good decisions about resource use and about public policies for resource conservation.

- Develop effective science-based technologies for natural resource assessment, management, and conservation.

2. Soil Surveys. The purpose of the program is to help people understand soils. Soil surveys provide the public with local information on the capabilities and conservation treatment needs of their soil. Soil surveys are based on scientific analysis and classification of the soils. The soil survey for a county or designated area includes maps and interpretations with explanatory information; it is the foundation of resource planning by land users and for policy making for Federal, State, county, and local community programs. The surveys are conducted cooperatively with other Federal agencies, land grant universities, State agencies, and local units of government.

   The major objectives of the program are to:
   - Provide a basic inventory of soil information for the entire country, produced according to consistent standards and procedures.
   - Provide soils information to the public.
   - Provide technical services to help people use soils information.

3. Snow Surveys and Water Supply Forecasts. The purpose of the program is to provide western States and Alaska with information on future water supplies. NRCS field staff collect and analyze data on depth and water equivalent of the snowpack at more than 1,200 mountain sites and estimate annual water availability, spring runoff, and summer streamflows. These forecasts are used by individuals, Tribes, organizations, and State and Federal agencies for decisions relating to agricultural production, fish and wildlife management, municipal and industrial water supply, urban development, flood control, recreation power generation, and water quality management. The National Weather Service includes the forecasts in their river forecasting function.

   The objectives of the program are to:
   - Provide water users with accurate forecasts of surface water supply within the first 5 working days of each month, Jan.-June.
   - Efficiently obtain, manage, and disseminate high quality information on snow, water, climate, and hydrologic conditions.
   - Develop and apply new technology to meet changing needs of water users.

4. Plant Material Centers. The purpose of the program is to evaluate the potential of native plants to solve natural resource problems. Beneficial uses for which plant material may be developed include biomass production, carbon sequestration, erosion reduction, wetland restoration, water quality improvement, streambank and riparian area protection, coastal dune stabilization, and other special conservation treatment needs. Scientists at the centers seek out plants that show promise for meeting an identified conservation need and test their performance. After species are proven, they are released to the private sector for commercial production. The work at the 26 centers is carried out cooperatively with State and Federal agencies, universities, Tribes, commercial businesses, and seed and nursery associations.

Watershed Surveys and Planning. This program is authorized by the Watershed and Flood Prevention Act, P.L. 83-566, August 4, 1954, (16 U.S.C. 1001-1008). Prior to fiscal year 1996, small watershed planning activities and the cooperative river basin surveys and investigations authorized by Section 6 of the Act were operated as separate programs. The 1996 appropriations act combined the activities into a single program entitled the Watershed Surveys and Planning program. Activities under both programs are continuing under this authority.

The purpose of the program is to assist Federal, State, and local agencies and Tribal governments to protect watersheds from damage caused by erosion, floodwater, and sediment and to conserve and develop water and land resources. Resource concerns addressed by the program include water quality, opportunities for water conservation, wetland and water storage capacity, agricultural drought problems, rural development,

municipal and industrial water needs, upstream flood damages, and water needs for fish, wildlife, and forest-based industries.

Types of surveys and plans include watershed plans, river basin surveys and studies, flood hazard analyses, and flood plain management assistance. The focus of these plans is to identify solutions that use land treatment and nonstructural measures to solve resource problems.

Watershed and Flood Prevention Operations. Activities under this program include:

Watershed Operations authorized by P.L. 78-534, the Flood Control Act of 1944 (33 U.S.C. 701b-1), and

Small Watersheds authorized by P.L. 83-566, as amended, (16 U.S.C. 1001-1008).

The purpose of these programs is to cooperate with State and local agencies, Tribal governments, and other Federal agencies to prevent damages caused by erosion, floodwater, and sediment and to further the conservation, development, utilization, and disposal of water and the conservation and utilization of land.

The 566 program is available nationwide to protect and improve watersheds up to 250,000 acres in size. There are currently about 531 small watershed projects underway throughout the country. PL-534 is available only in 11 areas authorized by Congress; the areas cover about 35 million acres in 11 States.

The objectives of the programs are to assist local sponsors in assessing conditions in their watershed, developing solutions to their problems, and installing necessary measures to alleviate the problems. Measures may include land treatment and structural and nonstructural measures. Federal cost sharing for installation of the measures is available. The amount depends upon the purposes of the project. Loans are available to help finance the local share of the cost.

Rural and urban residents, working through local organizations, such as county or municipal governments, soil and water conservation districts, not-for-profit organizations, or Tribal governments, initiate a project by requesting assistance to solve a problem that is important to them. State agencies review and approve local proposals and may provide financial and other assistance.

Emergency Operations authorized by Section 216, P.L. 81-516, (33 U.S.C. 701b-1) and Sections 403-405, P.L. 95-334, (16 U.S.C. 2203-2205). The purpose of the Emergency Watershed Protection (EWP) program is to reduce hazards to life and property in watersheds damaged by severe natural events. An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought, or other natural causes that results in life and property being endangered by flooding, erosion, or sediment discharge. The emergency area need not be declared a national disaster area to be eligible for assistance. During the past 8 years, the program has been used in a average of 26 States per year.

Objectives of the program are to provide technical and financial assistance for disaster cleanup and subsequent rebuilding; stream corridor, wetland and riparian area restoration; and for urban planning and site location assistance to FEMA when relocating communities out of floodplains. Local people are generally employed on a short-term basis to assist with disaster recovery. Activities include establishing quick vegetative cover on denuded land, sloping steep land, and eroding banks; opening dangerously restricted channels; repairing diversions and levees; and other emergency work.

Forestry Incentives Program (FIP). This program is authorized under the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313), as amended by Title XII of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624), as amended by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act). The 1996 Act extended the program through the year 2002. The purpose of the

program is to increase production of sawtimber and pulpwood on nonindustrial private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. The objective is to provide cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

Resource Conservation and Development Program (RC&D). This program is authorized by Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703), (7 U.S.C. 1010-1011) and Sections 1528-1538 of the Agriculture and Food Act of 1981 (P.L. 97-98). The1996 Act extended the program through the year 2002. The purpose of the program is to improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development. RC&D plans may address land conservation, water management, community development, or other elements including energy conservation, protection of agricultural land, or protection of fish and wildlife habitat.

RC&D is initiated and directed at the local level by volunteers. An RC&D area encompasses multiple communities, various units of government, Tribes, municipalities, and grassroots organizations. The program serves as a catalyst for these civic groups to share knowledge and resources in a collective attempt to solve common problems facing their region. RC&D councils obtain assistance from the private sector, Tribes, corporations, foundations, and all levels of government. A total of 315 RC&D areas have been authorized covering 2,304 counties across the country.

Wetlands Reserve Program (WRP). This program is authorized under Section 1237 of the Food Security Act of 1985, as added under Title XIV, Section 1438, of the 1990 Act, and amended under the Omnibus Budget Reconciliation Act of 1993 and the 1996 Act. The 1996 Act re-authorized the funding of WRP through the Commodity Credit Corporation (CCC) beginning in FY 1997. The WRP is one component of the Environmental Conservation Acreage Reserve Program (ECARP), which also includes the Conservation Reserve Program (CRP) and the Environmental Quality Incentives Program (EQIP).

The purpose of the WRP is to preserve, protect, and restore valuable wetlands. Wetland protection will improve wildlife and migratory bird habitat, improve water quality, and provide flood water retention, ground water recharge, open space, and aesthetic values.

The objective of the program is to enroll up to 975,000 acres in a balance of permanent easements, 30-year easements, and voluntary restoration agreements by the end of calendar year 2002. NRCS enters into easement contracts with landowners who operate farmed or converted wetlands, farmed wetlands, or prior converted wetlands and adjoining land in CRP or riparian corridors. NRCS and the Fish and Wildlife Service provide technical assistance.

Environmental Quality Incentives Program (EQIP). This program was established by the 1996 Act. EQIP brings the functions of the Agricultural Conservation Program (ACP), the Water Quality Incentives Program (WQIP), the Great Plains Conservation Program (GPCP), and the Colorado River Basin Salinity Control Program (CRSC) into a single program. EQIP is a component of ECARP.

The purpose of the program is to achieve solutions to local community concerns related to farms, ranches, and rural lands. The objective of the program is to provide technical and financial assistance to farmers and ranchers who face the most serious threats to soil, water, and related natural resources, assisting them to make changes in cropping systems; grazing management; manure, nutrient, pest, or irrigation management; land use, or other measures needed to conserve soil, water, and related natural resources. Technical assistance, cost-share payments, incentive payments, and education are provided to producers who enter into 5- to 10-year contracts based on conservation plans. At least 50 percent of funding must be targeted to practices relating to livestock production.

NRCS, with concurrence from the Farm Service Agency, establishes policies, priorities, and guidelines for the program and provides technical leadership and technical and financial assistance. Conservation districts and FSA county committees share responsibility for local implementation. State Technical Committees, which include membership of the FSA State committee, offer advice on criteria and priorities at the State level. FSA provides administrative support for contracting, payment reporting, and financial matters.

Farmland Protection Program (FPP). The program is authorized by Section 388 of Title III of the 1996 Act. The purpose of the program is to protect soil by limiting nonagricultural use of prime and unique farmland. The objective is to purchase conservation easements or other interests of prime and unique farmland. To be eligible, land must be subject to a pending offer from a State or local government. A conservation plan must be developed for any highly erodible cropland for which an easement or other interest is purchased. The plan may require that the land be converted to less intensive use. Total funding for the program, from the Commodity Credit Corporation (CCC), through FY 2002 is not to exceed $35 million.

Wildlife Habitat Incentives Program (WHIP). The program is authorized by Section 387 of Title III of the 1996 Act. The purpose of the program is to develop habitat for upland wildlife, wetlands wildlife, threatened and endangered species, fish, and other types of wildlife. Objectives of the program are to provide technical, educational, and financial assistance to eligible farmers and ranchers to address protection of wetlands, wildlife habitat, and related concerns on their lands. To carry out the program, a total of $50 million was made available for fiscal years 1996 through 2002 from funds available to carry out the Conservation Reserve Program.

Conservation Farm Option (CFO). The program is authorized by Section 335 of Title III of the Federal Agriculture Improvement and Reform Act of 1996 as a pilot program for eligible producers of wheat, feed grains, cotton, and rice. The purpose of the program is to address the conservation of soil, water, and related resources; water quality; wetlands; wildlife habitat; and other purposes. Producers who have contract acreage under production flexibility contracts are provided an option of a 10-year contract as a single annual payment equivalent to the amount of the combined payments under CRP, WRP, and EQIP. Authorized funding totals $197.5 million over a 6-year period and increases from $7.5 million in fiscal year 1997 to $62.5 million in fiscal year 2002. Funding is from the CCC and has not been appropriated since fiscal year 1998.

Conservation Security Program (CSP). The CSP will be a conservation-based income assistance program focused on family farmers and ranchers who are stewards of their private land. It will build on the successes of our Nation's conservation technical assistance infrastructure and complement other conservation programs. The program is broad-based to include non-program crops and private grazing lands, as well as traditional commodity sectors. Cropland including orchards, tobacco, and other non-program crops, grazing land, and riparian areas adjacent to agricultural lands will be considered in the program mix.

The CSP is not a cost-share program. CSP will provide a direct payment and technical assistance to farmers and ranchers for their role in sustaining the future of agriculture. Payment levels will be determined by the extensiveness of the customers' conservation plans. Eligible practices may include conservation tillage, nutrient management, proper grazing use, buffers, and other practices yet to be determined. This is a program that will reward those who voluntarily protect our most valuable commodity-our working land.

The Conservation Security Program is both a financial reward for good stewards and a significant new incentive for additional conservation activities. Farmers and ranchers, with the help of USDA, have made tremendous progress in cutting erosion and protecting water quality in the past ten years. This program provides an approach to ensure that farmers who are protecting our valuable natural resources stay in business during downturns in market or due to weather cycles. This country still has a long way to go

towards sustainability of natural resources. There should be a link between the public funds that go to farmers and ranchers and the protection of the soil and water resources we all depend on. This program would aid farmers and ranchers, at the same time it would improve the Nation's waterways, drinking water, wildlife habitat, and air quality.

Terminated programs. The 1996 Act directed that the program functions of two NRCS programs and two FSA programs be conducted under authority of the Environmental Quality Incentives Program. The NRCS programs are the Colorado River Basin Salinity Control Program (CRSCP) and the Great Plains Conservation Program (GPCP). The purpose of CRSCP was to reduce the salinity content in the upper Colorado River basin in support of the 1973 International Boundary and Water Commission treaty, to improve water quality delivered to downstream users in the U.S. and Mexico. The purpose of the GPCP was to bring about a long-term solution to natural resource problems in the 10 States comprising the Great Plains region. In addition, the Water Bank Program has not been funded with new appropriations in recent years. The purpose of the program is to preserve and improve migratory waterfowl and wildlife-related resources; conserve surface water and reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; enhance landscape aesthetics; and promote comprehensive water management planning.

Program Administration As of September 30, 1999, NRCS had staffing levels of 10,953 permanent full-time employees and 1,361 part-time, intermittent, and other employees. These numbers consist of: 365 full-time employees and 13 other employees were located in Headquarters, Washington, D.C.; 420 full-time employees and 29 other employees were in offices that provide agency-wide support; 119 full-time employees and 3 other employees were in regional offices; and, 10,049 full-time employees and 1,316 other employees were in State offices or below.

Organizational Structure. NRCS is structured as a line and staff organization. The line authority extends from the Chief to the regional conservationist to State conservationist and the Directors of the Pacific Basin and Caribbean Area and to the district conservationist. Line officers provide direct assistance to the public. Staff positions are established to furnish specialized technical or administrative assistance to line officers. There are four organizational levels within NRCS: field offices, State offices, regional offices and national headquarters. NRCS also has a National Science and Technology Consortium that is a network of Headquarters Divisions, National Centers, Institutes and Cooperating Scientists. A brief description of each of these organizational levels principal functions follows.

Field Offices. These are the front-line and primary customer service offices of the agency. Most of the agency's activities are carried out in approximately 3,050 field offices in the 50 States, Puerto Rico, and the Pacific Basin Area serving Guam, the Northern Mariana Islands, and American Samoa. NRCS employees in the field offices provide personalized service to local citizens, helping them to solve or prevent natural resources problems on their land and in their communities. NRCS employees provide information and technical assistance, that is, they work one-on-one with individual land managers to apply that information to the practical problems of land users on an individual farm or ranch. NRCS employees in the field offices work side-by-side with employees of the local conservation district and State conservation agency. Field office staff serve as a clearing-house for natural resources information, helping people gain access to knowledge and assistance available from local, State, regional, and national sources. RC&D coordinators provide similar services to local councils representing communities, units of government and other organizations in an area. The delivery system in some States includes area offices, which provide administrative and technical support to a group of field offices and districts.

Other Field Offices. Project offices are established to serve as headquarters for watershed or river basin planning and construction activities. Major Land Resource Area (MLRA) Offices conduct operational soil surveys along MLRA boundaries that cover multi-MLRA regions. Plant Material Centers are established in selected plant growth regions thorough the United States. These centers test, select, and release various plants for conservation purposes. Resource Conservation and Development (RC&D) offices are found in designated RC&D areas to provide support and coordinate activities of the RC&D sponsors.

State Offices. The NRCS organization in each of the 50 States is headed by a State Conservationist who is responsible for State level program planning and direction, consistency and accountability and administration of a comprehensive soil, water, and related resource conservation program for each State. State offices also have the responsibility for the technical integrity of the NRCS activities; technology transfer and training; marketing of the agency programs and initiatives and administrative operations and processing. State offices have leadership for coordination of partnering with other Federal and State agencies to provide solutions to State resource issues.

Regional Offices. Six regional offices, under the direction of Regional Conservationists, provide: agency leadership, coordination and partnering of solutions to regional resource issues; program planning, direction, consistency and accountability of the States within their region; regional wide strategic planning, performance measurement and operation management; administrative operations support; and coordination of all NRCS activities in the region to address the resource needs of the region.

National Headquarters. The Chief, with the assistance of the Associate Chief and Deputy Chiefs assumes the departmental leadership for programs and other activities assigned by the Secretary of Agriculture, through the Under Secretary for Natural Resources and Environment. NHQ functions include: planning, formulation and direction of NRCS programs, budgets, and activities; development of program policy, budgets, procedures, guidelines and standards; leadership and coordination with other agencies, constituent groups and organizations; workload assessment and operations management; conducting oversight and evaluation activities and coordination of corrective actions; and, strategic planning and the development of strategic initiatives.

The framework for national technology development and delivery within the agency is supplied by the National Science and Technology Consortium which is supervised by national headquarters Deputy Chiefs responsible for science and technology and soil survey and resource assessment. In addition to six national headquarters divisions, the Consortium has 7 institutes concerning: grazing lands technology, natural resources inventory and analysis, soil quality, social sciences, watershed science, wetlands science, and wildlife habitat management. It also has 9 national centers: national cartography and geospatial, plant data center, soil mechanics, soil survey center, business management, information technology, water management, employee development, and water and climate center. Additionally the Consortium has eight cooperating scientists covering agricultural meteorology, agronomy, rangeland, hydrology and agroforestry. Principle functions of the Consortium are: to provide national policy leadership for agency technical responsibilities, coordinating technical activities among all levels of the agency; to ensure acquisition and development of technology that is relevant to current and future agency needs and priorities that is responsive to the needs of the field; provide for consistency in development and delivery of technical products and services and to coordinate networking among the Consortium and academe, non-governmental organizations and the private sector.

Service Center Agency Coordination

Service Center Implementation. The Department is making major changes in the county-based field offices to more efficiently use declining resources and to improve customer service. USDA is implementing a field office streamlining plan that collocates the county-based agencies (the Natural Resources Conservation Service, the Farm Service Agency, and the Rural Development mission area) in one-stop USDA Service Centers. This co-location effort has resulted in reducing the total number of service center locations from more than 3,700 to about 2,566. The main purpose of co-location is to maximize efficient use of administrative resources and customer service. NRCS has moved and/or closed about 655 field office locations since December 1994. NRCS will maintain a presence in 2,532 of the Service Centers.

Common Computing Environment (CCE). In FY 1999, the Department completed the installation of the Local Area Network/Wide Area Network/Voice System, which provides connectivity within and between

USDA Service Centers and other support offices. All USDA Service Center agency offices throughout the country will share a common telecommunications platform allowing efficient e-mail, file transfer, and voice communications. The CCE will enable USDA to: optimize the sharing of data, equipment, and staff at the service centers; overcome the extreme limitations of the current legacy systems; and enhance customer service into the 21st Century. The goal is to achieve complete migration from legacy systems to the CCE by 2002. Sharing information by the agencies will reduce the duplicative information requests made of program participants, reduce the number of visits customers have to make to service centers, and reduce the workload for staff.

OIG and GAO Audit Closures
Closure means that OIG, and OCFO, concur that NRCS has completed the final actions agreed to by OIG and NRCS.

GAO: Use of Federal Funds to Restore the South Florida ecosystem.
Closed on April 22, 1999. Audit objectives were to determine 1) how much Federal funding has be committed to the restoration effort from FY93 through FY98, 2) how those funds were used.

GAO: Community Development: Extent of Federal Influence on 'Urban Sprawl' is Unclear.
Closed 4/30/99. Audit objectives were to determine 1) which Federal programs/policies impact low-density development, and 2) whether rural development programs support the objective of maintaining prime agricultural land in urbanizing areas.

OIG: Equitable Claim Adjustment for Conti Enterprises.
Closed February 5, 1999. Audit objectives were to determine whether the contractor's books support each element of the claim.

OIG: Colorado River Salinity Control Program.
Closed March 1, 1999. Audit objectives were to determine whether program goals and the objectives of the program are being carried out satisfactorily.

OIG: HEL Provisions Box Butte County, Nebraska.
Closed March 31, 1999. Audit objectives were to determine if highly erodible land conservation provisions were properly applied to evaluate compliance with a sodbusting violation.

OIG: Colorado River Salinity Program Cost-Shares.
Closed February 19, 1999. Audit objectives were to determine if cost data submitted for cost shares was accurate and if the average cost docket developed as a control to limit cost shares earned was reflective of the docket.

OIG: Review of Controls in Payroll, Personnel, and T&A systems.
Closed November 16, 1998. Audit objectives were to evaluate the adequacy of the system of internal controls in the payroll, personnel, and T&A systems.

Natural Resources Conservation Service
Available Funds and Staff-Years
1999 and Estimated, 2000 and 2001

ITEM	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	2001 Estimated Amount	2001 Estimated Staff Years
Conservation Operations	$641,243,000	7,546	$660,812,000	7,592	$747,243,000	7,993
Watershed Surveys & Planning	10,368,000	113	10,368,000	110	10,368,000	105
Watershed and Flood Prevention Operations	194,443,000	864	171,643,000	933	83,423,000	493
Forestry Incentives	16,325,000	--	5,376,250	--	--	--
Resource Conservation & Develop.	35,000,000	392	35,265,000	391	36,265,000	379
Total, Appropriated Funds	897,379,000	8,915	883,464,250	9,026	877,299,000	8,970
Add Carryover Funds:						
Conservation Operations	13,864,252	--	15,466,027	--	--	--
Wetlands Reserve Program	4,017,580	37	2,875,327	27	--	--
Watershed and Flood Prevention Operations	134,918,488	--	73,898,098	--	--	--
Colorado River Salinity	648,157	--	776,966	--	--	--
Water Bank Program	596,992	--	730,383	--	--	--
Forestry Incentives Program	130,580	--	5,149,348	--	--	--
Great Plains Conservation Prog.	1,984,120	--	2,617,595	--	--	--
Resource Conservation & Devel.	676,268	--	571,322	--	--	--
Transfer from CCC:						
Wildlife Habitat Incentives	23,887,322	65	1,510,517	--	50,000,000	111
Total, Available Funds	1,078,102,759	9,017	987,059,833	9,053	927,299,000	9,081
Deduct allotments to other agencies:						
Rural Development	-60,000	-1	-60,000	-1	-4,230,000	-1
Forest Service	-1,715,280	-10	-676,000	-10	-300,000	-2
Net	1,076,327,479	9,006	986,323,833	9,042	922,769,000	9,078
Obligations under other USDA appropriations:						
Reimbursements for technical services to:						
Wetlands Reserve Program	9,800,000	193	12,050,000	223	22,550,000	375
Emergency Conservation Program (FSA)	2,912,628	56	--	--	--	--
Conservation Reserve Program[1/]	67,635,366	1,367	66,195,515	1,256	52,450,000	949
CCC-Farmland Protection	--	--	10,000	--	6,500,000	104
CCC-EQIP	33,060,000	638	33,060,000	604	61,750,000	1,076
CCC-EQIP-Ed. Assistance	303,965	11	--	--	--	--
CCC-Conservation Security Prog.	--	--	--	--	90,000,000	1,385
Foreign Details & Assign. (OICD)	17,313	--	20,000	--	20,000	--
Soil Survey (FS)	41,207	1	120,000	3	120,000	3
Accelerate Soil Survey	300,970	4	400,000	5	400,000	5
Snow Survey & Water Forecast	3,000	--	20,000	--	20,000	--
Other planning & application	390,812	6	496,420	8	496,420	8
Cartographic job work	15,360	1	--	--	--	--
Reimbursement for other services:						
Facilities: Rent, phone, utilities, etc	7,776,070	--	7,810,000	--	7,810,000	--

Available Funds and Staff-Years 1999 and Estimated, 2000 and 2001 - Continued

ITEM	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	2001 Estimated Amount	2001 Estimated Staff Years
Miscellaneous	3,838,531:	23:	4,072,330:	24:	4,072,330:	24
Total, Other USDA Approp.	126,095,222:	2,300:	124,254,265:	2,123:	246,188,750:	3,929
Total, Agriculture Appropriations.	1,202,422,701:	11,306:	1,110,578,098:	11,165:	1,168,957,750:	13,007
Obligations under other Federal appropriations:						
Reimbursement for technical services for:						
Soil surveys (Interior)	188,953:	4:	200,000:	4:	200,000:	4
Accelerate Soil Survey	3,298,039:	38:	3,300,000:	37:	3,300,000:	37
Other: planning and application	3,216,373:	50:	5,555,750:	58:	5,555,750:	58
Snow Survey & Water Forecast	53,147:	–:	50,000:	–:	50,000:	–
Plant Materials Center Operations	138,095:	–:	100,000:	–:	100,000:	–
Flood Insurance Studies (HUD)	39,758:	1:	89,200:	1:	89,200:	1
Reimbursement for other services:						
Facilities: Rent, phone, utilities, etc	49,376:	–:	70,000:	–:	70,000:	–
Cartographic job work	36,052:	–:	50,000:	1:	50,000:	1
Financial assistance	8,583,954:	–:	9,192,100:	–:	9,192,100:	–
Miscellaneous	8,942,713:	84:	11,601,200:	91:	11,601,200:	85
Allocation from Other Federal Agencies:						
Rural Abandoned Mine Program (DOI-OSM)	-36,532:	3:	495,674:	–:	–:	–
Obligations under non-Federal Funds:						
Reimbursement for technical services for:						
Planning & application	3,344,275:	62:	3,974,665:	62:	4,393,865:	62
Accelerate Soil Surveys	2,670,280:	47:	2,500,000:	43:	2,500,000:	43
Snow Survey & Water Forecasting	162,325:	1:	240,000:	1:	240,000:	1
Plant Material Center Operations	85,037:	–:	200,000:	–:	200,000:	–
Cartographic job work	66,324:	2:	–:	–:	–:	–
Reimbursement for other non-Federal services:						
Facilities: Rent, phone, utilities, etc	1,063,876:	–:	1,130,000:	–:	1,130,000:	–
Proceeds of sales	1,073,174:	–:	1,236,270:	–:	1,434,870:	–
Financial Assistance	10,389,245:	–:	11,204,900:	–:	11,321,500:	–
Miscellaneous	6,921,656:	118:	8,767,165:	137:	9,832,765:	144
Trust funds:						
Small Watershed & RC&D projects and soil surveys	22,158,611:	4:	1,341,694:	1:	270,000:	1
Total Reimbursements and Other Funds	198,539,953:	2,714:	185,542,893:	2,559:	307,720,000:	4,366
Total, Natural Resources Conservation Service	$1,274,867,432:	11,720:	$1,171,876,716:	11,601:	$1,230,489,000:	13,444

1/ Funding shows amounts actually used or anticipated to be needed. Under the CRP, there are currently $33 million available to NRCS to support 626 staff years in FY 2000. Under the WRP, there are currently $10.74 million available to NRCS to support 199 staff years in FY 2000.

NATURAL RESOURCES CONSERVATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1999 and Estimated 2000 and 2001

	1999			2000			2001		
Grade	Head-qtrs	Field	Total	Head-qtrs	Field	Total	Head-qtrs	Field	Total
Executive Level V	--	1	1	--	1	1	--	1	1
ES-6	1	0	1	1	0	1	1	0	1
ES-5	3	0	3	7	0	7	7	0	7
ES-4	7	3	10	8	3	11	8	3	11
ES-3	5	1	6	1	2	3	1	2	3
ES-2	1	1	2	3	1	4	3	1	4
ES-1	4	1	5	1	0	1	1	0	1
GS-15	90	80	170	86	77	163	86	90	176
GS-14	95	185	280	93	178	271	93	208	301
GS-13	67	537	604	65	517	582	65	605	670
GS-12	21	2,580	2,601	21	2,486	2,507	21	2,910	2,931
GS-11	18	3,046	3,064	18	2,934	2,952	18	3,438	3,456
GS-10	2	23	25	2	22	24	2	26	28
GS-9	35	1,506	1,541	34	1,451	1,485	34	1,698	1,732
GS-8	15	479	494	15	461	476	15	540	555
GS-7	15	1,362	1,377	15	1,312	1,327	15	1,536	1,551
GS-6	7	464	471	7	447	454	7	523	530
GS-5	4	363	367	4	350	354	4	410	414
GS-4	1	224	225	1	216	217	1	253	254
GS-3	0	50	50	0	48	48	0	56	56
GS-2	0	12	12	0	12	12	0	14	14
GS-1	0	0	0	0	0	0	0	0	0
Other Graded Positions	0	0	0	0	0	0	0	0	0
Ungraded Positions	0	12	12	0	12	12	0	12	12
Total Permanent Positions	391	10,930	11,321	382	10,530	10,912	382	12,326	12,708
Unfilled Positions end-of-year	-26	-342	-368	--	--	--	--	--	--
Total, Permanent Employment, end-of-year	365	10,588	10,953	382	10,530	10,912	382	12,326	12,708
Staff-Years Ceiling	403	11,317	11,720	403	11,198	11,601	403	13,041	13,444

NATURAL RESOURCES CONSERVATION SERVICE
CLASSIFICATION BY OBJECTS
1999 and Estimated 2000 and 2001

Personnel Compensation:	1999	2000	2001
Washington, D.C.	$27,627,091	$28,953,191	$30,111,318
Field	412,273,909	420,260,809	446,827,682
11 Total personnel compensation	439,901,000	449,214,000	476,939,000
12 Personnel benefits	101,298,000	105,861,000	114,847,000
13 Benefits for former personnel	815,000	811,000	863,000
Total pers. comp. & benefits	542,014,000	555,886,000	592,649,000
Other Objects:			
21 Travel	19,396,000	19,408,000	19,568,000
22 Transportation of things	3,673,000	3,665,000	3,880,000
23.2 Rental payments to others	13,933,000	13,799,000	14,421,000
23.3 Communications, utilities, and misc. charges	26,483,000	26,737,000	27,719,000
24 Printing and reproduction	4,352,000	4,442,000	4,482,000
25.1 Advisory and assistance services	–	385,000	385,000
25.2 Other services	104,939,000	117,768,000	117,529,000
25.2 Construction contracts	101,370,000	80,802,000	23,510,000
26 Supplies and materials	17,266,000	17,133,000	17,750,000
31 Equipment	36,554,000	36,771,000	38,690,000
32 Land and structures	34,558,000	26,582,000	45,318,000
41 Grants	94,773,000	80,834,000	71,192,000
42 Insurance and loans	407,000	409,000	405,000
43 Interest and dividends	72,000	72,000	71,000
44 Refunds	–	–	–
Total other objects	457,776,000	428,807,000	384,920,000
Total, direct obligations	$999,790,000	$984,693,000	$977,569,000
Position Data:			
Average Salary, ES positions	$121,122	$123,034	$125,000
Average Salary, GS positions	$48,852	$51,197	$53,194
Average Grade, GS positions	10.01	10.03	10.03

NATURAL RESOURCES CONSERVATION SERVICE

Passenger Motor Vehicles

Passenger motor vehicles of the Natural Resources Conservation Service (NRCS) are distributed among 50 State Offices, Puerto Rico and Guam, area offices, 6 regional offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. Vehicles are used in rural and other areas where common carrier facilities are non-existent, uneconomical, or inadequate. The nature of the travel requires a high degree of mobility with frequent stops at field offices, job sites, and other places not serviced by common carrier. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally assigned to an office location and not exclusively to one individual. This allows several employees to rely on the use of a single vehicle, thus maximizing utilization, and minimizing the number of vehicles needed.

On September 30, 1999, the NRCS had 1,593 passenger vehicles in a total fleet of 9,812 vehicles. The fleet includes pickup trucks, light trucks, jeeps, and heavy trucks.

Replacement of Passenger Motor Vehicles. The FY 2001 estimates provide for the replacement of 150 passenger motor vehicles during the fiscal year. The vehicles proposed for replacements have been driven more than 60,000 miles or are more than 6 years of age or would be beyond economic repair due to accident or other causes.

NRCS is continuing a sound and effective replacement program. During FY 1999, 143 replacement passenger vehicles were ordered, of which, NRCS has received 97. Economy of operations and expected use factors are taken into consideration as well as prescribed age and mileage standards in planning replacements.

Age data for NRCS passenger motor vehicles on hand September 30, 1999, are as follows:

ESTIMATED AGE DATA

Model	Number of Vehicles	Percent of Total
1994 and older	1,029	64.6
1995	91	5.7
1996	132	8.3
1997	192	12.0
1998	68	4.3
1999	81	5.1
TOTAL	1,593	100.0

NOTE: No mileage data is available. Under the new vehicle credit card system, when an odometer reading is entered at the pump, the reading feeds to the Fleet PCMS database. Then the data must be fed from Fleet PCMS to the vehicle records in PROP. Due to software problems, the Department has been unable to feed the data into PROP, and it is unclear when this information will be available.

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NATURAL RESOURCES CONSERVATION SERVICE

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NATURAL RESOURCES CONSERVATION SERVICE
Conservation Operations

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f), including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands, water and interests therein for use in the plant materials program by donation, exchange, or purchase at a nominal cost not to exceed $100 pursuant to the Act of August 3, 1956 (7 U.S.C. 428a); purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, [$661,243,000] $747,243,000 to remain available until expended (7 U.S.C. 2209b) of which not less than $5,990,000 is for snow survey and water forecasting and not less than $9,125,000 is for operation and establishment of the plant materials centers: Provided, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for construction and improvement of buildings and public improvements at plant materials centers, except that the cost of alterations and improvements to other buildings and other public improvements shall not exceed $250,000: Provided further, That when buildings or other structures are erected on non-Federal land, that the right to use such land is obtained as provided in 7 U.S.C. 2250a: Provided further, that this appropriation shall be available for technical assistance and related expenses to carry out programs authorized by section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974, (43 U.S.C. 1592(c)): Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $25,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e-2).

NATURAL RESOURCES CONSERVATION SERVICE

Conservation Operations Program

Appropriations Act, 2000		$661,243,000
Budget Estimate, 2001		747,243,000
Increase in Appropriation		+$86,000,000
Adjustments in 2000:		
Appropriations Act, 2000	$661,243,000	
Rescission pursuant to PL 106-113	-431,000	
Adjusted base for 2000		$660,812,000
Budget Estimate, 2001		747,243,000
Increase in Appropriation		+$86,431,000

Summary of Increases and Decreases
(On basis of appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Technical Assistance	$565,170,000	+$86,431,000	$651,601,000
American Heritage Rivers	204,000	--	204,000
Urban Resources Partnership	2,000,000	--	2,000,000
Soil Survey	78,323,000	--	78,323,000
Snow Survey and Water Supply Forecasting	5,990,000	--	5,990,000
Plant Materials Centers	9,125,000	--	9,125,000
Total Available	$660,812,000	+$86,431,000	$747,243,000

Project Statement
(On basis of appropriation)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 estimated Amount	2001 estimated Staff Years
Conservation Operations:							
Technical Assistance	$545,849,000:	6,429:	$565,170,000:	6,500:	+$86,431,000	(1)$651,601,000:	6,961
American Heritage Rivers	204,000:	2:	204,000:	2:	--	204,000:	2
Urban Resources Partner.	2,000,000:	15:	2,000,000:	15:	--	2,000,000:	15
Soil Surveys	78,323,000:	924:	78,323,000:	912:	--	78,323,000:	859
Snow Survey and Water ...	:	:	:	:		:	
Supply Forecasting	5,990,000:	58:	5,990,000:	57:	--	5,990,000:	53
Plant Materials Centers	9,025,000:	118:	9,125,000:	106:	--	9,125,000:	103
Total available or Est.	$641,391,000:	7,546:	$660,812,000:	7,592:	+$86,431,000	:$747,243,000:	7,993
Transfer from DA	-148,000:	--:	--:	--:			
Rescission PL 106-113	--:	--:	+431,000:	--:			
Total appropriation	$641,243,000:	7,546:	$661,243,000:	7,592:			

Note: Rescission taken from Conservation Technical Assistance.

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 estimated Amount	2001 estimated Staff Years
Conservation Operations:							
Technical Assistance	$543,609,702	6,429	$578,959,203	6,500	+$72,641,797	$651,601,000	6,961
American Heritage Rivers	204,000	2	204,000	2	--	204,000	2
Urban Resources Partner.	2,000,000	15	2,000,000	15	--	2,000,000	15
Soil Surveys	78,054,924	924	79,673,121	912	-1,350,121	78,323,000	859
Snow Survey and Water Supply Forecasting	6,134,836	58	6,240,148	57	-250,148	5,990,000	53
Plant Materials Centers	9,785,763	118	9,201,555	106	-76,555	9,125,000	103
Total direct obligations	639,789,225	7,546	676,278,027	7,592	+70,964,973	747,243,000	7,993
Unobligated balance brought forward	(-13,864,252)	(--)	(-15,466,027)	(--)	(+15,466,027)	--:	--
Unobligated balance carried forward	(+15,466,027)	(--)	(--)	(--)	(--)	--:	--
Adjusted Appropriation	(641,391,000)	7,546	(660,812,000)	7,592	(+86,431,000)	(747,243,000)	7,993
Reimbursable obligations:							
Technical Assistance[1/]	146,240,921	2,521	145,405,515	2,355	+121,944,485	267,350,000	4,155
Soil Surveys	7,779,313	111	8,400,000	116	--	8,400,000	116
Snow Survey & Water Supply Forecasting	532,556	2	600,000	2	--	600,000	2
Plant Materials Centers	1,665,603	17	2,000,000	20	--	2,000,000	20
Total Reimbursable Oblig.	156,218,393	2,651	156,405,515	2,493	+121,944,485	278,350,000	4,293
Total obligational auth.	$796,007,618	10,197	$832,683,542	10,085	+$192,909,458	$1,025,593,000	12,286

SOURCES OF REIMBURSEMENTS

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimate Amount	2000 Estimate Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Within USDA:							
OICD/FAS	$17,313	--	$20,000	--	--	$20,000	--
CCC (EQIP)	33,628,965	649	33,060,000	604	+$28,690,000	61,750,000	1,076
CCC (CRP)[1/]	67,635,366	1,367	66,195,515	1,256	-13,745,515	52,450,000	949
CCC (WRP)[1/]	9,800,000	193	12,050,000	223	+10,500,000	22,550,000	375
CCC (FPP)[1/]	--	--	--	--	+6,500,000	6,500,000	104
CCC (CSP)[1/]	--	--	--	--	+90,000,000	90,000,000	1,385
Other Federal	30,947,424	231	29,520,000	189	--	29,520,000	183
Non-Federal:							
States & Counties for Soil Surveys	2,670,280	47	2,500,000	43	--	2,500,000	43
Other	11,519,045	164	13,060,000	178	--	13,060,000	178
Total reimbursement.	$156,218,393	2,651	$156,405,515	2,493	+$121,944,485	$278,350,000	4,293

1/ Funding and staff years are amounts actually used or anticipated to be needed. Under the CRP, there are currently $33 million available to NRCS to support 626 staff years in FY 2000. Under the WRP, there are currently $10.74 million available to NRCS to support 199 staff years in FY 2000.

OUTLAYS

	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Technical Assistance	$560,210,551:	$588,811,000:	+$56,336,000:	$645,147,000
Soil Surveys	80,113,769:	81,125,000:	-2,582,000:	78,543,000
Snow Survey and Water Forecasting	6,296,654:	6,357,000:	-332,000:	6,025,000
Plant Materials Centers	10,043,879:	9,479,000:	-409,000:	9,070,000
Total Outlays	$656,664,853:	$685,772,000:	+$53,013,000:	$738,785,000

Justification of Increases and Decreases

(a) An increase of $28,431,000 and 310 staff years for the Conservation Technical Assistance program.

A balanced conservation planning, application, and follow-up approach is needed to prevent natural resource problems, mitigate existing problems, and maintain the public investment in conservation. Starting with the implementation of the 1985 Farm Bill, agency efforts were more narrowly focused on fixing existing erosion problems on highly erodible cropland. This focus has resulted in a significant reduction in cropland erosion. There is a need to provide a broader conservation approach to address treatment of other important resource concerns.

The demand for conservation technical assistance has grown significantly since the 1980's due in large part to an increase in public awareness and understanding about emerging resource concerns. These concerns include issues such as pollutants from animal feeding operations, improper application of pesticides and fertilizers, inadequate nutrient management planning, the emergence of *Pfiesteria* and other harmful algal blooms, agricultural air quality, global climate change, continued excessive soil erosion on some lands and the resulting sedimentation, hypoxic coastal waters, salmon and other fish and wildlife declines, the loss of prime and important farmlands, invasive species on agricultural lands, and others.

The customer base that must be served to address these concerns continues to grow in numbers and diversity. The solutions to many national environmental concerns rest with helping private landowners adequately protect and enhance their natural resources. Today's solutions must be developed in a community setting that integrates objectives across agricultural, business, and urban/suburban interests. There is also a growing awareness that additional resources must be focused to assist American Indians and Alaska Natives in treating natural resource concerns on their lands.

The added workload associated with carrying out programs authorized in recent Farm Bills has been the focus of NRCS' conservation technical assistance delivery system in recent years. There is a need to strengthen the delivery system to make assistance available to land users who are often willing to take action without Federal cost-share incentives.

Added to these pressures, is a growing number of State and local programs depend on NRCS' Conservation Technical Assistance (CTA) delivery system for their successful operation. Increasing State and Federal regulations are also placing more pressure on farmers and ranchers to reduce non-point sources of pollution.

While these trends mark a growing demand for conservation services, NRCS' buying power to address these demands is shrinking due to higher operating and personnel costs. In spite of generally level CTA budgets in recent years, this decreased buying power translates into a continued decline in CTA staff available to assist land users every year since 1993.

While the public tends to focus on special purpose Federal programs, none of these programs could be implemented without CTA, which is the foundation of the Federal conservation delivery infrastructure. CTA also leverages about $1.60 in contributions from conservation districts and State and local agencies for every Federal dollar invested. A fundamental CTA activity is development and maintenance of the toolbox of conservation planning standards and procedures that are used by NRCS staff. These tools ensure that conservation systems purchased through program funding are applied consistently and in a scientifically credible manner nationwide. CTA provides the soils, engineering, agronomic, hydrologic, and biological data and technical standards to ensure that all programs are successful. CTA provides the follow-up to ensure appropriate operation and maintenance of the conservation systems applied.

Many NRCS customers are not participants in commodity and other Farm Bill programs and as the economic condition of landowners worsens, the need for the basic technical assistance that NRCS has provided in the past grows. Over the last several years, landowners have been expressing concern about the decline of available technical staff to assist them with making economically and environmentally sound land-use decisions.

As Farm Bill programs continuously change, it is critical that the technical staff that supports these programs be maintained. Their efforts need to be re-focused and strengthened in order to address the Nation's major natural resource concerns and meet the existing demands from America's private landowners for basic conservation technical assistance in a timely manner. A continued effective delivery system is essential to support the Administration's natural resource and water quality initiatives.

This $28.431 million increase will fund approximately 310 field-based technical assistance staff to enable NRCS to continue working directly with farmers, ranchers, and other land users across all States, allowing NRCS and its partners to prevent further decline in the delivery of a sustainable and balanced conservation program.

(b) An increase of $20,000,000 for the Conservation Technical Assistance program activities in support of Animal Feeding Operations related workload.

An increase of $20 million and 175 staff years is requested to provide increased support for the implementation of the joint USDA-EPA *Unified National Strategy for Animal Feeding Operations* (UNSAFO), an action item in the Clean Water Action Plan.

Livestock manure has emerged over the past decade as a major environmental, social, and political issue. Concentration and expansion in the livestock industry has resulted in fewer overall livestock farms, but the remaining farms are larger. Animal Feeding Operations (AFO) are agricultural enterprises where animals are kept and raised in confined situations. AFOs congregate animals, feed, manure and urine, dead animals, and production operations on a small land area. Over the past 5 years, policies to control livestock production operations have been debated or enacted in at least 34 States.

With the larger AFOs have come greater threats and incidents of water and air pollution. *Giardia* and *Cryptosporidium parvum*, two pathogens commonly found in livestock feces, have been linked to impairments in drinking water supplies and food safety concerns if manure is applied directly to crops at inappropriate times. The toxic organism *Pfiesteria* has caused human illness in several outbreaks along the East Coast; the outbreaks have been associated with excessive phosphorus runoff from manure application on agricultural fields. Unacceptable air quality condition -- odor -- is the most controversial nuisance problem associated with many AFOs.

NRCS leadership involves setting the nutrient management technical standards for producers and the industry to meet; developing comprehensive nutrient management plans (CNMP) with producers, including the development and design of manure management systems; and implementing components of the CNMPs. The process of developing and implementing a CNMP is quite complex. The plan must address all sources of nutrients including manure, fertilizers, crop residues, existing nutrients in soil, as well as odors and airborne drift. The solution usually involves a combination of structural and management practices which are influenced by animal diets, weather patterns, animal numbers, community issues, local, State, and Federal regulations and technology availability.

Based on the NRCS/Partner FY 2000 Workload Analysis, approximately 300,000 AFOs will need assistance from NRCS to develop and implement CNMPs. At the current level of technical assistance that NRCS is providing to AFOs, it will require in excess of 30 years to complete the 300,000 AFOs. The requested $20 million increase will provide funding for the 10-year AFO initiative. With this initiative, livestock producers will receive accelerated technical assistance to develop and begin implementing CNMPs to improve water and air quality. This requested increase will help NRCS provide the voluntary component of the UNSAFO, released March 9, 1999. The voluntary component of the UNSAFO will require: 1) trained technical staff who will either directly assist operators or will train and certify private sector consultants who would provide direct assistance, and 2) maintenance of technical standards that are responsive to new, innovative technology developments. The voluntary component of the UNSAFO cannot be completed with the current NRCS technical staff resources. NRCS is proposing to address this workload through technical assistance under the CTA program. Cost-share assistance will be provided primarily through the Environmental Quality Incentives Program, along with supporting technical assistance.

This requested increase supports achieving the NRCS strategic plan objective of healthy watersheds that provide clean and abundant water supplies. It will enable NRCS to achieve annual performance goals relating to management of animal waste. The $20 million increase and $11 million of additional redirected funds, added to the current NRCS AFO expenditures, will provide a total of $86.87 million in Conservation Technical Assistance. In FY 2001, the development of CNMPs begins with 5,300 AFOs receiving assistance. Also included is $12 million for initiative start-up expenses, such as developing new, science-based technical information, training employees and others who will assist with the initiative, and implementing an outreach, information, and education program. Some of the important actions NRCS must take to provide a sound foundation for the initiative are:

- Develop new and revised technical tools and information for national conservation practice technical standards and upgrade Field Office Technical Guides;
- Develop CNMP training program and provide training to NRCS employees, Conservation District employees, other partner employees, and private sector third-party vendors;
- Implement a certification program for third-party vendors and take actions to expand the availability and use of third-party vendors to assist in at least 5 percent of the AFOs;
- Community-based organizations, the 1890 and 1994 Land Grant colleges and universities, and other minority institutions of higher learning will be used to help inform, educate, and distribute information to historically under-served producers.

(c) An increase of $13,000,000 in the Conservation Technical Assistance program for funding activities under the President's Clean Water Action Plan in support of environmental monitoring and research work.

In support of the President's Clean Water Action Plan, each State was asked to convene a process to prioritize watersheds statewide according to the need for water quality and natural resource restoration or protection. These priority areas would be used to focus the use of new

Federal funding in FY 2000 and beyond. This process, called the Unified Watershed Assessment (UWA), provides the foundation for watershed restoration strategies developed by States in those priority watersheds. All States completed their draft UWA strategies and final priority lists late in August and September 1998. The watershed restoration strategies will have broad watershed-wide planning components and more specific targeted components to improve water quality and restore natural resources through voluntary conservation efforts.

The budget proposes a $10 million increase to use for competitive partnership grants. These grants will be used to enhance the technical capacity of locally-based organizations, including soil and water conservation districts, RC&D councils, watershed councils, cooperatives, etc. and increase technical assistance to landowners. In particular, funds would be used to provide coordination of locally initiated conservation efforts and direct technical assistance to private landowners. This would result in the development of watershed partnerships, including all stakeholders in the local areas; resolution of differences and production and implementation of action plans that addressed locally-identified resource needs. The selection process for the grants would be locally led and focus on three basic goals: effective nutrient management, water quality and quantity improvement, and natural resource protection.

The budget proposes a $3 million increase for additional environmental monitoring and research work. Data and information analyses are key elements for decision-makers in implementing water quality assessment actions and setting watershed priorities. The process, which began with the Unified Watershed Assessments in FY 1998, will need more data and information developed through imagery analysis and remote sensing technologies. This provides for the establishment of base information and the proper evaluation of program outcomes. This would also enable more accurate targeting of Federal resources to the watersheds in most need of restoration.

(d) An increase of $15,000,000 for funding activities supporting improvements in Global Climate Change.

This $15 million increase and 148 staff years will enable NRCS to help farmers verifiably increase their soil carbon and reduce greenhouse gas emissions from their operations. Of the $15 million increase, $12 million will be used to expand soil carbon studies in support of the U.S. Global Change Research Program by providing validated soil carbon inventories and assess alternative soil management impacts on soil carbon stocks at national, regional, and field level scales. In order to accomplish this objective, monitoring, inventory, planning, and incentive programs need to be tailored to these benefits, while maintaining other established program benefits. This increase will establish baseline soil carbon levels, test planning tools to connect conservation systems to enhanced carbon sequestration rates (planning tool being developed by ARS), establish a national inventory of soil carbon (sensitive to land management activities), and pilot test incentive options to encourage adoption of enhanced conservation plans.

Additionally, $3 million is requested as part of the Climate Change Technology Initiative. These funds will be used to carry out pilot projects on AFO and livestock management issues and cropland management.

Assessments and their related research play an integrative role across the Global Change Research Program (USGCRP) program areas. Assessments assemble and synthesize scientific results, help increase interaction among scientists and the public; and help identify gaps in knowledge. Assessments are increasingly viewed as important vehicles for disseminating information to public policy and decision making communities. The current National Assessment of the Consequences of Climate Variability and Change for the Nation marks a milestone in the evolution of the USGCRP. First, the addition of assessment

activities to the research program satisfies the mandate of the Global Change Research Act of 1990 (P.L. 101-606) to prepare and submit to the President and the Congress "an assessment which integrates, evaluates, and interprets the findings of the Program..." Second, the assessment is demonstrating a new public-private partnership that links research to the needs of stakeholders by providing managers, policy-makers, and the public with information needed to increase resilience to climate variability and cope with climate change.

The current National Assessment is providing valuable information on the regional and sectoral differences in adapting to climate change and variability and is identifying research needs. FY 2001 assessment activities would focus on completing the first National Assessment and on continued efforts to involve USDA stakeholders in helping identify risks, opportunities, research and information needs associated with increased climate variability and climate change.

As these measurement and incentive systems are developed and applied, performance on the larger objective, the sequestration of soil organic carbon, can be measured and verified with reasonable levels of certainty.

(e) An increase of $5,000,000 and 11 staff years for funding the Biomass Products Initiative.

On August 12, 1999, President Clinton signed Executive Order 13134, "Developing and Promoting Biobased Products and Bioenergy". NRCS has been active in guiding the implementation of the Executive Order (EO) and has stressed two priorities: any expansion of production of feedstocks for biobased products or bioenergy should occur with due consideration of and protection of natural resource values; and, local communities should be instrumental in organizing biobased product and bioenergy enterprises which are environmentally, economically and socially sustainable. This requested increase would aid in achieving these priorities. This increase of $5 million and 11 staff years will allow NRCS to help communities plan, develop and implement conservation based biomass production systems. Of the $5 million increase, $1 million will be used to provide training, develop practice standards, and hire field staff persons skilled in biomass production technology to provide training for other staff members and direct technical assistance to producers and communities interested in pursuing biomass enterprises. The remaining $4 million will be used to provide competitive start-up grants for the communities projects.

(f) An increase of $5,000,000 and 22 staff years for the Community/Federal Information Partnerships (CFIP) in support of the Administration's Livability initiative.

The development of geospatial data in support of Federal, State, and local government programs using GIS technology is occurring at an accelerated rate. State and local governments, without regard to Federal standards developed by the Federal Geographic Data Committee (FGDC) are developing much of this data. As a result, NRCS, FSA, RD, EPA, FEMA, USGS, and other Federal agencies cannot effectively use much of the geospatial data created by State and local governments. Also, some of the State and county governments do not have a public information access sharing program for their geospatial data, so this makes data sharing difficult even when they have geospatial information that Federal agencies would like to use to support their programs.

USDA has county-based service center offices in approximately 2,500 counties in the country with authority to enter into and administer cooperative agreements at the State and county level. The service center agencies (NRCS, FSA, and RD) have recently developed and agreed to a GIS strategy which calls for the implementation of GIS in all these offices beginning in year 2000. This CFIP initiative is in direct support of the non-USDA geospatial data development efforts identified in the USDA strategy.

This funding request is designed to make geospatial data available for use by governments, businesses, academic organizations and citizens in dealing with everyday and long-term issues. NRCS would develop cooperative agreements with State and county governments using national guidelines developed by NRCS and FGDC. The agreements would have two primary purposes. The first would be to assist in the development of geospatial data layers such as hydrography, roads, soils, watershed boundaries, county boundaries, incorporated cities, minor civil divisions, ownership boundaries, and public land survey, at the digital orthophotoquad level of resolution or better. The agreements would specify that data must adhere to FGDC standards and remain in the public domain as a public access. Other themes, such as land cover, land use, zoning, well logs, and ownership boundaries, would also be accelerated with these funds. The development of this data will allow communities to better plan and assess their zoning and development strategies, promoting "smart growth."

The second purpose would be to assist the State or county in establishing an Internet web-server (if they do not have one) in compliance with FGDC Clearinghouse standards. These public access servers could provide framework data and other geospatial data to the USDA county-based offices and to the public as part of the overall National Spatial Data Infrastructure. The combination of these State and local government web servers, as well as the Federal web servers, provides the nation and its citizens' access to valuable geospatial data that is the foundation and vision of the National Spatial Data Infrastructure.

NRCS would use $3 million of this proposal for cooperative agreements with the States and counties for the development of needed framework and other geospatial data themes and the establishment of public access web servers for State and county governments. Ideally, NRCS' funds will be combined with USGS and other Federal participants who support the same purposes. A four year schedule would be developed in collaboration with the National Association of State Conservation Agencies, the National States Geographic Information Councils, the National Association of Counties, and the National Association of Conservation Districts, and other State and local partners. If funds provided are sufficient, at the conclusion of four years, NSDI framework data themes and perhaps some other geospatial data themes would be complete and available for conterminous U.S. at the digital orthophotoquad level of map resolution (approximately 1:5,000 to 1.12,000 scale). These would directly support the USDA Service Center programs and the use of GIS technology at those offices and directly support the development of NSDI at that scale.

The remaining $2 million would provide 22 additional staff years needed to support these activities including equipment and contractor support. These staff years would support NRCS' efforts in the development of FGDC compliant metadata for all of our natural resources geospatial data including: soils, climate, plants, watershed boundaries and watershed based data, dams inventory, the natural resources inventory, and to make that data shareable for State and local government use. This valuable natural resource information would be made available on public access servers in accordance with FGDC clearinghouse standards.

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1999 and Estimated 2000 and 2001
CONSERVATION OPERATIONS

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	$10,631,813	156	$10,988,600	157	$12,243,000	166
ALASKA	3,975,788	31	6,171,900	31	6,877,000	33
ARIZONA	6,293,258	71	6,467,800	71	7,206,000	75
ARKANSAS	12,462,760	165	12,376,400	166	13,789,000	175
CALIFORNIA	17,647,078	204	17,319,700	205	19,297,000	216
COLORADO	15,637,908	202	15,914,500	203	17,731,000	214
CONNECTICUT	3,122,865	40	2,951,800	40	3,289,000	42
DELAWARE	2,589,832	25	2,602,900	25	2,900,000	26
FLORIDA	8,823,113	73	9,280,800	73	10,340,000	77
GEORGIA	11,314,540	175	11,774,700	176	13,119,000	186
HAWAII	4,266,323	50	4,654,300	50	5,186,000	53
IDAHO	8,870,237	133	9,487,600	134	10,571,000	141
ILLINOIS	12,072,447	90	13,966,200	91	15,561,000	96
INDIANA	11,558,375	163	12,925,200	164	14,401,000	173
IOWA	16,794,905	121	20,626,900	122	22,982,000	129
KANSAS	20,745,463	308	21,525,400	310	23,983,000	327
KENTUCKY	12,716,620	191	13,612,700	192	15,167,000	203
LOUISIANA	9,624,942	128	9,397,500	129	10,470,000	136
MAINE	3,938,531	54	4,024,700	54	4,484,000	57
MARYLAND	5,879,900	85	6,207,800	86	6,917,000	91
MASSACHUSETTS	3,594,343	44	3,481,500	44	3,879,000	46
MICHIGAN	10,498,151	134	11,055,400	135	12,318,000	142
MINNESOTA	9,387,217	98	13,548,500	99	15,095,000	104
MISSISSIPPI	14,888,276	239	17,295,100	240	19,270,000	253
MISSOURI	18,541,244	254	20,652,100	256	23,010,000	270
MONTANA	16,155,675	230	16,972,100	231	18,910,000	244
NEBRASKA	15,692,851	254	16,520,600	256	18,407,000	270
NEVADA	3,776,561	50	4,050,900	50	4,513,000	53
NEW HAMPSHIRE	2,608,792	38	2,617,400	38	2,916,000	40
NEW JERSEY	3,826,453	53	3,757,300	53	4,186.000	56
NEW MEXICO	8,367,376	114	8.691,800	115	9,684,000	121
NEW YORK	10,621,089	108	11,347,300	109	12,643,000	115
NORTH CAROLINA	11,009,805	150	10,690,400	151	11,911,000	159
NORTH DAKOTA	11,657,737	120	12.465.000	121	13,888,000	128
OHIO	11,254,922	145	12.561.600	146	13,996,000	154
OKLAHOMA	15,172,846	218	14.477.100	219	16,130,000	231
OREGON	8,950,462	116	9.487,300	117	10.570.000	123
PACIFIC BASIN	2,122,483	24	2.130,800	24	2.374,000	25
PENNSYLVANIA	10,051,195	146	10,160,300	147	11,320,000	155
PUERTO RICO	3,158,826	43	3,246,200	43	3,617,000	45
RHODE ISLAND	953,355	7	724,200	7	807.000	7
SOUTH CAROLINA	6,915,267	86	7.315,200	87	8,150,000	92
SOUTH DAKOTA	10,825.785	139	11,606.500	140	12.932,000	148
TENNESSEE	11,674,830	154	12.269,000	155	13,670,000	164

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
TEXAS	$36,343,327	480	$38,438,900	483	$42,827,000	515
UTAH	6,809,975	95	6,943,900	96	7,737,000	101
VERMONT	3,133,922	41	3,388,500	41	3,775,000	43
VIRGINIA	9,950,874	117	10,120,300	118	11,276,000	124
WASHINGTON	10,600,785	128	10,941,100	129	12,190,000	136
WEST VIRGINIA	8,912,545	119	8,713,600	120	9,708,000	127
WISCONSIN	11,840,234	144	14,229,100	145	15,854,000	153
WYOMING	7,855,649	107	7,978,100	108	8,889,000	114
NATL HQ	57,159,621	362	61,125,594	362	64,179,000	365
CNTRS/INSTITUTES	55,264,710	423	55,264,710	427	61,574,000	447
EAST REGION	1,804,469	19	1,406,400	19	1,567,000	20
MIDWEST REGION	2,424,776	18	1,265,500	18	1,410,000	19
NO. PLAINS REGION	1,913,397	17	1,288,700	17	1,436,000	18
SO. CNTRL REGION	1,050,361	10	1,094,200	10	1,219,000	11
SOUTHEAST REGION	2,021,783	21	1,338,200	21	1,491,000	22
WEST REGION	2,030,558	16	1,258,500	16	1,402,000	17
UNDISTRIBUTED	--	--	2,082,723	--	--	--
Total Obligations/Est.	$639,789,225	7,546	$676,279,027	7,592	$747,243,000	7,993

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

STATUS OF PROGRAM

The Natural Resources Conservation Service (NRCS) is a technical agency of the United States Department of Agriculture (USDA). The agency was established by Public Law 103-354, the Department of Agriculture (USDA) Reorganization Act of 1994, (7 U.S.C. 6962). The Conservation Operations account was established pursuant to Public Law 74-46, to carry out a continuing program of soil and water conservation on the private lands of the Nation.

The mission of the agency is to provide national leadership in the partnership effort to help people conserve, improve, and sustain the Nation's natural resources and environment. This mission establishes two fundamental outcomes for agency activities. These are:

- A healthy and productive land that sustains food and fiber production, sustains functioning watersheds and natural systems, enhances the environment, and improves urban and rural landscapes.
- Individuals and their neighbors working together as effective and willing stewards of the natural resources on their property and in their communities.

A healthy land includes--

- Healthy and productive cropland sustaining U.S. agriculture and the environment.
- Healthy and productive grazing land sustaining U.S. agriculture and the environment.
- Healthy watersheds providing clean and abundant water supplies for people and the environment.
- Healthy and productive wetlands sustaining watersheds and wildlife.
- High quality habitat on private land supporting the Nation's wildlife heritage.
- A strong and effective grassroots conservation partnership across the United States and its territories, commonwealths, and affiliated governments.

The agency's strategic plan for fiscal years 1997-2002 established measurable long-term performance targets for each of these strategic objectives. In FY 1998, NRCS initiated a comprehensive system of information and management tools to respond appropriately to concerns regarding NRCS accountability. These tools include: a comprehensive time and attendance system that details how NRCS employees spend their time; a workload analysis system for NRCS field offices; and, a national performance results and measurement system for all offices.

Since 1935, NRCS (and it's predecessor agency, the Soil Conservation Service) has provided private landowners and local communities with essential technical assistance in helping solve soil erosion and related natural resource conservation problems through the Conservation Operations account. NRCS has been able to do this by having an infrastructure of highly trained, professional employees who are able to "read the land" in order to determine conservation problems and develop viable solutions. Currently, approximately 8,000 technical employees from engineering, resource economic, agronomy, animal husbandry, soils, and plant science backgrounds provide conservation technical assistance to about 1 million private landowners and communities annually. NRCS technical employees help landowners solve conservation problems. In FY 1999, NRCS re-emphasized the importance of the field delivery system and directed all available resources to be devoted to the delivery of conservation on the ground.

In order to develop reliable recommendations at the local level for soil, water, and related resource problems, NRCS employees use NRCS developed manuals, handbooks, technical guides, and appropriate science-based technology. NRCS local employees receive on-the-job training and formal training in order to be able to provide viable work products. Their vast knowledge of resource conditions, coupled with their ability to integrate science principles and techniques to work with people locally make these employees a unique Federal asset in the delivery of effective solutions for conservation problems throughout the country.

In order to determine the monetary benefits to society gained from the use of NRCS' information and modeling tools, an analysis was performed. This analysis indicates that due to the interaction with partners, the technology gathered, developed, and disseminated by NRCS generates an estimated $1.3 to $2.1 billion in benefits per year.

The benefits result from cost savings due to avoiding excess construction or repair costs in dams, spillways, and other water management system designs; from avoiding replication of effort by providing a national set of reliable standards, specifications, engineering handbooks, and tools; and from providing and maintaining a trustworthy set of soil maps for the Nation. In most cases, the benefits accrue to the general public in the form of waste reduction, both monetary and physical. These benefits were based on computations using estimates from several case studies where NRCS technology was employed. Over the years, the agency has developed, documented and distributed a vast array of technical standards, specifications, models, and maps pertaining to conservation practices and water management systems. These tools have been adopted worldwide for purposes ranging from basic home gardening to complex engineering products. Because these were public goods and, therefore, not copyrighted, many private businesses copy, alter, and sell the technology for profit. Furthermore, other public entities such as conservation districts and universities use NRCS technology for business or educational purposes. In essence, the agency's investment in technology, spread in such a way, has leveraged an unknown amount of dollar benefits worldwide.

Historically, the Conservation Operations account has been divided into 4 sub-appropriation items--Conservation Technical Assistance (CTA), Soil Surveys, Snow Survey and Water Supply Forecasting, and Plant Materials Centers.

CONSERVATION TECHNICAL ASSISTANCE

Current Activities: In recent years, more pressure has been put on soil and related resources resulting in increased nonpoint source pollution, concentrated animal feeding operations, misapplication of fertilizers and pesticides, land use changes, community growth and other population shifts. This has increased the demand for conservation technical assistance (CTA) and has created the need for the agency to foster new technologies and land management standards to address emerging challenges such as nutrient management for animal feeding operations and the establishment of wildlife habitat to address declining populations of important upland and aquatic species of fish and wildlife. This increase in public and local awareness of and concern for our natural resources has also broadened the agency's customer base as it addresses new types of sustainable agriculture such as aquaculture, organic farming, and a growing list of nontraditional rural and urban customers (including Tribal governments, local communities and non-government organizations) who request NRCS expertise and assistance.

CTA provides the means and resources for the Federal government to participate as an active member with soil and water conservation districts, State governments and other conservation organizations in formulating and implementing local conservation programs on private and public lands. Through this partnership, the Federal government leverages additional resources to further national soil and water conservation goals. By pooling resources while jointly working on individual sites, the members of the partnership can ensure that the conservation goals of the landowner, local government, State agencies, and national interests are all achieved.

Seventy-four percent of the NRCS workforce is located at the local level, where emphasis is placed on addressing the needs of private landowners and communities. The major workload component at the local level consists of developing and implementing conservation plans on a voluntary basis with private landowners. These plans enhance natural resource protection and meet the requirements of laws and regulations in a manner tailored to each individual operation. In addition, this base level of CTA develops partnerships and coalitions to leverage USDA resources; shares new information and technology; provides follow-up contact for maintenance of existing systems; collects and interprets resource data; administers financial assistance programs; encourages innovation; monitors and evaluates program results; responds to

natural disasters; and assists local conservation districts, Tribes, communities and resource conservation and development councils.

In order to develop and implement conservation plans on private lands, NRCS works with farmers, ranchers, and landowners who invest their time and money for enhanced environmental protection on their land and water. As a result, the public benefits from an overall improved quality of life from reduced soil erosion and sedimentation, improved water quality, improved grazing management, restored or protected wetlands, improved animal waste management, reduced nutrient and pesticide loadings, and increased wildlife habitat while maintaining a productive nation and economic stability.

The 23 percent of the NRCS workforce located in institutes and centers, and state and regional offices is an integral part of the support system for CTA at the local level. Technical specialists such as engineers, agronomists, biologists, soil scientists, economists, and others assist the local NRCS service provider and enhance the level of expertise that is available to all NRCS customers. These scientists make it possible for NRCS to apply sound scientific principles to activities that ensure natural resource conservation and protect the environment. Specifically, support for the local CTA staff is provided through:

- Research, interpretation, and the development of easy-to-use technical information including technical standards, references, soils information, resource inventory information, and the Field Office Technical Guide (FOTG) for internal and external use. External users include farmers, ranchers, agricultural consultants, contractors, partners, organizations, and local, state and Federal agencies.
- Development of natural resource training programs and materials.
- Establishment of test projects to implement, monitor, and evaluate new technology, programs, or initiatives prior to nationwide implementation.
- Communication of institutional knowledge and expertise.

In FY 1999, NRCS provided planning and application assistance to 630,600 landusers and education and information assistance to 397,000 landusers. Of the landusers assisted, 54,800 were members of minority groups. CTA supports some part of the technical assistance provided to all NRCS customers, either directly of through development of the technical tools on which the assistance is based.

The technical assistance provided to these landusers enabled them to plan and apply conservation systems that protect and enhance cropland and grazing lands. A total of 8,680,000 acres of cropland and 7,900,000 acres of grazing land were treated to the resource management system level (sustainable management). On 5,320,000 acres of cropland that had been eroding at excessive rates, NRCS technical assistance enabled farmers to reduce erosion to the tolerable rate or less, thus preserving the productive capacity of the soil. Because applying conservation systems that fully protect the resource base is a complex process that takes more than one year to complete, NRCS also provided assistance on other lands that will not be reported as fully protected until later years. Overall, NRCS provided planning assistance on more than 23,000,000 acres of land in all uses and application assistance on more than 18,000,000 acres.

NRCS assisted producers to plan and apply systems to protect water quality against agricultural nonpoint sources of pollution and to better manage water supplies. Nutrient management systems were applied on 2,700,000 acres and 6,170 waste management facilities were installed. Improved irrigation water management resulted in a reduction of in water applied of 7,500,000 acre-inches.

All of these activities were supported by CTA, either directly or indirectly; in some cases, funds from other programs were also utilized.

Conservation on Highly Erodible Land: NRCS defines highly erodible as those soil mapping units that have an erodibility index of 8 or more, meaning that the potential erosion on unprotected soil is 8 or more times greater than the rate at which soil productivity can be sustained for the long-term. Many fields include areas of highly erodible soil and soils that are less erodible. The erodibility rating is assigned to a field based on the extent, or predominance, of highly erodible soil mapping units in the field. Currently, a

total of approximately 108.9 million acres have been classified by the agency as being highly erodible land (HEL). This represents approximately 29 percent of the nation's total of 380.5 million acres of cropland.

Participants in USDA programs subject to HEL compliance are required to protect their fields by using a conservation system that provides for a substantial reduction in soil erosion or, if the field has been broken out of native vegetation, the conservation system can permit no substantial increase in soil erosion. The Federal Agriculture Improvement and Reform Act of 1996 amendments have provided agricultural producers with more flexibility for complying with the provisions, as follows:

- Expedited Variances;
- Modification of the Good Faith Provisions;
- Self-Certification of crop residues; and
- Allowances for the FSA County Committees to determine economic hardship.

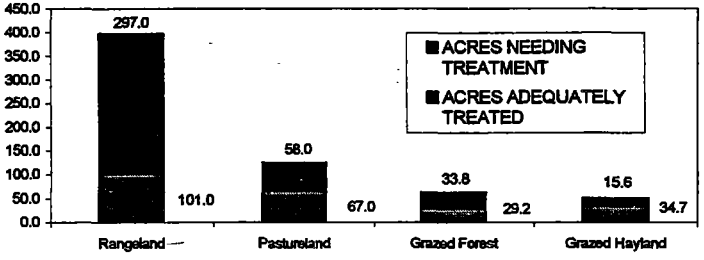
The 1996 Act also provided that if a person was found out of compliance while USDA employees were providing regular technical assistance, the participant would be given 45-days in which to develop a new system, and one year to fully implement the system instead of being reported to FSA as being out of compliance. Additionally, CRP participants with acreage in expiring or terminated contracts were not to be held to a greater level of protection than producers using approved systems.

During 1999, NRCS provided assistance to USDA program participants to maintain or revise existing systems, modify systems to accommodate changes in crops or production methods, field test new tillage and technology, and improve their systems to provide a greater degree of environmental protection than the previous system. NRCS also, during the 18th CRP General Signup, conducted land eligibility determinations that utilize the Erodibility Index for over 90,000 offers, as well as calculations for the Environmental Benefits Index.

Technical Assistance provided on Private Grazing Lands: NRCS provides technical assistance to land users in planning and implementing conservation practices that improve soil, water, and related resources on grazing lands. Improving the management and health of grazing lands provides many benefits that includes increasing the value of the forage for domestic livestock and providing economic stability to rural communities. Grazing lands are important habitat for a variety of large and small mammals, birds, and insects.

Improving the health of grazing lands directly impacts the water cycle that results in more abundant water and clean water for human use, and for fish and wildlife. The plant cover on grazing land sequesters millions of tons of carbon, thus reducing atmospheric carbon dioxide. Managing healthy grazing lands helps stabilize rural communities by improving the economics of family farms. Private lands devoted to grazing use are estimated at more than 630 million acres and constitute over 40 percent of the total acreage of agricultural land in the United States. Technical and financial assistance is needed on more than 65 percent of grazing lands to provide the desired benefits, 35% of grazing lands are adequately treated. This land has significant impacts on the environment (including water quantity and quality, riparian areas, streams, fisheries, and wildlife habitat) and the national economy. Despite these numbers, farm commodity and conservation programs have not historically focused on the management and needs of these lands.

GRAZING LANDS (Million Acres)
source:1992 National Resources Inventory



FY1999 Activity: NRCS provided assistance on approximately 20 million acres of private grazing land in FY 1999. Activities that have been undertaken in support of private grazing lands include an intensive public education and awareness activities and the establishment of a national Grazing Land Technology Institute (GLTI). The mission of the GLTI is to provide NRCS leadership in technology development, coordination, and training associated with the delivery of technical assistance on grazing lands.

The agency continues to support the Grazing Lands Conservation Initiative (GLCI), a private consortium of producer groups and environmental organizations dedicated to the protection and improvement of private grazing lands.

Software and Training: NRCS is using new technology known as the Nutrition Balance Analyzer to help resource managers make effective decision about nutritional management of their livestock. It is estimated that managers are benefiting from $10 to $32 per animal by using this technology. Development of the Grazing Land Application (GLA) software continues to be a resource tool to help implement management systems on grazing lands. These technical assistance activities makes it possible to record and analyze vast amounts of information to determine the economic and ecological benefits of various improvement practices and management on grazing lands. For advanced technical training, the NRCS National Employee Development Staff supported six courses in grazing science, grazing management, ecology, livestock management, or related sciences. In fiscal year 1999, 101 employees were enrolled in these courses.

Conservation of Wetlands (Swampbuster): NRCS responsibilities in wetlands conservation are defined in the 1985 Food Security Act (Farm Bill), as amended, and the January 1994 Memorandum Agreement (MOA) signed by NRCS, EPA, U.S. Fish and Wildlife Service and U.S. Army Corps of Engineers. Under the 1985 Farm Bill, NRCS determines whether private lands meet the criteria for wetlands, assists producers to develop plans for complying with the law, provides technical assistance in implementing plans, and conducts annual spot checks to ensure that producers are complying with the law. Under the MOA, NRCS makes determinations and delineations on all wetlands for USDA program participants, and on agricultural lands for non-USDA participants. The MOA increased the NRCS workload to include assistance for activities that require a 404 permit (Section 404 of the Clean Water Act). Additionally, in each State, NRCS has the lead role in developing and maintaining wetland mapping conventions. Over 2,000 NRCS employees have been trained and certified in the Corps delineation course since FY 1994.

Wetland Appeal Workload: In April 1995, Secretary Glickman suspended all wetland determinations unless specifically requested by the client or when a potential violation existed. However, landowners

continue to request substantial numbers of wetland determinations. As landowners pursue appeals to the National Appeals Division, a considerable amount of staff resources are required to represent the government's position on these cases. NRCS provided technical assistance in fiscal year 1999 to assist landowners with implementing the wetland conservation provisions of the Food Security Act, as amended, and the tasks in the wetlands Memorandum of Agreement. This assistance supported activities to meet client needs for determinations/delineations, appeal processing and resolution, mitigation and restoration plans, minimal-effect exemptions, and scope-and-effect evaluations for installation of new drainage systems and maintenance of existing systems. Limited funding prevented NRCS from conducting regional and national wetlands workshops in 1999. These workshops have been an integral part of ensuring that NRCS staff and the public are informed about the wetland conservation provisions, including the 1996 Act amendments. However, NRCS has conducted 5 regional interagency workshops on wetland delineation and wetland functional assessment which is used when determining adequate wetlands mitigation.

404 Permit Related Workload: The 1996 Act amended wetland conservation compliance (Swampbuster) to give producers more compliance flexibility. The Act expanded the definition of agricultural land in the wetland MOA to include tree farms, rangeland, native pasture, and other land used for livestock production. This further expands the acreage on which NRCS has the responsibility for making determinations and delineations. This workload includes requests for assistance for activities that require a 404 permit that are not related to agriculture.

Clean Water Action Plan: NRCS assisted in the implementation of the Clean Water Action Plan (CWAP) that was released on February 19, 1998. The plan serves as a blueprint for actions to be taken in collaboration with local, state, and federal partners to restore and protect America's water resources. In 1999, NRCS focused on the following items:

Unified Animal Feeding Operation (AFO) Strategy: Developed the Unified National Strategy for Animal Feeding Operations, in collaboration with other USDA agencies and the Environmental Protection Agency (EPA), that was issued March 9, 1999. The strategy established a national performance expectation that all AFO owners and operators will develop and be implementing a comprehensive nutrient management plan by 2009 and presented a series of actions that USDA and EPA will take to minimize the water quality and public health impacts of the AFOs in the United States that concentrate animals, feed, manure and urine, dead animals, and production operations on a small land area. The public input process included 11 public listening sessions held across the country during FY 1999, along with a Federal Register release of the draft strategy whereby written comments were solicited.

Cross-Departmental Action Teams: NRCS played active leadership roles on a number of cross-Departmental Action Teams formed in FY 1999 to help accomplish CWAP goals. These included the Stewardship Incentives Action Team, the Unified Watershed Action Team, and Animal Feeding Operations Action Team. Accomplishments included: assisting states and territories develop their Unified Watershed Assessments that identify and prioritize watersheds for restoration; assisting 8 states implement their Conservation Reserve Enhancement Program agreements to address critical water quality, soil erosion, and fish and wildlife habitat needs; selecting 12 stream corridor restoration demonstration projects that reflect outstanding efforts by local groups and communities to restore and rehabilitate stream systems: and assisting private landowners establish conservation buffers, bringing the total applied to over 883,000 miles toward reaching the goal of 2 million miles.

Nutrient Management Technical Standards: Revised nutrient management technical standards and policy was issued during FY 1999. These important technical standards and policy will serve as a foundation for the nutrient management component of the comprehensive nutrient management plans (CNMP) in the Unified National Strategy for AFOs. Work began in FY 1999 on the Comprehensive Nutrient Management Planning Technical Guidance, in consultation with EPA. This Technical Guidance document is scheduled for a fiscal year 2000 release.

USDA Water Quality: NRCS, the Cooperative State Research, Education, and Extension Service (CSREES), and Farm Service Agency (FSA). The USDA Water Quality Initiative (WQI) was supported through education, technical assistance, and financial assistance. Technical assistance was provided for nonpoint source hydrologic unit areas, water quality, demonstration projects, and regional project initiatives. The WQI was started in 1990 and cost-sharing was available until 1995. The USDA Water Quality Initiative was phased out September 30, 1999.

Regional Project Initiatives: NRCS, CSREES, and FSA regional projects include the Chesapeake Bay, Gulf of Mexico, Great Lakes, Lake Champlain, the Coastal Zone Management Program, and the National Estuary Program. USDA assists in these projects in reducing agricultural nonpoint source pollution through ongoing programs that provide education, technical assistance, and financial assistance to individual farmers, ranchers, and communities. A coordinated approach to monitoring and evaluation has been undertaken to determine the level of success of ongoing programs and to improve future efforts. The monitoring and evaluation process focuses on reductions in pollutant loading, modeling load reduction below the root zone and beyond the edge of the field, and measuring change in the condition of surface and ground water conditions. It also includes an assessment of practices installed and the effects of these activities upon agricultural production. NRCS participates with State and local water quality agencies, other Federal agencies, and international representatives in developing overall plans of action to meet the nonpoint source water quality goals in the project areas and provides technical assistance to agricultural producers in implementing conservation plans.

Other Water Quality Activities: NRCS supported and participated in a variety of additional water quality activities including interagency and industry sponsored cooperative agreements, advancement of research and education initiatives, and identification of emerging water quality issues. Conservation liaison positions have been established in Environmental Protection Agency (EPA) regional offices to provide conservation support for nonpoint source activities. A number of similar positions have been established at the State level in association with State conservation and water quality agencies. Additional liaison positions are being supported between NRCS and various other private entities, such as the Southeastern Egg and Poultry Association, National Pork Producers' Council, American Farm Bureau Federation, and the National Council of Farm Cooperatives.

Resource Analysis and Assessment: NRCS performs resource analyses at its national, regional, and State offices, using the agency's unique databases such as the National Resources Inventory (NRI), soil survey data, and program data. In addition, it uses other databases from multiple sources, such as the Bureau of the Census, the National Agricultural Statistics Service, the EPA, and the USGS.

The analyses are used to address broad policy changes needed in the application of conservation measures and delivery of conservation programs. Special projects include:

- The development of land characterization techniques and resource quality indices using geographic information systems (GIS) and geostatical procedures for issues associated with grazing land health, water quality and soil quality.
- Accelerating the availability of analytical products on the Internet. Hundreds of resource assessment products are available on the NRCS website at: http://www.nhq.nrcs.usda.gov/land/home.html.

Soil and Water Resource Conservation Act of 1977 Requirements: The NRCS resource assessment projects contribute to the publication of a periodic comprehensive report on the state of the land. The next report, "State of the Land 2000," will provide a substantive analysis of the condition of the Nation's natural resource base and supply fundamental natural resources information useful to policymakers drafting the next farm bill and for other national environmental discussions.

National Resources Inventory (NRI): Through this program, NRCS collects, interprets, analyzes, displays, and distributes statistically reliable data on natural resource and environmental conditions, and trends for the Nation's non-Federal lands.

Since the passage of the Rural Development Act of 1972, NRCS has completed five NRIs at 5-year intervals (1977, 1982, 1987, 1992, 1997), plus several special studies of lesser intensity. The 5-year cycle has involved continuous planning, training, data collection, quality assurance, statistical processing, analysis, and evaluation.

The data elements collected during these inventories can be grouped into several general categories:

- Soil characteristics and interpretation (such as slope, depth, land capability class, prime farmland, salinity or acidity, flooding frequency).
- Land cover and use.
- Erosion (such as sheet, rill, or wind).
- Land treatment (such as irrigation, windbreaks).
- Vegetative conditions (such as range condition and species, pasture management).
- Conservation treatment needs.
- Extent of urban land.
- Habitat diversity.
- Cover maintained under the Conservation Reserve Program.
- Wetlands status.

1997 NRI: Under the leadership of 21 multi-State Inventory Collection and Coordination Sites (ICCS), data collection for the 1997 NRI was completed in October 1998. Data gatherers assessed natural resources conditions during the 1997 growing season primarily through the interpretation of aerial photography and other ancillary materials. Field visits were made when necessary to make proper interpretations and for quality assurance. Editing and statistical processing of the data were performed in the spring and summer of 1999. Preliminary results were reviewed in late summer 1999, final release was in late 1999.

Special Inventories: Less-intensive, special issue inventories were conducted in 1996, 1997, and 1998 and one is currently underway in 1999 to assess changes in conservation and land use resulting from the Federal Agricultural Improvement and Reform (FAIRA) Act of 1996 (PL 104-127, April 4, 1996) 'freedom to farm' provisions. Indications are that progress in reducing soil erosion has remained flat since 1995, but there has been no reversal of previous conservation gains.

Continuous resources inventory process: Preparations are underway to transition to an inventory process whereby data on critical natural resources issues are collected annually. This information will be used for agency strategic planning and evaluating program accomplishments as required by the Government Performance and Results Act (PL 103-62, August 3, 1993).

NRCS has been developing approaches to assess new resource integrity concerns and to integrate our inventory activities with other Federal agencies. Under development are indicators for resource issues such as grazing land and riparian system health, wetland functionality, soil quality, and habitat diversity. NRCS and U.S. Forest Service (USFS) have worked on ways to integrate and enhance our historic inventory and assessment needs; Bureau of Land Management (BLM) and National Agricultural Statistical Service (NASS) are also active partners in these efforts.

Reimbursable Work: NRCS provides technical assistance to other Federal, State and local entities under reimbursable agreements. The following are examples of the significant reimbursable workload performed for other Federal agencies.

Conservation Reserve Program (CRP): NRCS provides technical assistance to landowners for the Farm Service Agency in delivery of the CRP through an annual reimbursable agreement. CRP offers 10 to 15-year rental contracts for retirement of excessively erodible lands or land that contributes to water quality problems and to improve or develop wildlife habitat. NRCS calculates the Environmental Benefit Index associated with bids offered by landowners, develops conservation plans with landowners to provide protective cover of grasses or trees that will reduce soil erosion, improve water quality, and enhance wildlife habitat, and monitors the implementation of conservation practices and maintenance of CRP acreage.

Incentives for Sensitive Lands: The 1996 Act enabled the use of a continuous signup to assist in the goal of ensuring that the most environmentally sensitive land is in CRP. Under the continuous enrollment provision, certain conservation practices such as grassed waterways, filter strips, riparian buffers, and field windbreaks are emphasized. Producers receive an incentive payment for enrollment. Cropped wetlands, water bank acres (excluding wetlands types III - VII) in the last year of their contract, and non-cropped wetlands associated acreage were also added to the CRP eligibility criteria. Restoration of wetlands is voluntary, however, chances of acceptance is greater with restoration and includes up to a 25 percent incentive of the cost for restoring the hydrology.

FY 1998 CRP Workload: Under the 16th general CRP signup, NRCS processed 126,232 enrollment bids encompassing 9.5 million acres. NRCS provided conservation planning for 75,284 CRP contracts accepted covering 5.9 million acres. Under the 17th continuous signup, NRCS provided conservation planning for approximately 22,400 contracts covering 190,900 acres.

FY 1999 CRP Workload: Under the 18th general CRP sign up, NRCS processed 90,306 offers encompassing 7.1 million acres. NRCS provided conservation planning for 61,559 CRP contracts accepted covering 4.9 million acres.

Under the 19th continuous sign up, NRCS provided conservation plans for approximately 19,776 contracts covering 164,801 acres. In addition, NRCS provided planning, conservation practice application, and maintenance activities for the approximately 31 million acres enrolled to date under CRP.

Conservation Reserve Enhancement Program (CREP): States with National or State significant conservation and environmental problems on agricultural lands, as a result of agricultural activities in specific geographic areas, may enter into a Memorandum of Agreement with USDA for a Conservation Reserve Enhancement Program (CREP) to address these conservation and environmental problems. CREP expands CRP's effectiveness by allowing USDA to work in partnership with States and local interests to meet specific conservation objectives in their State CREP. In fiscal year 1998, four CREP agreements were signed by the Secretary for Maryland, Minnesota, Illinois, and New York, and four agreements were signed in fiscal year 1999 with Oregon, Washington, North Carolina, and Delaware. Two additional agreements in Pennsylvania and Virginia are expected to be completed and signed by the end of this calendar year. Six other proposals are under review.

Carry Over Workload: CTA workload also includes requirements associated with other provisions of law. Assistance is provided through CTA for activities associated with multi-year contracts entered into under programs that are no longer authorized or funded.

Emergency Wetlands Reserve Program (EWRP): The Emergency Wetlands Reserve Program was established as part of an emergency restoration package following the flooding by the Mississippi River and its tributaries in 1993. The program provides landowners an alternative to bringing back into agricultural production lands that had been wetlands at one time. The program is patterned after the Wetlands Reserve Program (WRP). Through the use of $103.8 million in emergency funds, floodplain restoration projects involving approximately 84,840 acres were enrolled. Approximately

55,000 acres had been restored before fiscal year 1998 and the remaining 29,840 acres were completed during fiscal year 1998. Work was completed on the EWRP in FY 1998.

Agricultural Conservation Program (ACP): The 1996 Act consolidated ACP along with three other programs into the Environmental Quality Incentives Program (EQIP). There was no new funding for ACP in fiscal year 1999. However, NRCS continues to provide technical assistance to participants of ACP for planning, design, and layout of cost-shared practices; supervision of implementation; and certification that the conservation practice meets standards and specifications under long-term agreements (LTA) and the Water Quality Incentives projects (WQIP) for 3 to 10-year agreements. In addition to regular ACP assistance, NRCS provides assistance for WQIP contracts that were funded from FY 1994 through 1996.

Colorado River Basin Salinity Control: The 1984 amendments to the Colorado River Basin Salinity Control Act, in Public Law 98-569, gave USDA a separate authority for developing and implementing a voluntary and cooperative on-farm salinity control program. The Colorado River Basin Salinity Control (CRBSC) Program's purpose was to reduce salt loading in order to enhance and protect the quality of water available in the Colorado River for use in the United States and Mexico (Public Law 93-320, Colorado River Basin Salinity Control Act). The program provided non-Federal cost-share reimbursement from the hydroelectric power revenues of the Upper and Lower Colorado River Basin development funds and has authority to cost-share with irrigation districts and canal companies. NRCS continues to perform work on CRBSCP long-term contracts by revising project plans, and providing technical assistance for the installation, operation, and maintenance of salinity reduction practices. The emphasis is on irrigation water management. NRCS assistance includes planning, application, and maintenance of wildlife habitat practices. In addition, NRCS is responsible for monitoring and evaluating the technical aspects of the program.

Rural Abandoned Mine Program (RAMP): NRCS continues to provide technical assistance to land users in planning and applying reclamation practices. During the past year, NRCS has worked in partnership with Federal, State, and local organizations, using RAMP funds not obligated to current land user contracts, to provide both technical and financial assistance to individual land users and local communities impacted by past mining.

The goal for FY 1999 was to complete construction of all existing land user contracts by the spring of 1999. Currently, there is less than 1 million dollars allocated to 10 contracts and partnership agreements. Only a few new landowner contracts are currently being initiated which is part of a partnership package being implemented by joint agreements with other conservation partners. There are approximately 140 existing landowner contracts that remain under operation and maintenance agreement with individual landowners.

Program Features: When funded, the RAMP program provides technical and financial assistance to landowners and land users who voluntarily enter into 5 to 10-year contracts to reclaim up to 320 acres of eligible abandoned coal mined land. NRCS field staff assists landowners in preparing a reclamation plan that outlines the treatment, cost, and design that provides on-site assistance with construction. NRCS uses local and State reclamation committees to assist in establishing priorities for RAMP projects.

Overall Accomplishments: Since the RAMP program was initiated in 1978, landowners in 20 States have submitted 4,614 program applications involving approximately 107,070 acres of abandoned mined lands. At the end of FY 1999, RAMP program funds eliminated approximately 3,300 health and safety hazards, controlled erosion on some 18,196 acres of abandoned, eroding, and unproductive land. As a result of protecting the land resource, water quality has been improved on 62,000 acres of lakes and 1,100 miles of streams.

FY 1999 Accomplishments: In FY 1999, eight new partnerships were signed with other reclamation partners, leveraging both technical and financial assistance to abandoned mine sites. The following project is an excellent example of one partnership agreement. The Natural Resources Conservation Service staff in Pennsylvania worked with the Earth Conservancy District in Eastern Pennsylvania, Luzerne county conservation district and county commissioner, and Congressman Paul E. Kenjorski's office to reclaim a 20 acre site of mine-scarred and blighted areas near the Wilkes-Barre community in Eastern Pennsylvania. The local youth in the community first identified a need for a recreation area and the community came together to correct the scars of past mining while providing needed recreation facilities which will be used for soccer and other youth activities.

Cooperative Efforts: Conservation of private land is a partnership effort that relies on many individuals, groups, and governmental entities working together to achieve common goals.

Conservation Districts: The foundation of conservation efforts on private lands is the traditional partnership between NRCS, state conservation agencies, and local conservation districts. NRCS provides assistance to individual land managers through the local districts. Conservation districts are units of state or Tribal government that are responsible for setting priorities and developing conservation programs for their area. They are operated by boards of volunteers who are locally elected or appointed officials and who serve without salary.

District staffing: District employees administer local and state conservation programs and cooperate with NRCS specialists in administering Federal programs in the district. In fiscal year 1999, the front-line conservation work force included nearly 8,000 NRCS employees and more than 7,000 district or state agency staff. In some field offices, NRCS staff are outnumbered by state and local employees. NRCS and state and local employees in a field office work as a team, using the same case files and technical tools to serve the local community.

District funding: Officials of conservation districts obtain funding through fund-raising events (such as seedling sales) and from local, Tribal, State, and Federal sources to help carry out the local conservation program. Over the years, they have developed cooperative ways of financing conservation programs. State and local appropriations and in-kind services for conservation district program activities totaled approximately $964.5 million in FY 1998.

Reinventing the partnership: In 1994, the Secretary of Agriculture announced an initiative to renew the conservation partnership. As part of this initiative, many American Indian Tribes and Alaska Native Governments formed Tribal conservation districts for the first time. The Secretary of Agriculture, governors of each State, Tribal governments, and conservation districts signed new mutual agreements that establish the framework for cooperation among the USDA, States, Tribes, and conservation districts. The mutual agreements and companion cooperative working agreement modernize and reinvent the more than 50-year-old basic and supplemental memoranda of understanding with conservation districts. The agreements were developed by a team that included representatives of the National Association of Conservation Districts, conservation and Tribal districts, National Association of State Conservation Agencies, Intertribal Agriculture Council, Tohono O'odham Nation, Forest Service, and NRCS. As of September 30, 1999, more than 3,000 mutual agreements have been signed.

Strengthening local partnership operations: In 1993, the Partnership Coordinating Council, representing the traditional conservation partners, formed a Partnership Operations Work Group to support the USDA strategy, established in the National Conservation program, of strengthening the conservation partnership at the local level. The Work Group assists state-level conservation partnerships to develop and implement customized plans for improving overall partnership operations. State leaders select individuals to serve on a task force that is representative of field, area, and State leadership. The work group assists the State task force to define their State's desired program delivery

system, analyze current conditions and previously developed strategies, and identify strategic issue areas, goals and actions that the State partnership will work on together using all talents and tools that can be gathered.

The Work Group has assisted or is assisting 21 States including: Florida, Montana, Utah, North Carolina, South Carolina, Massachusetts, California, Alaska, North Dakota, Iowa, Illinois, Colorado, New Mexico, Connecticut, Arkansas, Indiana, New York, Washington, and Pennsylvania. Six other States have received special assistance.

Resource materials, tools and concepts from these States and the 10 states that received grants from the earlier district capacity building program, are being networked throughout the Nation, between State conservation partnerships.

Other Federal Agencies: Many Federal agencies rely upon the technical expertise unique to the NRCS to plan and implement programs that impact rural residents and resources. Some examples are the Conservation Reserve Program of the Farm Services Agency; the Surface Mine Control and Reclamation Programs of the Department of the Interior; the Coastal Zone Management Program of the Department of Commerce; and the Chesapeake Bay Agreement, National Estuary Program and Clean Lakes Program of the Environmental Protection Agency (EPA). NRCS has signed memoranda of understanding with EPA for nonpoint source technical cooperation; with the Cooperative State Research, Education and Extension Service for water quality data and training; and with the Agricultural Research Service and the U.S. Geological Survey for cooperation on water quality research and monitoring.

International Activities: NRCS helps improve the management and conservation of natural resources globally. Participation in collaborative efforts with other countries results in benefits to the U.S. and, in particular, accomplishment of the NRCS mission. During FY 1999, NRCS specialists completed 188 assignments to 42 foreign countries. The objectives of the assignments were to: provide short and long-term technical assistance and leadership for the development of natural resource conservation programs and projects; exchange conservation technology with countries that face soil and water conservation issues similar to those in this country; and, participate in international meetings and professional societies to share conservation technology and to broaden the technical knowledge and professional capability of NRCS staff. Additionally, NRCS provided opportunities for approximately 150 foreign nationals from over 15 countries to gain a better understanding of natural resource conservation efforts by observing and discussing conservation programs in the United State in order to transfer applicable methods to their home countries.

Outreach to Underserved Groups: NRCS provides technical and financial assistance for demonstration projects and special initiatives to assist underserved individuals and communities throughout the Nation. The projects are aimed at meeting the unique conservation needs and challenges of distinct cultural living; revitalizing small farm production, processing, and marketing of farm raised crops; implementing new site-specific technology and developing comprehensive resource plans to address the Department's Clean Water Action Plan and Environmental Quality Incentives Program (EQIP) initiatives.

1890 Land Grant Institutions and HBCU: NRCS maintains a presence on selected 1890 land grant university campuses, providing knowledge and skills to strengthen and broaden the transfer of technologies through the 1890 institutions and other historically Black colleges and universities (HBCU) to the agricultural communities they serve. Some of NRCS's ongoing technical assistance and education outreach ventures are:

Lincoln University - Center on Geographic Information Systems (GIS) and Wildlife Management. The GIS lab offers supporting agencies an opportunity to develop digital data using student labor, project assistance for mapping and spatial analysis needs, and a research environment for investigating new technologies. Each Semester an average of 30 students take GIS classes; many obtain USDA

employment following graduation. NRCS has employed five women who received financial support and training from the GIS program.

Langston University - Grassland Center. The center establishes partnerships with community based organizations and minority farm groups to help improve grassland resources by providing quality technical assistance; developing improved plant varieties; and forming alliances that support the continuing education for grassland managers.

South Carolina State University – Center for Environmental Sciences, Education and Research: The goals of this center are: (1) to provide hands-on, field oriented experiences for regional HBCU undergraduate activities that utilize math and science principles to solve complex real-life problems in agriculture, environmental science, natural resources and engineering; (2) to increase recruitment and retention of minority students and women in science, engineering, natural resource management, and environmental science; (3) to increase science literacy and public education on complex science-based environmental, agricultural, and natural resources issues.

University of Arkansas at Pine Bluff - Small Farm Outreach Water Management Center. NRCS entered into an agreement with the university in 1996, initiating the Small Farm Outreach Water Management Center/Wetlands Water Management Program. The university secured an 871-acre farm in Lonoke, Arkansas, as the first step of the process. The development phase of the center has been completed. The center will be the headquarters for the Wetlands Water Management Program and the focal point for field trials, applied research, technical assistance, and demonstrations. Implementation of farm conservation practices is well underway. Partnerships have been established to market the farm outreach center concept, and leadership projects have been initiated.

Arkansas Land and Farm Development Corporation (ALFDC): The ALFDC Youth Enterprise in Agriculture (YEA) Program: ALFDC and NRCS initiated this program in 1991 to encourage minority youth to continue their education so that they could become self-employed farmers or embark on careers in agriculture or related fields.

Hispanic Association of Colleges and Universities: NRCS is working closely in cooperation with the Hispanic Association of Colleges and Universities (HACU), to increase Hispanic employment in NRCS. HACU is a national association representing nonprofit, accredited colleges and universities in the United States where Hispanics comprise at least 25 percent of the total student enrollment. NRCS has representation on the HACU leadership group who in turn ensure that the Hispanic community equitably benefits from USDA programs, resources, services, and employment opportunities. Ongoing activities include:

HACU Leadership Group: The HACU Leadership Group is comprised of USDA senior level managers and college and university administrators. NRCS has two representatives on the Group who assisted in developing a strategic plan to address employment, educational, and program delivery to Hispanics.

Hispanic Serving Institutes Liaisons: NRCS provides financial support to two liaisons who counsel, mentor, coach, and support students who are enrolled in Hispanic serving institutions. The liaisons have counseled students regarding employment. They also assisted students in the areas of qualifications for specific job series, placement, and explaining the mission and role of NRCS.

Texas State Technical College (TSTC): The NRCS National Hispanic Emphasis Program Manager works cooperatively with TSTC (a 2-year college) to place TSTC graduates in jobs with NRCS. HACU works with TSTC students to place them in 4-year colleges and universities.

Small Farms and Limited Resource Farmers: NRCS has implemented an initiative to ensure that NRCS programs are administered in a way that enables small or limited resource farmers to maintain and develop

economic viability in farm operations; to ensure that NRCS technical assistance programs and activities reach small and limited resource farmers and ranchers; and to ensure that technical practices and information are relevant to the needs of these farmers and ranchers.

Assistance to American Indians & Alaska Natives: NRCS has specific responsibility under law for providing assistance to American Indians and Alaska Natives. The Indian Self-Determination and Self-Government Act, P.L. 94-638, gave responsibility for carrying out the Federal Government's trust responsibilities to all Federal agencies. In 1988, the signing of a memorandum of understanding between the Secretary of Agriculture and the Secretary of Interior, gave NRCS full access and recognized trust responsibilities on American Indian Nation and Alaska Native lands. In response to the Secretary's memorandum, the heads of the U.S. Department of Interior, Bureau of Indian Affairs (BIA), USDA Agricultural Stabilization and Conservation Service (now Farm Service Agency), and USDA Soil Conservation Service (now NRCS), signed a Memorandum of Understanding Relative to Planning and Implementing USDA Conservation Programs on Indian Lands. The American Indian Agricultural Resources Management Act, which was enacted in late 1993, requires the development of 10-year plans for the management of resources on all Tribal lands in the Nation.

Offices Serving Tribes: The Food, Agriculture, Conservation, and Trade Act (FACTA) of 1990, Section 2501 (g), further defines the responsibilities of USDA. It directs that NRCS and other USDA field agencies establish sub-offices at Tribal headquarters for Tribes who request it and staff the office at least one day per week. The Secretary of Agriculture implemented this mandate through Departmental Regulation 1340-2, dated August 6, 1991. As of August 1999, NRCS has 43 offices at tribal headquarters and 30 offices located elsewhere on tribal lands.

State	Indian Tribe	Tribal Headquarters	Tribal Lands
Arizona	Colorado River (CA)		Parker
			Parker RC&D
	Hopi	Kykotsmovi	Moenkoepi
	Tohono O'odham	X	X
	Sans Carlos	X	X
	Navajo		Shiprock
	Navajo	Window Rock	Window Rock
	Navajo		Window Rock Planning
	Navajo RC&D		X
	Navajo		Chinle
	Navajo		Fort Defiance
California	Laguna Pueblo	X	
Colorado	Southern Ute	X	
	Ute Mountain Ute (NM & UT)	X	
Florida	Seminole		X
	Miccosukee		X
Idaho	Fort Hall		X
	Nez Perce		Oronfino
	Coeur d"Alene	X	X
	Kootenai		Bonner's Ferry
	Kootenai		Panhandle Lakes RC&D
Mississippi	Choctaw	X	
	Isabella		X

State	Indian Tribe	Tribal Headquarters	Tribal Lands
Minnesota	Red Lake	X	
	Leech Lake		X
	White Earth		X
	Bois Forte	X	
	Fond du Lac		X
	Grand Portage	X	
Montana	Blackfeet Nation	X	
	Crow	X	
	Ft Belknap Indian Com.	X	
	Ft. Peck Assinibone Sioux	Poplar	Wolf Point
	Northern Cheyene	X	
	Rocky Boy's Chippewa Cree	X	
	Conf. Salish & Kootenai	Pablo	Ronan
North Carolina	NC Cherokee	X	
North Dakota	Three Affiliated Tribes	X	
	Turtle Mtn. Band of Chippewa		X
	Standing Rock Sioux	Fort Yates	Selfridge
	Devils Spirit Lake Sioux	X	
New Mexico	Taos Pueblo	X	
	Jicarilla	X	
	Acoma	X	
Oklahoma	Cherokee	X	
	Chickasaw	X	
	Creek	X	
	Choctaw	X	
Oregon	Conf. Tribes -- Warm Springs	X	
	Umatilla	X	
South Dakota	Oglala Sioux (NE)	Pine Ridge	
	Rosebud Sioux	X	
	Cheyenne River	X	
Utah	Unitah & Ouray	X	X
	Goshute Business Council	X	
	Navajo		Western Navajo
	Navajo		Eastern Navajo
Washington	Colville	X	
	Yakama	X	
Wisconsin	Oneida	X	
	Menonminee	X	
Wyoming	Wind River Shoshone Bus. Council	X	Riverton
TOTALS		43	30

Technical Assistance to Tribal Conservation Districts: American Indian and Alaska Native organizations are relying more and more upon the technical expertise unique to the NRCS to plan and implement programs which impact Tribal and regional corporation resources as well as their citizen's individual farms and ranches. The Secretary of Agriculture has signed mutual agreements (MU) with eighteen conservation districts formed under tribal law. NRCS works with the Tribe or regional corporation under Alaska Natives Claims Settlement Act (ANCSA) to develop cooperative working

agreements to deliver NRCS programs to American Indians and Alaska Natives. Under the terms of these agreements, NRCS provides technical assistance through the American Indian or Alaska Native conservation district, to assist American Indian Nations and Alaska Native organizations and citizens to plan, apply, and maintain conservation treatment on the land. These Indian conservation districts are legal subdivisions of American Indian and Alaska Native governments organized for the purpose of developing and carrying out local conservation programs to protect, conserve, and maintain their natural resources. Officials of Indian conservation districts are local leaders in the development of appropriate land use and conservation treatment on private and tribal lands within the district boundaries. They solicit tribal, local, State, and Federal participation to help carry out locally adaptive conservation programs.

Intertribal Agricultural Council Contracts: The Food, Agriculture, Conservation and Trade Act of 1990 (FACTA), Section 2501(g), provided a basis for establishing two contracts with the Intertribal Agriculture Council (IAC). The first contract was for the hiring and training of American Indian farmers and ranchers for the purpose of meeting with tribes to explain USDA programs. NRCS provided the leadership for this multi-USDA agency effort. The second contract brings Tribes together with NRCS and other agencies to discuss mutual opportunities to protect natural resources.

NRCS Leadership & Assistance: NRCS provides leadership assistance to other Federal and state agencies in working with American Indians and Alaska Natives. Examples include assistance with the development of Tribal water quality assessments and plans under the Environmental Protection Agency's Clean Water Act, Section 319 provisions, cooperative fish and wildlife enhancement efforts with the U.S. Fish and Wildlife Service, and soil surveys in cooperation with BIA. NRCS is working cooperatively with tribes and BIA to employ GIS as a planning tool in the development of reservation-wide natural resource plans. NRCS has developed an experiential training workshop for agency staff on "Working Effectively with American Indians" that is serving as a model for many USDA agencies and other Federal departments. Thirty-seven sessions have been taught in 19 States.

NRCS has worked with the Nez Perce Nation and EPA on a 6-million acre, 5-county salmon recovery project call the "Clean Water Basin Focus Watershed." NRCS has completed a range and resource assessment on the Northern Cheyenne nation. This tribe has made a $5 million commitment to implement the resulting plan.

NRCS established a full-time American Indian Liaison position in national headquarters, a full-time Western Regional American Indian Liaison position based in Albuquerque, New Mexico, and a half-time Northern Plains American Indian Liaison based in Bozeman, Montana. There are 9 full-time and one half time Statewide American Indian Liaisons.

NRCS has worked with a number of the American Indian Land Grant Colleges to assist them in developing and teaching natural resources courses and curriculums. NRCS has provided financial support to Haskell College (KS) for the development and maintenance of their natural resource program. A new program to provide outreach to American Indians was initiated at Fond Du Lac Tribal College (MN) this year.

FY 1999 Funds Expended: In FY 1999, NRCS expended approximately $4 million from the Conservation Operations Account providing technical assistance to American Indians and Alaska Natives. In addition, NRCS allocated $8.7 million in Environmental Quality Incentives Program funding.

Information Services: NRCS' proactive communications activities foster voluntary cooperative solutions to environmental issues on privately owned farms and ranches and in rural and urban communities; keep citizens informed about legislative requirements concerning conservation and the environment; and provide wide dissemination of NRCS natural resource information. NRCS' communications activities:

- Use a positive approach to reinforce and strengthen farmers' conservation commitment.
- Ensure that conservation provisions are understood and used.
- Gain the involvement and support of agricultural and environmental organizations in developing and delivering conservation messages.
- Foster conservation progress by increasing awareness of the public benefits of conservation efforts.
- Increase local and national support and involvement for voluntary conservation efforts.

NRCS' Conservation Communications Staff continued its commitment to supporting White House and Departmental conservation initiatives. NRCS public affairs staffs in Washington, D.C., and throughout the Nation brought international attention to events and initiatives such as the President's Clean Water Action Plan, the National Town Meeting for a Sustainable America, the America Heritage Rivers Initiative, and Earth Day on the National Mall.

By working with the media and creating publicity products, NRCS Communications personnel generated public awareness of the centenary year of the National Soil Survey, the 100,000th acre of land brought into the agency's Wetlands Reserve Program in Louisiana, and the National Conservation Buffer Initiative. NRCS' Communications staffs, working through the Emergency Water Protection Program, played key roles in recovery and restoration efforts following natural disasters, such as Hurricanes Floyd and Dennis and wildfires in the Western United States.

NRCS' conservation communications efforts are accelerating partnership building with other government agencies, agricultural and conservation groups, and the media. These information and partnership activities are essential in helping NRCS meet the conservation needs of America's privately owned land through a voluntary approach. Assisting in this effort is the Earth Team, NRCS' volunteer program. The Earth Team currently has more than 29,000 volunteers who annually donate 728,000 hours to assist NRCS in its conservation efforts. The overall value of volunteer time in FY 1999 was $10.4 million from an investment of $195,382 reflecting $53 to $1 ratio of volunteer value to investment benefit.

Quality Services: The Natural Resources Conservation Service (NRCS) has a highly developed quality management (QM) program, which began in 1990 and is now being revised to reflect current QM and customer service trends.

The Agency continues to provide cost-effective, nation-wide customer service and quality management training. Quality Awareness and Roadmap to Problem Solving courses are conducted throughout the year for NRCS employees and our Conservation Partners.

Team and meeting facilitation is taught through The NRCS Effective Facilitator Course, which has resulted in an expert corps of facilitators who are often called upon by other Federal, state and local organizations. Presented by an in-house and highly skilled instructor cadre, the three NRCS courses have been well received and have had a positive impact on how NRCS does business, enabling it to become an increasingly results-driven and team-based agency.

QM principles and concepts are incorporated in NRCS integrated accountability policy, through the strategic plan, annual performance plans and state business plans.

Within USDA, NRCS has received the second highest number of Hammer Awards for its customer-driven quality products and services from the National Partnership for Reinventing Government. The Agency has also established a web-based feedback system to receive and respond to customer and employee suggestions and is analyzing the findings of an employee survey to continually improve its quality services.

AMERICAN HERITAGE RIVERS

Current Activities: NRCS is participating in the American Heritage Rivers (AHR) designed to help communities restore and protect their river resources in a way that integrates natural resources protection,

economic development, and the preservation of historical and cultural values. The initiative proposes to assist communities adjacent to rivers through better use of existing programs and resources, and through coordinating the delivery of those services in a manner designed by the community.

On July 30, 1998, the President designated 14 rivers as American Heritage Rivers. They are:Blackstone and Woonasquatucket (RI/MA), Connecticut (CT/MA/NH/VT), Cuyahoga (OH), Detroit (MI), Hanalei (HI), Hudson (NY), Mississippi, Lower (TN/LA), Mississippi, Upper (MO/IL/IA/WI/MN), New (NC/VA/WV), Potomac (VA/WV/D.C./MD/PA), Rio Grande (TX), St. Johns (FL), Upper Susquehanna-Lackawanna (PA), and Willamette (OR).

These designated rivers receive focused Federal attention in the form of greater and more effective coordination and use of existing Federal programs and assistance in support of the communities' objectives for the rivers. These efforts are intended to serve as models of the most innovative, economically successful, and ecologically sustainable approaches to river restoration and protection for communities across the U.S.

American Heritage Rivers is a voluntary and locally driven initiative. All assistance comes at the request of the communities adjacent to the 14 rivers. The communities and Federal agencies have established partnerships on each of the rivers to implement the community action plans. These action plans were submitted by the communities with their applications for designation and are being continually updated. The partnerships investigate methods for simplifying and expediting Federal services and for improving the scope, substance, and delivery of Federal assistance. The Federal teams on each river function in partnership with each community, State, Tribal governments, and non-government organizations to look for opportunities to reduce bureaucracy, streamline services, and overcome obstacles to provide assistance.

The initiative will not create new regulatory requirements for individuals or State or local governments, and is consistent with USDA's emphasis on conservation strategies developed and supported by communities. NRCS is assisting with implementation of the AHR initiative, contributing its experience with natural resources management. During FY 1999, NRCS provided approximately $340,000 for staff time assisting with implementation of the initiative. Sixty percent of the funds were from the NRCS Conservation Operations account, and 40 percent from the Watershed Surveys and Planning account.

During FY 2000 NRCS projects that $340,000 will be provided for staff time. NRCS' assistance to the communities on the 14 rivers will include all of its technical and financial assistance programs. Assistance will be consistent with NRCS authorities, program priorities, and the delivery systems currently in place.

URBAN RESOURCES PARTNERSHIP

Current Activities: The Urban Resources Partnership (URP) puts government resources into the service of community-led environmental projects. At least seven Federal agencies provide funding and on-site technical assistance to natural resource restoration and education efforts in cities. With the help of the local community, each of the participating cities has established a steering committee that can include federal, state and local agencies, nonprofit organizations, local business, and foundations. The steering committee establishes the local partnership's mission, investigates natural resource and community needs, determines priorities and agrees to a grant application process. Based on this information, it assembles a technical team, drawn from government agencies and nonprofit partners that works on-site with community leaders and their projects. The following seven Federal agencies participate in URP:

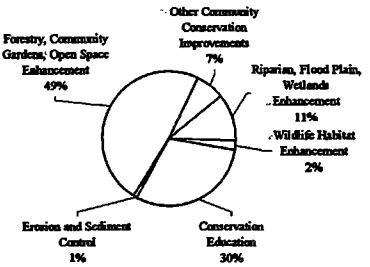
- Natural Resources Conservation Service (NRCS)
- Forest Service (FS)
- Cooperative State Research, Education, and Extension Service (CSREES)
- National Park Service (NPS)
- The Fish and Wildlife Service (FWS)
- Environmental Protection Agency (EPA)

- Housing and Urban Development (HUD)

The Urban Resources Partnership and its projects are partially funded through Federal cooperative agreements. Additional funds and support from state and local agencies are used to match Federal funds for projects and administration to make more efficient use of limited Federal financial and technical resources. Communities match Federal, state and local funding with labor, in kind donations and funds from foundations. The Urban Resources Partnership helps recipients to meet matching requirements by facilitating introductions to community groups, nonprofit organizations, foundations, and local governmnet agencies.

The partnership locations are Atlanta, Chicago, New York, Seattle, Denver, East St. Louis, Los Angeles, Philadelphia, San Francisco, Las Vegas, South Florida, Buffalo and Boston. In FY 1999, NRCS headquarters allocated $150 thousand to each URP city as its participation in the partnership.

Over the life of the initiative, URP cities typically focus activities in the following conservation categories:



NORTHWEST SALMON RECOVERY

Current Activities: The Northwest Salmon Recovery (NSR) initiative was established in FY 1993 in response to frustration that private agricultural landowners experienced in meeting requirements of the Endangered Species Act and the Clean Water Act. NRCS has worked closely with the Pacific Fisheries Enhancement Committee (PFEC) to develop partnerships and resources for a community-based, voluntary, and cost-effective approach to ensure viable watershed ecosystems and local economies. PFEC is a partnership of the conservation commissions of Washington, Idaho, Oregon, the Department of Conservation in California, the respective State Associations of Conservation Districts, and NRCS.

NRCS provided expenditures for three major activities: technical assistance, resource planning, and plan implementation. In total, from FY 1993 through FY 1997, approximately $9.4 million was allocated to these activities. Twenty-eight percent of the funds were from the NRCS Conservation Operations account, 14 percent from the Watershed Surveys and Planning Account, and 58 percent from the Watershed and Flood Prevention Operations account. During FY 1998 and FY 1999, no funds were allocated specifically for the Salmon Initiative from the Conservation Operations account. There are presently 8 active P.L. 83-566 small watershed projects, totaling $1.6 million, which include salmon as an integral part of their natural resource concerns. FY 2000 funding for the salmon recovery effort will be primarily through these projects.

As a result of this funding, technical assistance has been accelerated to local conservation districts and watershed groups in approximately 80 different watersheds and basins. Major efforts are underway in 4 "model" watersheds, 8 watershed projects (Public Law 83-566) and over 55 watershed assistance and coordinated resource management planning activities.

Technical assistance dollars have been used to assist in completing watershed assessments, developing watershed restoration plans, and assisting landowners with site specific planning and practice implementation. Financial assistance is used to help with installation costs of conservation measures and to leverage additional resources from other sources such as the Bonneville Power Authority, National Marine Fisheries Service, Fish and Wildlife Service, the Environmental Protection Agency, State governments, tribes, regional utilities, and private foundations and corporations.

SOIL SURVEYS

Current Activities: Soil is a strategic natural resource that must be understood, managed, and conserved to sustain the economy and health of the Nation. NRCS is responsible for leading the Federal part of the National Cooperative Soil Survey (NCSS), a partnership of Federal land management agencies, State agricultural experiment stations and State and local units of government. NCSS promotes the use of soil information and develops policies and procedures for conducting soil surveys and producing soil information. NRCS provides the scientific expertise to enable NCSS to develop and maintain a uniform system for mapping and assessing soil resources, so that soil information from different locations can be shared regardless of which agency collects it. NRCS provides most of the training in soil survey to Federal agencies and assists other Federal agencies with their soil inventories on a reimbursable basis. NRCS is also responsible for developing the standards and mechanisms for the soil information for the national spatial data infrastructure required by Executive Order 12906.

Soil surveys provide the basic information needed to manage soil sustainability. They also provide information needed to help sequester greenhouse gases, protect water quality, wetlands, and wildlife habitat. Soil surveys are the basis for predicting the behavior of a soil under alternative uses, its potential erosion hazard, potential for ground water contamination, suitability and productivity for cultivated crops, trees, and grasses. Soil surveys are important to planners, environmentalists engineers, zoning commissions, tax commissioners, homeowners, developers, as well as agricultural producers. Soil surveys also provide a basis to help predict the effect of global climate change on worldwide agricultural production and other land-dependent processes.

The NRCS Soil Survey Program is mandated to conduct three activities:

- Map the private lands of the United States.
- Provide soil information to the public.
- Provide technical assistance in the use of soil information.

The primary focus of the soil survey program is to provide current and consistent map interpretations and data set of the soil resources of the United States. Approximately 94 percent of the private lands of the United States and its territories are covered with soil surveys. Only about 87 million acres of non-Federal land remain to be mapped. However, the inventory must be maintained and updated to meet current needs of resource managers and over 40 percent of the current inventory is out-of-date and in need of updating.

NRCS is conducting a multi-year reinvention process to transform the soil survey program from a program with a primary focus on initial mapping and publishing a hard copy report to one that with provide greater emphasis on updating older surveys. Special emphasis will be placed on getting information to the public in a variety of different formats, including electronic. The program will also focus on maintaining the quality of the soil information, and helping people to understand and use soil information in a manner that will lead to sustainability. The process included extensive discussions with users of soil information both inside and outside the agency and collaboration between NRCS and the other members of the NCSS. The resulting key changes in program structure and direction include:

- Mapping: The mapping function is now managed on the basis of physiographic rather than political boundaries. Soil surveys based on natural landscape boundaries rather than political boundaries will provide people with more consistent, quality data for assessing and planning the use and protection of

landscape units, such as watersheds or ecosystems. Older surveys, conducted on a county basis, do not provide consistent data that can be used easily by landowners with holdings in multiple jurisdictions, or by community, State, or regional planners. One of the challenges now is to get the initial soil survey of the public lands completed. These lands are also important when planning land use and conservation on a watershed, landscape, or ecological site basis.

- Information management: The National Soils Information System (NASIS) gives customers direct access to information and data, and permits more effective use of soils information. Users of soil information need it in many forms. Some want data in electronic format, some want information only for a specific land use, some want only the laboratory data and not the interpretations for any use, and some want all of the data for a very small section of the survey area. NASIS enables the agency to provide information quickly and in the form that is most useful to the customer. Digitizing soil survey information enables customers to use it in geographic information systems for generating maps tailored to their needs and doing complex resource analyses.
- Digital data is provided at three levels of generalization: Soil Survey Geographic Data Base (SSURGO) is the most detailed level of information and is used primarily by landowners, townships, counties or parishes, and watershed hydrologic units for planning and resource management. State Soil Geographic Data Base (STATSGO) is used primarily for multi-county, State, river basin planning and resource management and monitoring. National Soil Geographic Data Base (NATSGO) is used primarily for multi-State, regional, national planning, and resource monitoring, and appraisal.
- Technical soil services: The soil technical assistance function focuses primarily on providing diversified products and assistance in using soil information to better meet local needs through USDA service centers.

Selected Examples of Recent Progress: As of September 30, 1999, soil surveys have been prepared on over 2 billion acres. During FY 1999, NRCS soil scientists mapped and updated 20.7 million acres, and another 3.3 million acres were mapped and updated by other Federal, State, and local agencies in cooperation with NRCS for a total of 24.0 million acres mapped in FY 1999.

During FY 1999, NRCS soil scientists mapped 669,160 acres on Native American and Alaskan Natives lands. This represents a 16 percent increase since 1998 and a 71 percent increase in mapping of these lands since 1997.

Soil mapping priority is currently being directed toward completion of all previously unmapped private lands and updating mapping and interpretations that no longer meet user needs and requirements. An initiative is also underway to digitize modern published soil surveys. National digitizing standards for soil surveys have been developed that are consistent with Federal Geographic Data Committee standards. During FY 1999, 366 soil surveys were digitized and certified as meeting NRCS national digitizing standards. A total of 704 digitized surveys are now available, and work is progressing on 494 others.

State, local, and other Federal agencies involved in NCSS provide about 10 percent of the funds and 12 percent of the personnel services used to produce soil maps and interpretive data.

A total of 32 soil surveys were edited and sent to the Government Printing Office during FY 1999. Soil surveys for 38 new counties or soil survey areas were published in FY 1999.

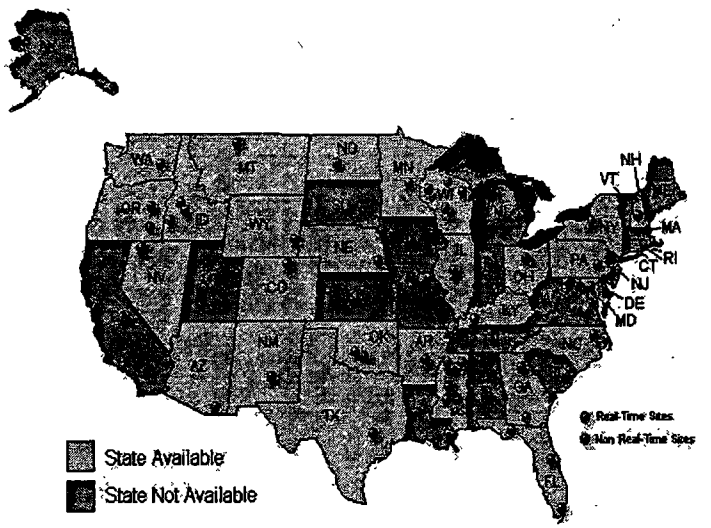
Just over 36 million acres of highly erodible cropland was determined to have excessive erosion above 2 times the tolerable soil loss rate in 1997. Almost 52 million acres of non-highly erodible cropland was determined to have excessive erosion above the tolerable soil loss rate in 1997. Excessive erosion of 1.1 billion tons per year leads to concerns about sediments, nutrients, and pesticides impacting water quality as well as air quality in wind erosion areas of the West, Midwest, Northern Plains, and Southern Plains. Excessive erosion is also an indicator of forgone opportunities for improving soil quality, sequestering carbon dioxide, and reaching goals to reduce greenhouse gases in the atmosphere.

SNOW SURVEY AND WATER SUPPLY FORECASTING

Mission: The mission of the Natural Resources Conservation Service, National Water and Climate Center (NWCC) is "to lead the development and transfer of water and climate information and technology which support natural resources conservation." NWCC functional areas include; natural resource planning support; data acquisition and management; technology acquisition and development; technology transfer; and, partnerships and joint ventures.

Current Snow Survey and Water Supply Activities:

Hydromet Data and Acquisition Technology: Snowmelt provides approximately 80 percent of the streamflow in the West. The Natural Resources and Conservation Service (NRCS), in partnership with other federal and state agencies, conducts snow surveys in 12 western states and Alaska. Natural resource data from 1,100 manual snow courses, 660 automated SNOTEL (SNOwpack TELemetry) sites, 575 stream



gauges, 310 major reservoirs, 3,200 climatological observing stations are integrated to create basin and watershed analysis and water supply forecasts using an automated database and forecasting system. The data collection process is a partnership that includes the NRCS, federal, state, and local agencies, power companies, irrigation districts, and the Provincial Government of British Columbia. The NRCS SNOTEL system alone provides this critical climate data from the major water yield (high elevation) areas of the mountainous West.

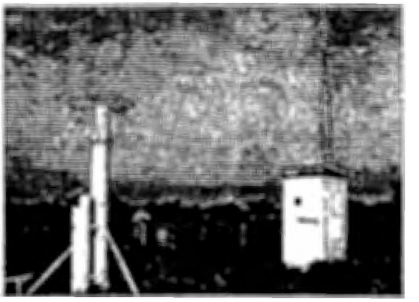
The SNOTEL data collection system plays a key role during flooding and other life threatening snow events. The SNOTEL network provides hourly precipitation, temperature and snowpack depletion

information that improves current flood stage forecasts. This enables emergency management agencies to most effectively mitigate flood damages. Additionally, the focus of program activities is on improving measurement precision, reliability, data quality, increased sampling frequency, timely data availability in support of water supply forecast services.

NRCS SCAN Network as of November 4, 1999

Soil Climate Analysis Network (SCAN) and Global Climate Change Activities: To support the wide variety of NRCS Global Change activities, drought monitoring, flood potential, risk assessment and crop productivity models, the NWCC has expanded the Soil Climate Analysis Network (SCAN) to 37 remote climate stations operating in 26 states.

SCAN uses proven SNOTEL meteor-burst communication technology to provide users with near real-time climate and soil moisture and soil temperature information via the Internet. SCAN data is available through the NWCC Homepage (http://www.wcc.nrcs.usda.gov). Over 23,000 home page accesses for SCAN data were logged during FY-1999. SCAN provides data required for soils research, water balance, drought risk assessment, global climate change modeling, and weather forecast modeling.



SCAN Site, Molly Caren, OH

The USDA Agricultural Research Service (ARS), Penn State University, and the NRCS-National Water Management Center (NWMC) / University of Arkansas have provided funds to install and support SCAN sites during FY-99. These sites will provide needed information to assist ARS in developing better natural resource and watershed models. The SCAN site was installed at the University of Arkansas, Pine Bluff, Lone Oak research farm will support land management and water resource research. A cooperative agreement with NASA resulted in the augmentation of 10 AMERIFLUX sites with SCAN soil climate sensor technology. The SCAN network is expected to include comprehensive nationwide coverage when fully deployed and will allow the NRCS and partners to better manage the natural resources of the United States.

Water Supply Activities

Water Supply Activities: Water supply forecasts are produced annually, January through June, in partnership with the National Weather Service. During the 1999 forecast season, the NRCS National Water and Climate Center issued 6,835 seasonal water supply forecasts for 747 locations in 12 Western states

supporting water resource management activities. The water supply forecasts are coordinated and peer reviewed by a number of federal agencies and cooperators to ensure highest quality and accuracy. These include the Bureau of Reclamation, Corps of Engineers, Bonneville Power Authority, state and local agencies, power utilities, irrigation districts, Tribal Nations, the Provincial Government of British Columbia, the Yukon Territory and Mexico. Agricultural, municipal, industrial, hydropower, and recreational water users are the primary recipients of these forecasts, and because of recent federal legislation related to endangered species protection, an increasing number of fish and wildlife management activities.

Water supply forecasts; (1) help irrigators make the most effective use of limited water supplies for agricultural production needs, (2) assist the federal government in administering international water treaties with Canada and Mexico, (3) assist state governments in managing intrastate streams and interstate water compacts, (4) assist municipalities in planning the early management of anticipated water supplies and drought mitigation, (5) are used in the operation of reservoirs to satisfy multiple use demands, (6) are used to mitigate flood damages in levied areas and downstream from reservoirs (7) support fish and wildlife management activities associated with species protection legislation.

La Nina Effects on Water Supply: Due to the strong La Nina conditions, the NWCC issued a Water Supply Outlook a month earlier than the normal January 1st target date. The Outlooks got a very favorable reception from the user community and proved accurate with reported record snowpacks in the Cascades.

Tribal Nation Activities: The NWCC partnered with the Arizona State Office and the Navajo Nation in placing six streamflow stations and one precipitation site on Navajo Nation. This will provide the Navajo Nation with the water and climate information needed to generate seasonal water supply forecasts.

Spatial Hydrologic Modeling: The NWCC continued the development of a spatial hydrologic model that incorporates digital soils, vegetation, and topography continued in the Boise River Basin, Idaho. Spatial modeling provides improved knowledge of where runoff is generated which will support water quality modeling.

Climate Activities

PRISM Climate Mapping: A full set of continental U.S. annual precipitation maps (1961-1990), were printed and distributed to all NRCS State Offices, State Climatologists, Regional Climate Centers and National Climate Centers along with a set of CD-ROMs containing monthly and annual digital climate layers. A PRISM Homepage at the National Cartographic and Geospatial Center (NCGC) (http://www.ftw.nrcs.usda.gov/prism/prism.html) was also created. Over 9,600 ArcInfo formatted datasets and 52,800 .gif images suitable for natural resource conservation activities were downloaded through this Homepage during FY-1999. Draft annual and monthly temperature maps for 48 states were distributed for final review.

Unified Climate Access Network (UCAN): UCAN is an Internet-based climate delivery system that provides the NRCS and partners with "virtual Internet access" to thousands of climate datasets collected by scores of federal, state, and county networks (http://www.srcc.lsu.edu/ucan.net/UCAN.html). The project is undergoing testing now and limited NRCS-wide deployment is scheduled for January 2000.

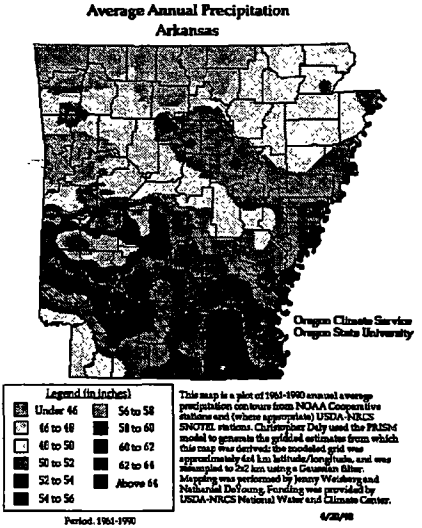
Wetlands Support: The NWCC Homepage was updated to provide the most recent climate data for wetland support nationwide. During FY-99 over 10,200 accesses were logged on the NWCC homepage as users gathered critical information for wetlands determinations (http://www.wcc.nrcs.usda.gov/water/w_clim.html).

Other Climate Support Activities: Eighty climate narratives for NRCS Soil Survey Manuscripts were transmitted to NRCS field offices. Revised r-factor maps for RUSLE implementation in the Eastern U.S.

continues and has been expanded to the Western U.S. A multi-site weather generator has been developed in support of long-range planning and global change activities.

Information Systems

Information Systems: The database and forecast system maintained by Information Systems support a wide variety of software that, in addition to water supply forecasting, provide water and climate data analyses and products used by a wide variety of NRCS disciplines. These products support water resource management and related natural resource conservation activities at NRCS national, State, and field offices. During 1999, more than 125,000 separate information accesses were made to our website (more than 1.8 million "hits") to obtain information. In addition, users of our system downloaded more than 540,000 data files. More than 90% of these accesses were made by entities outside of NRCS (other Federal agencies and cooperators) who rely on the NRCS-collected data and products for a multitude of natural resource management activities.



During 1999 we continued to expand our support for delivery of hourly SNOTEL and soil moisture data for numerous sites throughout the Nation. The first version of a web-based data editing system to enhance the quality control for critical SNOTEL data was released. The NWCC Homepage continues to improve and the on-line water and climate databases were maintained and were accessible to the NRCS and cooperators.

Year 2000 replacement and renovation were a major focal point of the Information Management activities throughout the year. This team supports three of the Agency's mission critical systems. All three systems underwentY2K remediation and exhaustive testing to insure Y2K compliance. In addition, all three

systems were subjected to an Independent Verification and Validation of their Y2K readiness. Business continuity and contingency plans were developed and rehearsed. All of these activities were undertaken to insure that critical services to the public would not be disrupted through either systems failure or failure of infrastructure (communications or power failure).

Current Water Science and Technology Activities

The water science and technology function is administratively co-located with the snow survey, water supply forecasting and climate information functions. Water science and technology covers the development of technical tools and information to solve resource issues related to water quality, water management, water resources planning, and ecological restoration of aquatic resources including streams, lakes, and wetlands.

Core 4: The NWCC developed training materials for field office level training on the Core 4 conservation practices: residue management, crop nutrient management, pest management, and conservation buffers. These training materials were then presented to state specialists in six regional workshops and a number of special sessions at national, regional and state level meetings.

Irrigation: A Crop Water Irrigation Water Requirements computer model was developed to assist states in preparing localized crop water use information to supplement the irrigation guide released in FY 1998. Efforts have been initiated for the development of a Windows pipeline design program for use in livestock and irrigation system planning and design. Implemented an Irrigation Web page that is in the upper 99 percentile of receiving irrigation search hits.

Wetlands/Drainage: Technical training was provided in the use of the Soil Plant Air Water (SPAW) water budget model for use in modeling runoff, deep percolation, ponding and evaporation. Enhancements to the DRAINMOD model are underway to simulate nitrogen transformation processes on wet soils. The enhancement will be used to evaluate nitrate loading from agricultural drainage systems to surface waters.

Pest management: A new computer program was released that evaluates environmental risks associated with different pest management alternatives. The Windows Pesticide Screening Tool (WIN-PST) is a field level screening tool designed for use by NRCS field office planners, crop consultants, certified crop advisors, and other partners. WIN-PST evaluates the potential for pesticides to move away from the area of application in water and sediment and affect humans and aquatic life. It goes beyond previous screening tools to consider the influence of climate, irrigation, residue management, and pesticide application method and rate. Extensive pesticide properties data used in WIN-PST is being maintained by NRCS in partnership with EPA and ARS. WIN-PST results are based in part on continued implementation of NAPRA (National Agricultural Pesticides Risk Analysis). NAPRA results are more precise than WIN-PST, but its implementation is resource-intensive, so generalized NAPRA results are being delivered through WIN-PST.

Nutrient management: Work was initiated to provide an Internet-based computer planning system for nutrient management. The initial component of this system will be the nitrogen planning model NLEAP (Nitrogen Leaching Economic Analysis Package). The system will enable users to access data and complete analyses easily over the Internet. An analysis program for phosphorus management will be added after NLEAP is operational. A guidance document on evaluation the sensitivity of a water body to changes in nutrient loading was developed.

Agricultural Waste Management: Development of National Engineering Handbook chapters on composting and on constructed wetlands is nearing completion. Leadership was provided in development of a practice standard for wastewater treatment and technical support given for revision of a number of practice standards for agricultural waste management.

Hydrology: A new watershed-scale pollutant loading model was released. AGNPS98 provides a powerful new tool for watershed-scale analysis. A new dam safety analysis program was developed. The program, SITES, is being quickly adopted by state agencies responsible for dam safety and will be used extensively to evaluate aging PL-566 structures. A major effort to update the agency's base hydrology tools, TR-20 and TR-55, was initiated.

Irrigation and nutrient scheduling: Enhancements to the CROPFLEX computer model were completed. CROPFLEX is a computer tool designed for Field Office staff and producer use to help in the management of irrigation water and nutrient applications. A national irrigation guide has been finalized and distributed to states. This guide will serve as a template for states and their partners to adapt, modify, or revise to meet their specific needs. The guide is designed to provide consistency among states in the design and assessment of various irrigation methods.

Water budget analysis: A new computer program to assess runoff, deep percolation, and evaporation from fields, and spillway capacities and water budget evaluations for ponds was released. This new tool SPAW+ will help Field Office personnel evaluate the effects of applying conservation alternatives.

Stream Assessment: A simple stream ecological assessment procedure for field office and producer use was released. The assessment was used to evaluate the current condition of streams, establish priorities, and measure the effectiveness of conservation systems. The document has been extremely popular with the public. Over 9,000 copies have been downloaded from the NWCC Homepage.

PLANT MATERIALS CENTERS

Current Activities: Plant Materials Centers (PMCs) are operated by, or receive technical assistance from, NRCS for developing conservation systems using plant materials. The process may include: (a) developing techniques for the effective use of plants and (b) assembling, testing, selecting, releasing, and providing for the commercial production of plants to protect and conserve our natural resources.

The priority of plant materials development is determined by the objectives and priorities of NRCS Strategic Plans, recent Strategic Initiatives, and specific conservation problems within each PMC's service area. Special emphasis is currently being placed on: (1) reducing erosion from cropland by selecting cover crops and developing systems for their use to provide winter cover on low residue crops; (2) improving and protecting the quality of surface and groundwater by developing filter strips between cropland and streams, developing the plants and technology for bio-terraces, and developing artificial wetlands for removing pollutants from waste water; (3) creating, restoring, or managing wetlands; (4) protecting grazing resources - range, pasture, and forestland - by developing productive, longer-lived native forage varieties, and managing desirable native plants to control the spread of noxious weeds; (5) protecting upland riparian areas and coastal shorelines; (6) developing plants and systems for their use that support low input sustainable agriculture, such as replacing erosive annual forage crops with perennial plants for use on highly erodible cropland; and (7) accelerating commercial production of previously released conservation plants in high demand for use in conservation programs. Development and use of plant technology is becoming a more critical component of an holistic approach by NRCS.

Adjustments in PMC locations and service areas have been made to serve our clients better and build partnerships with other agencies. Improvement in the automation of data gathering is progressing and will result in faster technology transfer to the end user of plant materials results. Plant information is now being placed on the Internet to make it more available. Efforts are underway to achieve a computer environment with PMCs being more compatible with field offices. The work at the centers includes cooperation with other Federal and State agencies, agriculture experiment stations, State departments of natural resources, conservation, wildlife, and seed and nursery associations to encourage production and promotion of improved plants. PMCs and the National Park Service continued an excellent cooperative effort to revegetate sites disturbed in parks with local native plant materials used for the disturbed site.

This effort has been used as a prototype for developing comparable projects with the Department of Defense.

Comparative Plant Testing: During FY 1999, over 14,000 plant collections were being comparatively evaluated in about 73,000 plots by the PMCs. These plants were being evaluated for cropland cover crops; wetlands; protecting range, pasture and forest resources; stabilizing critical areas such as sand dunes, streambanks, and shorelines, road cuts and fills, utility corridors and surface mined lands, and introducing grass hedges, buffer strips, replacement of annual forage plants with perennials, and wind breaks to protect cropland. Current emphasis is being placed on the collection and evaluation of native plant materials for these uses. The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts under actual use conditions. There are now about 1,600 such tests underway.
Plant Releases for Commercial Production: NRCS, over the years, has released almost 400 different varieties of conservation plants to commercial producers. Some of these varieties have been replaced with superior plants. Currently, about 250 improved varieties are in commercial production and used in conservation programs. Twenty-two new plants were released during fiscal year 1999. There was one cultivar release, eight selected or tested class releases, and thirteen source-identified class releases. These releases are identified in the following table:

PLANT MATERIAL CENTER RELEASES IN FISCAL YEAR 1999

PMC	Release Name	Common Name	Anticipated Use
CA	LK415f Germplasm	foothill needlegrass	restoration and range improvement
FL	Citrus Germplasm	maidencane	erosion control along streams, channels and pond banks, and for forage in pastures
KS	Reno Germplasm	Illinois bundleflower	roadside revegetation, wildlife plantings, and prairie restoration
KS	Riley Germplasm	partridge pea	roadside revegetation, wildlife plantings, and prairie restoration
LA	Brazoria Germplasm	seashore paspalum	coastal wetland restoration
MI	Leelanau Germplasm	highbush cranberry	windbreaks and wildlife habitat
MO	Central Iowa Germplasm	thickspike gayfeather	roadside revegetation, wildlife plantings, prairie restoration and landscaping
MO	Central Iowa Germplasm	rattlesnake master	roadside revegetation, wildlife plantings, prairie restoration and landscaping
MO	Northern Iowa Germplasm	thickspike gayfeather	roadside revegetation, wildlife plantings, prairie restoration and landscaping
MO	Northern Iowa Germplasm	little bluestem	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Northern Missouri Germplasm	big bluestem	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Northern Missouri Germplasm	little bluestem	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Northern Missouri Germplasm	Virginia wildrye	roadside revegetation, wildlife plantings, and prairie restoration
MO	Northern Missouri Germplasm	indiangrass	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Southern Iowa Germplasm	little bluestem	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Southern Iowa Germplasm	rattlesnake master	roadside revegetation, wildlife plantings, prairie restoration and landscaping
MO	Southern Iowa Germplasm	big bluestem	roadside revegetation, forage, wildlife plantings, and prairie restoration
MO	Western Missouri Germplasm	indiangrass	roadside revegetation, forage, wildlife plantings, and prairie restoration

PMC	Release Name	Common Name	Anticipated Use
ND	'Legacy'	late lilac	farmstead/field windbreaks, wildlife habitat, recreational development plantings
ST*	Falfurrias Germplasm	big sacaton	livestock forage, revegetating alkaline and saline sites, grass hedge terrace, wind strips for erosion control, and stabilization of watershed structures, streambanks and floodplain areas
ST*	Kinney Germplasm	false Rhodes grass	early season forage and native range restoration
WA	Harrington Origin	redosier dogwood	riparian rehabilitation; bioengineering

Note: Report includes previously unreported releases through September 30, 1998. *Refers to Plant Materials in Kingsville, Texas.

Technology Products: Plant releases are important technology products developed by Plant Materials Centers. In addition, other products, such as written information and oral presentations, serve to transfer new information to end-users. These accomplishments are summarized below:

NRCS Plant Materials Program
1998-99 Performance Accomplishments - All Plant Centers

Major Item Measured	Sub-item Measured	# Units
Plant Releases (FY 1999)	Cultivar releases	1
	Selected/tested releases	8
	Source Identified releases	13
	Total for sub-items within major item	22
Written Technology Transfer (FY 1998)	Technical Notes	42
	Stand alone publications	45
	Plant guides & fact sheets	72
	Popular articles	28
	Refereed publications	12
	Published symposia, posters	42
	Total for sub-items within major item	241
Oral Technology Transfer (FY 1998)	Training Sessions	108
	Tours presented	152
	Local presentations	144
	Regional presentations	79
	National presentations	18
	International presentations	24
	Total for sub-items within major item	525

Plants for Solving Conservation Problems: The Plant Materials Program places emphasis on using plants to solve conservation problems. A few representative examples will illustrate the scope of this effort.

Wildlife. Resource conservation and land management practices place emphasis on creating favorable habitat for wildlife species along with providing suitable forage for their use. The Plant Materials Program has responded to this need by developing several releases. Centers in North Dakota, Washington, Mississippi and Missouri have been active in this regard, with Missouri releasing several locally adapted ecotypes.

Wildflowers. There is an ever-increasing need to restore highway rights of way with native plants that: a) require low maintenance; b) stabilize roadside cuts, fills and medians; and c) are attractive for

viewing by motorists. The Mississippi PMC has been actively involved in this effort and has received broad support and recognition from citizens and groups.

Wetland restoration. Wetlands continue to be an important environmental concern, with a critical need for plant materials suited to their restoration and maintenance. Plant centers in Idaho, Kansas, Louisiana, and North Dakota have developed and released materials that address this problem.

Range, pasture, and forest grazing lands. Protecting range, pasture, and forest grazing lands and improving forage quality and quantity continue to receive special emphasis, particularly on low fertility, shallow, saline, or alkaline soils. Native species are receiving primary attention. Releases from the East Texas and South Texas PMCs have been developed to meet these needs.

Facilities Management and Equipment Replacement at PMCs: Regular facility maintenance and equipment replacement have continued on a timely basis in order to keep plant materials centers operating at a high level. This management approach has significantly improved the efficiency and capability of PMCs so that they can continue to effectively develop new plant technology.

Plant Materials Homepage: The Plant Materials Program continues to maintain its homepage to provide useful, state-of-the-art information on plants. The homepage relies on several inter-linked databases to provide information electronically. Examples of information available on the homepage include: plant fact sheets; sources of releases, cultivars, or other plant materials (i.e., from vendors); publications; and information on individual plant centers. The homepage address is http://plant-materials.nrcs.usda.gov

Twenty-two PMCs are operated entirely by NRCS and four are operated in cooperation with others. They are:

Operated by NRCS:

Tucson, Arizona
Booneville, Arkansas
Lockeford, California
Brooksville, Florida
Americus, Georgia
Molokai, Hawaii
Aberdeen, Idaho
Manhattan, Kansas
Golden Meadow, Louisiana
Beltsville, Maryland
East Lansing, Michigan
Coffeeville, Mississippi
Elsberry, Missouri
Bridger, Montana
Cape May, New Jersey
Big Flats, New York
Corvallis, Oregon
Kingsville, Texas
Knox City, Texas
Nacogdoches, Texas
Pullman, Washington
Alderson, West Virginia

Operated in conjunction with Cooperating Agencies; Technical Assistance and Funding by NRCS:

Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of SCD's)
Meeker, Colorado (White River and Douglas Creek Soil Conservation Districts, with partial funding from NRCS)

Other:

In addition to the 25 centers listed above, the State of Alaska operates a PMC at Palmer. NRCS provides technical assistance to this center through a cooperative agreement.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed Surveys and Planning:

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, and for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, (16 U.S.C. 1001-1009), $10,368,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $110,000 shall be available for employment under 5 U.S.C. 3109.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED SURVEYS AND PLANNING

Appropriations Act, 2000	$10,368,000
Budget Estimate, 2001	10,368,000
Increase in Appropriation	--

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	2000 Estimated	2001 Estimated
Watershed Surveys And Planning	$10,368,000	$10,368,000

Project Statement
(On basis of appropriation)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Watershed Surveys and Planning	$10,232,000	112	$10,232,000	109	--	$10,232,000	104
American Heritage Rivers	136,000	1	136,000	1	--	136,000	1
Total, Appropriation	$10,368,000	113	$10,368,000	110	--	$10,368,000	105

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Direct Obligations:							
Watershed Surveys and Planning	$10,210,725	112	$10,232,000	109	--	$10,232,000	104
American Heritage Rivers	136,000	1	136,000	1	--	136,000	1
Total, Direct Obligations	10,346,725	113	10,368,000	110	--	10,368,000	105
Unobligated balance Lapsing	+21,275	--	--	--	--	--	--
Total Avail. or Est.	10,368,000	113	10,368,000	110	--	10,368,000	105
Reimbursable oblig.	445,659	9	1,000,000	13	--	1,000,000	13
Obligational Authority	$10,813,659	122	$11,368,000	123	--	$11,368,000	118

SOURCES OF REIMBURSEMENTS

	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Within USDA	$101	$1,000	--:	$1,000
Other Federal Sources	117,697	264,000	--:	264,000
Non-Federal Sources	327,861	735,000	--:	735,000
Total reimbursements	$445,659	$1,000,000	--:	$1,000,000

OUTLAYS

	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Watershed Surveys and Planning	$10,604,660	$10,470,000	-$102,000:	$10,368,000

NATURAL RESOURCES CONSERVATION SERVICE
Geographic Breakdown of Obligations and Staff Years
1999 Actual and Estimated 2000 and 2001
WATERSHED SURVEYS AND PLANNING

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
ALABAMA	$81,574	1	$54,800	1	$54,800	1
ALASKA	78,756	1	149,400	2	149,400	2
ARIZONA	461,217	4	458,300	4	458,300	4
ARKANSAS	239,696	4	17,900	0	17,900	0
CALIFORNIA	359,882	6	896,600	14	896,600	12
COLORADO	137,790	2	127,500	2	127,500	2
CONNECTICUT	107,201	1	152,400	1	152,400	1
DELAWARE	86,905	1	59,800	1	59,800	1
FLORIDA	121,225	1	112,600	1	112,600	1
GEORGIA	69,993	1	99,600	1	99,600	1
HAWAII	115,817	1	19,900	0	19,900	0
IDAHO	94,482	1	87,700	1	87,700	1
ILLINOIS	212,179	3	166,300	2	166,300	2
INDIANA	143,198	2	133,500	2	133,500	2
IOWA	131,555	1	134,500	1	134,500	1
KANSAS	180,306	2	167,400	2	167,400	2
KENTUCKY	144,895	2	134,500	2	134,500	2
LOUISIANA	110,930	1	117,600	1	117,600	1
MAINE	96,360	1	89,700	1	89,700	1
MARYLAND	100,414	1	107,600	1	107,600	1
MASSACHUSETTS	168,818	2	79,700	1	79,700	1
MICHIGAN	144,077	2	159,400	2	159,400	2
MINNESOTA	192,904	2	189,300	2	189,300	2
MISSISSIPPI	124,117	2	38,800	1	38,800	1
MISSOURI	228,220	3	298,900	4	298,900	4
MONTANA	169,099	1	168,400	1	168,400	1
NEBRASKA	252,403	3	29,900	0	29,900	0
NEVADA	105,162	1	99,600	1	99,600	1
NEW HAMPSHIRE	81,721	1	73,700	1	73,700	1
NEW JERSEY	77,828	1	72,700	1	72,700	1
NEW MEXICO	226,349	3	219,200	3	219,200	3
NEW YORK	165,594	2	159,400	2	159,400	2
NORTH CAROLINA	53,227	1	24,900	0	24,900	0
NORTH DAKOTA	101,456	1	49,800	0	49,800	0
OHIO	156,659	2	154,400	2	154,400	2
OKLAHOMA	228,330	3	269,000	3	269,000	3
OREGON	179,206	2	184,300	2	184,300	2
PACIFIC BASIN	81,536	1	79,700	1	79,700	1
PENNSYLVANIA	77,742	2	169,400	4	169,400	4
PUERTO RICO	35,116	0	32,900	0	32,900	0
RHODE ISLAND	41,046	1	37,900	1	37,900	1
SOUTH CAROLINA	264,369	3	159,400	2	159,400	2
SOUTH DAKOTA	123,880	2	49,800	1	49,800	1

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
TENNESSEE	$359,957	5	$334,700	4	$334,700	4
TEXAS	249,661	3	326,000	4	326,000	4
UTAH	0	0	99,600	0	99,600	0
VERMONT	91,635	1	174,300	2	174,300	2
VIRGINIA	192,267	3	189,300	3	189,300	3
WASHINGTON	184,840	3	159,400	2	159,400	2
WEST VIRGINIA	547,813	8	597,700	8	597,700	7
WISCONSIN	133,883	3	124,900	3	124,900	3
WYOMING	164,646	2	153,400	2	153,400	2
EAST REGION	45,323	1	37,900	1	37,900	0
MIDWEST REGION	24,201	0	13,600	0	13,600	0
NO. PLAINS REGION	20,700	0	14,900	0	14,900	0
SO. CENTR. REGION	11,594	0	13,200	0	13,200	0
SOUTHEAST REGION	25,381	0	17,900	0	17,900	0
WEST REGION	67,100	1	45,000	1	45,000	1
CNTRS/INSTITUTES	641,439	5	641,439	5	641,400	4
NATL. HQ	1,233,051	0	1,297,263	0	1,297,300	0
UNDISTRIBUTED	0	0	39,398	0	39,400	0
Subtotal, Available or Estimate	10,346,725	113	10,368,000	110	10,368,000	105
Unobligated balance	21,275					
Total, Available or Estimate	$10,368,000	113	$10,368,000	110	$10,368,000	105

WATERSHED SURVEYS AND PLANNING

STATUS OF PROGRAM

The Watershed Protection and Flood Prevention Act, Public Law 83-566 (PL-566), established the Small Watershed Program (16 U.S.C. 1001-1008). Section 6 of the Act provided for the establishment of the River Basin Surveys and Investigation Program (16 U.S.C. 1006-1009). A separate appropriation funded each of the two programs under Section 6 until fiscal year 1996 when they were combined into a single appropriation, Watershed Surveys and Planning.

PL-566 provides the authority for the Natural Resources Conservation Service (NRCS) to cooperate with other Federal, State and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Authorities include cooperative river basin studies, floodplain management studies, floodplain insurance studies, and interagency coordination and program formulation. Reports of the investigations and surveys serve as guides for the development of water, land, and related resources in agricultural, rural, and urban areas within upstream watershed settings. They also serve as a basis for coordination with major river systems and other phases of water resource management and development.

PL-566 also provides for watershed planning activities that are needed to conserve, distribute, develop, protect, restore, and use water. Plans include conservation land treatment needed to conserve and protect land and related resources. The watershed planning work of USDA consists of assisting sponsoring local organizations in developing plans on watersheds not exceeding 250,000 acres. The water quality, flooding, water and land management, and sedimentation problems in a watershed are described along with proposed improvement options to alleviate problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans include estimated benefits and costs, cost-sharing, operation and maintenance arrangements, and other information necessary to justify the need for Federal assistance in carrying out the plan.

During FY 1999, NRCS obligated $10,346,725 of the available program funds for Watershed Surveys and Planning. This appropriation supports the NRCS strategic plan goal number 1, which relates to healthy and productive lands. The NRCS homepage contains current information on programs administered by NRCS including the Watershed Surveys and Planning Program. The website can be found at http://www.ftw.nrcs.usda.gov/programs.html.

COOPERATIVE RIVER BASIN SURVEYS AND FLOODPLAIN MANAGEMENT STUDIES

River basin surveys and floodplain management studies provide local decision-makers with an inventory and analysis of the resource status and trends in their watershed, and the impact this has on the community. It provides them with valuable information allowing them to better understand the cause and effect relationships of changes taking place in their watersheds and communities.

RECENT SUCCESSES IN COOPERATIVE RIVER BASIN STUDIES

Upper Bad River Basin Study, South Dakota: The Badlands Resource Conservation and Development Area Council, Inc. and the Pennington, Haakon, Jackson, Jones, Lyman, and Stanley Counties Conservation Districts requested the study to:

- Identify and quantify areas in the upper portion of the watershed needing treatment for sediment reduction and water quality improvement;
- Utilize a channel classification system to identify and quantify stable and unstable channel conditions for the entire watershed and determine sediment yields for these channels; and
- Develop alternatives that will assist sponsors in setting priorities for implementation of agricultural non-point source water pollution management activities.

Six sub-watersheds were delineated in the Bad River Watershed drainage area. The channels in these sub-watersheds were individually inventoried and classified using both the Rosgen stream classification system and Schumm's channel evolution model. A geographic information system was used to extrapolate the data from the six inventoried sub-watersheds. The GIS layers included topography, soils, sub-watershed boundaries, stream classification, landform, county boundaries, hydrography, and U.S. Census "Topologically Integrated Geographic Encoding Referencing System" (TIGER) data.

The study determined relative percentages of sheet and rill, channel, stream bank, and gully erosion and sediment yield from cropland, hayland, rangeland, channels, gullies, and stream banks in the area. The Universal Soil Loss Equation, Pacific Southwest Interagency Committee evaluation method for sediment yield, Ephemeral Gully Erosion Model, the Direct Volume Method, and direct measurements were the methods used to determine gross erosion. Erosion rates were assigned to the types of channels in the inventoried watersheds and expanded to the entire Bad River Watershed. Gross erosion rates from the different sources within the study area were multiplied by an estimated sediment delivery ratio to calculate sediment loading.

The study was conducted by NRCS in cooperation with the Forest Service and in cooperation with the East Pennington, Haakon, Jackson, Jones, and Stanley Counties' and the American Creek Conservation Districts, the South Dakota Cooperative Extension Service, South Dakota Department of Agriculture and Environment and Natural Resources, and the Badlands Resource Conservation and Development Area Council, Inc.

Teche/Vermilion Cooperative River Basin Study, Louisiana: The Vermilion Parish Police Jury requested a study to help develop a comprehensive strategy to alleviate or reduce both the long and short term water shortage problems in the area of Vermilion Parish.

An overall plan was developed for the entire study area with 79 management (hydrologic) units designated within Iberia, St. May, and Vermilion Parishes. The objective of the overall plan was to provide a method wherein plans for each of the 79 hydrologic units may be installed independently of one another and still fit into the overall plan.

The study report has special maps that describe each hydrologic unit, soils information, biological areas, marshland and water changes, vegetative species, fecal coliform, salinity and other pertinent information relative to shellfish production. Also included are appendices that contain information on rangeland use and livestock production; plant species, and taxonomic listing of animal species.

The study was conducted by NRCS in cooperation with Iberia, St. Mary, and Vermilion Soil and Water Conservation Districts; Iberia and St. Mary Parish Councils; and the Vermilion Parish Police Jury; Louisiana Departments of Natural Resources, Wildlife and Fisheries; Environmental Quality; Transportation and Development; Health and Hospitals; and Recreation and Tourism; Louisiana Geological Survey; National Marine Fisheries; U.S. Fish and Wildlife Service; and the U.S. Army Corps of Engineers.

RECENT SUCCESSES IN FLOODPLAIN MANAGEMENT STUDIES

East and West Forks Bitterroot River, Montana: The Ravalli County Commissioners, through the Montana Department of Natural Resources and Conservation requested the study to establish official floodplain and floodway boundaries and to meet state and federal requirements regarding floodplain management.

The study recommendations include a program of sensible land use regulations to keep future development out of the flood prone areas. In addition, channel vegetation should be protected and maintained to increase stability and reduce erosion. Management of the riparian zone could reduce stream bank erosion and damage to adjacent land. Flood prone areas along the Bitterroot River could be designated as greenways, parks, agricultural use, wetlands, or as buffer zones through zoning regulations. A public information

program should be initiated to encourage all those identified as living in the floodplain to purchase flood insurance.

The study was conducted by NRCS in cooperation with Ravalli County, Bitterroot Conservation District, and the Montana Department of Natural Resources and Conservation.

Town of Wilton Floodplain Management Study, Maine: The study was initiated at the request of the Town of Wilton through the Franklin County Soil and Water Conservation District to identify floodplain areas, as a guide for developing or improving a floodplain management program for the areas studied and to update the town's codes and zoning ordinances.

The study recommendations include such nonstructural measures as purchasing flood insurance; erecting flood warning signs or markers in flood-prone areas; developing flood warning and response systems that predict flood stages downstream; elevating buildings above expected flood levels; applying of waterproof sealant to foundations and permanent closing and sealing of lower openings; constructing earthen dikes or masonry floodwalls around buildings; installing water tight closures that can be quickly and easily placed over doors and windows; elevating appliances and electrical and plumbing systems; purchasing or relocating buildings and their occupants when all other means of flood protection are ineffective or impractical may be a possible solution. In addition, land use restrictions and regulations can obtain future development in the flood plain. Other general recommendations include:

- Maintaining wetland and floodplain vegetation buffers to reduce sedimentation and delivery of chemicals to water bodies;
- Support agricultural and forestry practices that minimize nutrient flows into water bodies;
- Support proper use of pesticides and fertilizers;
- Minimize soil erosion on land within or adjacent to floodplains, on forest road systems, and at timber harvesting operations; and
- Disposing of spoil and waste material in a manner that would not contaminate ground and surface water or significantly change land contours.

The study was conducted by NRCS in cooperation with the Town of Wilton; Franklin County Soil and Water Conservation District; and the Maine State Planning Office.

WATERSHED PLAN DEVELOPMENT

Every day, community leaders in rural America are faced with a wide variety of natural resource concerns without a clear understanding of the cause and effect, how they interact or what alternatives are available to address them. They may be faced with too much water (floods), too little water (drought), contaminated water, erosion and sediment problems, or the lack of recreation opportunities to meet their community needs. The watershed planning assistance, supported by NRCS, provides local units of State government with technical assistance in a locally led, watershed-based approach to dealing with these natural resource problems. NRCS technical specialists, along with other cooperating Federal and State agencies, serve as technical advisors to local decision-makers. Watershed planning addresses the physical, environmental, social, and economic conditions specific to their watershed and community. The plan displays the benefits and opportunities for conservation, development, and management of land, water, and related resources. The watershed planning process includes defining and quantifying the resource problems, analyzing alternatives to solve watershed problems, and allowing the local decision-makers to select the most cost effective, acceptable solution. Watershed planning often requires a broad array of resource information.

In this voluntary, locally led planning effort, the decision-makers are those individuals vested with the authority and responsibility for making the day-to-day decisions regarding the utilization of the community's resources. Stakeholders, with a locally vested interest in both the problems and the outcomes of the alternatives, also play a key role in the planning process. Federal, State and local agencies are encouraged to participate in and contribute to the planning process. They serve as technical advisors to the local planning group. In addition, they ensure that the planned actions are consistent with other programs

and are compatible with local, regional, and national goals and laws. These watershed plans are not Federal plans, but belong to the local sponsors who ultimately have the responsibility for implementing them.

NRCS and other participants make environmental assessments for each watershed being planned. These assessments are integrated into the planning process at the earliest possible stages. Environmental impact statements, when required, and findings of no significant impact are submitted for review and comment to local, State, and Federal agencies. These reports become available to the general public. This system provides an opportunity to obtain formal comments from a wide range of interested parties during the planning process.

NRCS establishes policy and general criteria to be used to develop watershed plans for directing the watershed purposes to reflect USDA's long-term conservation objectives and overall priorities as set forth in the National Conservation Program (NCP). Priorities for FY 1999 included projects that addressed erosion control, water quality, water conservation and flood prevention; and to projects that promote rural development, benefit low income and minority groups.

RECENT SUCCESSES IN WATERSHED PLANNING

The following briefly describes two recently completed watershed plans. These watersheds illustrate the type and scope of concerns being addressed through the Public Law 83-566 projects.

New York City Water Supply Watershed: A watershed plan, intended to guide the use and management of agricultural enterprises in the New York City Water Supply Watershed, was completed in January, 1999. This watershed protection plan was the product of a tremendous collaborative effort. The New York City Department of Environmental Protection and the Watershed Agricultural Council, Inc. were the principle sponsors of the plan, with co-sponsorship by the respective Soil and Water Conservation Districts. Technical assistance in the development of the plan was provided by the Natural Resources Conservation Service, Farm Service Agency, Forest Service, Cornell Cooperative Extension, among numerous other agencies and groups. Although the 1,013,546-acre watershed was planned as a single unit, specific actions identified are localized in seven sub-watersheds ranging in size from 59,496 acres to 236,652 acres.

The New York City Water Supply Watershed Plan was authorized, under authorities contained in PL 83-566, to provide technical assistance necessary to develop individual farm and ranch plans and other technical assistance associated with the implementation of the watershed plan. Financial assistance and other incentives will be provided through the Watershed Agricultural Council, Inc., and other funding sources. The estimated Federal cost for technical assistance to implement this plan is $4,432,000, compared to local costs totaling $42,761,500.

The New York City water supply system is the largest unfiltered surface storage and supply complex in the world, covering over 1,900 square miles. It is the primary drinking water source for approximately half of the population of New York State, including eight million residents of New York City, and an additional one million residents of upstate counties. This drinking water flows from three separate reservoir systems on the Croton, Delaware, and Catskill Rivers.

In an effort to avoid filtering water from this system for consumptive use, the City has begun to pursue an alternative strategy. It is estimated that filtering costs would include an initial investment of $4-5 billion, with annual operating costs of $200-400 million.

The alternative strategy entails a voluntary compliance program in which agricultural operators will install management practices, as determined through a comprehensive planning process, to reduce the amount of agricultural non-point source pollution entering the system. Immediate concerns regarding impacts to drinking water involve the potential for waterborne diseases to cause widespread harm. Of primary concern to the New York State Department of Health are intestinal illness caused by two waterborne

microscopic parasites identified as *Giardia* sp. and *Cryptosporidium Parvum*. Additional water quality concerns that have been raised by the City include sediments, nutrients, pesticides and bacteria, generated as a result of ongoing agricultural operations that may be contributing to adverse impacts on existing water quality standards.

New York City continues to be in substantial compliance with applicable State and Federal drinking water standards. However, data suggests that the long term threat to water quality likely centers on changes in land use and/or the lack of appropriate management of nutrients, pesticides, and herbicides, that may be transported into water supplies as a result of soil erosion and storm water runoff.

Highline BreaksWatershed, Colorado: The Highline Breaks watershed is located in eastern Pueblo and Otero Counties in Southeastern Colorado. The West Otero and East Otero Soil Conservation Districts and the Colorado State Soil Conservation Board sponsor the project. Major problems include impaired water quality in the Arkansas River as well as in surface and groundwater, less than optimum irrigation water management, and excessive irrigation induced erosion to the irrigated cropland. The causes of these problems are related to several factors. There has been a change in irrigation diligence due to reduced manpower since the 1950's. The irrigation water delivery system loses considerable amounts of water that is needed for crop production. After Pueblo dam was constructed the irrigation waters being delivered to producers was much cleaner. The result being that ditches and furrows are not being sealed by silt as they were prior to the dam.

Long-term contracts will be the vehicle used to accomplish implementation of this watershed plan. It is expected that 250 long-term land treatment contracts will be written during the project life. Approximately 31,000 acres will be treated through project action. The practices to be installed for this project action include:

- 31,000 acre with irrigation water management and nutrient management
- 1,000 acre of pest management
- 6,000 acres of residue management
- 190,000 feet of ditch lining
- 310,000 feet of pipelines
- 210,000 feet of gated pipe
- 3,600 acres of land leveling
- 240 water control structures
- 4,000 acres of polyacrylamides
- 80 hydrants
- 400 alfalfa valves
- 25,600 feet of gated pipe for surge irrigation
- 80 surge valves
- 50 acres of wetland habitat development
- 3 feedlot pits
- 3 feedlot diversions
- 3 drip systems
- 200 acres of pasture and hayland planting
- 36,667 feet of fencing

The estimated cost of this project is $8,765,500, of which $2,946,300 will be covered by Federal financial assistance. The expected benefits include:

- 40 percent decrease in nitrate loading to the groundwater in the watershed areas
- increasing Selenium levels in the Arkansas River will be decreased at the La Junta Gauging station by 43 percent and will meet EPA and State standards
- present salt loading from the watershed to the Arkansas River of 77,000 tons per year will be reduced to 31,100 tons

- Uranium concentration will be reduced in the Arkansas River
- irrigation induced erosion on 10,000 acres averaging twice the acceptable level will be reduced to an acceptable level
- wetland and fisheries will be enhanced due to reduced heavy metal loading
- reduced sediment to the Arkansas River will help maintain the remaining channel capacity for flood control downstream and reduce sediment into John Martin Reservoir

Mill Creek Watershed, Pennsylvania: Mill Creek is located in Clarion and Jefferson Counties and drains into the Clarion River, a tributary to the Allegheny River in the Ohio River Basin. The sponsors of the project are the Clarion County and Jefferson County Commissioners, Clarion and Jefferson Conservation Districts, and the Mill Creek Coalition. The major problems identified in the watershed are:

- mine drainage from abandoned mines and abandoned gas wells are degrading the quality and quantity of aquatic habitat in 32.8 miles of Mill Creek and it's tributaries
- stripmine highwalls and water filled pits create health and safety hazards
- visual quality and aesthetics in Mill creek and its tributaries are adversely affected by iron staining of the stream bottom. Barren and poorly vegetated, abandoned strip mines also adversely impact aesthetics

Chemical and biological treatment via passive treatment technologies will be utilized to improve water quality. Design of the treatment systems will be based on experience from other sites and from chemistry and flow data from each proposed site. An effort will be made to research design data and use the most current technology at the time of design of each component. Components that may be used at teach site, depending on water chemistry are: Successive Alkalinity Producing Systems (SAPS), anoxic limestone drains, aerobic wetlands, land liming settling ponds, limestone drains and seeding. The passive treatment systems will remove acid, iron, aluminum, and reduce manganese from the water by promoting chemical microbial processes. Oxidation and precipitation will continually increase as the drainage water flows through the treatment systems. Wetland vegetation will be planted to promote oxidation and prevent channelized flow through constructed wetlands. Treated water will then be released through diversions and rock-lined waterways to the receiving streams. Approximately 300 acres of abandoned mine land will be treated with the addition of agricultural limestone to neutralize acidity in the spoil and promote vegetative cover. Four water filled pits and one hazardous strip mine highwall will be eliminated. The plan will also reduce road maintenance costs, increase property values, improve recreation potentials, and provide environmental education opportunities. Diversions and waterways will be used to manage surface water flows around and through the sites.

The estimated cost of this project is $7,277,000, of which $2,991,000 will be covered by Federal financial assistance. The expected benefits of this project will improve public health and safety by eliminating stripmine highwalls, water filled pits and will improve water quality with regard to aquatic life in Mill Creek, Little Mill Creek, Jones Run, Douglass Run, and Whites Run. Visual and aesthetic benefits will be realized removing unsightly iron staining from stream bottoms and by vegetating eroding mine spoil with suitable vegetation. Some specific social and ecological benefits include the enhancement of 20.5 acres of existing impaired wetland. Restoration of 27.1 miles of coldwater fishery, enhancement of 5.7 miles of existing coldwater fishery, for a total of 32.8 miles of continuous coldwater fishery. There will also be increased water contact recreation.

A CHANGING TREND IN WATERSHED PLANNING

Historically, the watershed planning assistance has targeted projects that had a high probability of being implemented with financial assistance through PL-566 Watershed Operations. Although these watershed plans represented decisions made by the sponsoring local organizations, they also centered primarily on activities that were eligible for cost-share only under PL-566. Watershed plans are now being written without consideration of any specific program for implementation.

Financial assistance through PL-566 Watershed Operations is still looked upon as an important tool to implement these planned actions. Since 1996, sponsoring local organizations have been encouraged to look to other sources of funding to offset implementation costs. Alternative funding sources range from local bond issuance, to State sponsored cost-shared programs. Many soil and water conservation districts have gained access to funds for implementation that are administered by other Federal agencies, such as the Environmental Protection Agency; the U.S. Department of Interior; the U.S. Fish and Wildlife Service; and the Federal Emergency Management Agency.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations:

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001-1005 and 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [$99,443,000] $83,423,000, to remain available until expended (7 U.S.C. 2209b) (of which up.to [$15,000,000] $8,000,000 may be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701 and 16 U.S.C. 1006a)): Provided, That not to exceed [$47,000,000] $44,423,000 of this appropriation shall be available for technical assistance: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $200,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That not to exceed $1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction: Provided further, That [of the funds available for Emergency Watershed Protection activities, $8,000,000 shall be available for Mississippi, New Mexico, Ohio, and Wisconsin for financial and technical assistance for pilot rehabilitation projects of small, upstream dams built under the Watershed and Flood Prevention Act (16 U.S.C. 1001 et seq., section 13 of the Act of December 22, 1994; Public Law 78-534; 58 Stat. 905), and the pilot watershed program authorized under the heading "FLOOD PREVENTION" of the Department of Agriculture Appropriation Act, 1954 (Public Law 83-156; 67 Stat. 214] up to $4,170,000 is for the costs of loans, as authorized by the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a), for rehabilitation of small, upstream dams built under the Watershed Protection and Flood Prevention Act (16 U.S.C. et seq.), section 13 of the Act of December 22, 1944 (Public Law 78-534, 58 Stat. 905), and the pilot watershed program authorized under the heading "Flood Prevention" of the Department of Agriculture Appropriations Act, 1954 (Public Law 83-156, 67 Stat. 214): Provided further, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That none of the costs for such rehabilitation activities (including any technical assistance costs such as planning, design, and engineering costs) shall be borne by the Department of Agriculture: Provided further, That the Department may provide technical assistance for such rehabilitation projects to the extent that the costs of such assistance shall be reimbursed by the borrower, and such reimbursements shall be deposited into the accounts that incurred such costs, and shall be available until expended without further appropriation. In addition, for expenses necessary to administer the loans, such sums as may be necessary shall be transferred to and merged with the appropriation for "Rural Development, Salaries and Expenses".

This change adds language that allows funds to be used to offer subsidized loans through the Rural Housing Service for rehabilitation of P.L.-566 and P.L.-534 dams.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

	Watersheds Authorized by PL-534	Emergency Watershed Operations	Small Watersheds Authorized by PL-566	Total Watershed and Flood Prevention
Appropriations Act, 2000 a/	$8,660,000	$80,000,000	$90,783,000	$179,443,000
Budget Estimate, 2001	9,000,000	--	74,423,000	83,423,000
Decrease in Appropriation	+$340,000	-$80,000,000	-$16,360,000	-$96,020,000

a/ Reflects $80 million in emergency funding provided by Public Law 106-113.

Adjustments in 2000:		
Appropriations Act, 2000	$179,443,000	
Rescission for PL 106-113	-7,800,000	
Adjusted base for 2000		171,643,000
Budget Estimate, 2001		83,423,000
Decrease over adjusted 2000		-$88,220,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Watershed and Flood Prev Oper:			
1. Watershed oper auth by PL-534	$8,075,000	+$474,000	$8,549,000
2. Emergency watershed prot. oper	80,000,000	-80,000,000	--
3. Small watershed auth. by PL-566	83,568,000	-12,864,000	70,704,000
4. Loan Subsidy	--	+4,170,000	4,170,000
Total Available	$171,643,000	-$88,220,000	$83,423,000

Project Statement
(On basis of adjusted appropriation)

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001 Estimated Amount	Staff Years
1 Watershed operations authorized by PL-534							
(a) Technical assistance	$7,200,000	93	$4,726,300	55	-$61,300	$4,665,000	52
(b) Financial assistance for construction. Direct Federal contracting	7,800,000	--	3,348,700	--	+535,300	3,884,000	--
Subtotal, PL-534	15,000,000	93	8,075,000	55	+474,000(1)	8,549,000	52

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001 Estimated Amount	Staff Years
2. Emergency Watershed Protection Operations:							
(a) Technical assistance	12,800,000	285	13,850,000	373	-13,850,000	--	--
(b) Financial assistance	82,200,000	--	66,150,000	--	-66,150,000	--	--
Total, EWP	95,000,000	285	80,000,000	373	-80,000,000(2)	--	--
3. Small Watersheds Authorized by PL-566:							
(a) Technical assistance	39,800,000	486	42,273,700	505	-3,558,700	38,715,000	441
(b) Financial assistance for construction: Direct Federal contracting	44,643,000	--	41,294,300	--	-9,305,300	31,989,000	--
Subtotal, PL-566	84,443,000	486	83,568,000	505	-12,864,000(1)	70,704,000	441
4. Loan Subsidy	--	--	--	--	+4,170,000(1)	4,170,000	--
Total available or Est	194,443,000	864	171,643,000	933	-88,220,000	83,423,000	493
Rescission PL 106-113	--	--	+7,800,000	--			
Total appropriation	194,443,000	864	179,443,000	933			

Note: Rescission taken from watershed operations authorized by PL-534 financial assistance $585,000 and small watersheds authorized by PL-566 financial assistance $7,215,000.

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001Estimated Amount	Staff Years
1. Watershed operations authorized by PL-534:							
(a) Technical assistance	$8,020,346	93	$4,786,597	55	-$121,597	$4,665,000	52
(b) Financial assistance for construction: Direct Federal contracting	7,425,221	--	3,349,017	--	+534,983	3,884,000	--
Subtotal, PL-534	15,445,567	93	8,135,614	55	+413,386	8,549,000	52
2. Emergency Watershed Protection Operations:							
(a) Technical assistance	27,032,522	285	22,973,996	373	-22,973,996	--	--
(b) Financial assistance	126,402,618	--	129,675,502	--	-129,675,502	--	--
Subtotal, EWP	153,435,140	285	152,649,498	373	-152,649,498	--	--
3. Small Watersheds Authorized by PL-566:							
(a) Technical assistance	40,271,790	486	43,387,312	505	-4,672,312	38,715,000	441
(b) Financial assistance for construction: Direct Federal contracting	46,311,789	--	41,368,676	--	-9,379,676	31,989,000	--
Subtotal, PL-566	86,583,579	486	84,755,988	505	-14,051,988	70,704,000	441
4. Loan Subsidy	--	--	--	--	+4,170,000	4,170,000	--
Total Direct Obligations	255,464,286	864	245,541,100	933	-162,118,100	83,423,000	493

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001 Estimated Amount	Staff Years
Unobligated balance brought forward	(-134,919,386)	--:	(-73,898,100)	--:	(+73,898,100)	--:	--
Unobligated balance carried forward	(+73,898,100)		--:	--:	--:	--:	
Adjusted Appropriation	(194,443,000)	(864)	(171,643,000)	(933)	(-88,220,000)	(83,423,000)	(493)
Reimbursable obligations:							
1. Watershed operations . authorized by PL-534:							
(a) Technical assistance	$378,582:	5:	$800,000:	11:	+$245,000:	$1,045,000:	13
(b) Financial assistance for construction: Direct Federal contracting	1,223,302:	--:	1,200,000:	--:	+1,069,000:	2,269,000:	--
Subtotal, PL-534	1,601,884:	5:	2,000,000:	11:	+1,314,000:	3,314,000:	13
2. Emergency Watershed Protection Operations:							
(a) Technical assistance	1,037,188:	--:	4,383,000:	--:	-4,383,000:	--:	--
(b) Financial assistance	6,079,196:	--:	5,617,000:	--:	-5,617,000:	--:	--
Subtotal, EWP	7,116,384:	--:	10,000,000:	--:	-10,000,000:	--:	--
3. Small Watersheds Authorized by PL-566:							
(a) Technical assistance	2,740,548:	33:	3,600,000:	32:	+3,968,000:	7,568,000:	37
(b) Financial assistance for construction: Direct Federal contracting	7,612,602:	--:	9,400,000:	--:	+4,718,000:	14,118,000:	
Subtotal, PL-566	10,353,150:	33:	13,000,000:	32:	+8,686,000:	21,686,000:	37
Total, Reimbursable Obligations	19,071,418:	38:	25,000,000:	43:	--:	25,000,000:	50
Obligational authority	$274,535,704:	902:	$270,541,100:	976:	-$162,118,100	$108,423,000:	543

SOURCES OF REIMBURSEMENTS

	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Within USDA	$4,770:	$43,000:	--:	$43,000
Other Federal Sources	8,147,334:	12,800,000:	-1,800,000:	11,000,000
Non-Federal Sources	10,919,314:	12,157,000:	+1,800,000:	13,957,000
Total reimbursements	$19,071,418:	$25,000,000:	--:	$25,000,000

OUTLAYS

	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
1. Watershed operations authorized by PL-534	$15,689,529	$13,797,000	-$938,000	$12,859,000
2 Emergency Watershed Protection	109,339,488	145,449,000	-57,520,000	87,929,000
3. Small Watersheds authorized by PL-566	82,635,589	91,095,000	+4,881,000	95,976,000
Total Outlays	$207,664,606	$250,341,000	-$53,577,000	$196,764,000

Justification of Increases and Decreases

(1) A decrease of $8,220,000 for Watershed and Flood Prevention Operations consisting of a reduction of $4,600,000 in financial assistance and $3,620,000 in technical assistance.

Funding for Flood Prevention supports the goal in the USDA/NRCS strategic plan: Goal-1: A healthy and productive land that sustains food and fiber production, sustains functioning watersheds and natural systems, enhances the environment, and improves urban and rural landscapes. Funding also supports Objective 1.3: healthy watersheds providing clean and abundant water supplies for people and the environment.

The FY 2001 budget proposes to provide funding for eligible high-priority sub-watershed projects under the P.L.534/566 program authorities. In order to do this, NRCS will target program funds to those projects that address the local sponsors concerns, have strong sponsor support and support the goals identified in the statutes and initiatives such as the Food Security Act, the Clean Water Act, the Safe Drinking Water Act, and the Clean Water Action Plan. Nearly every State will receive funds for scheduled phases of their top priority projects. In addition, leveraging funds by cost sharing with project sponsors is being encouraged.

Approximately 50-60 construction/installation elements under the P.L.534/566 program will be funded in FY 2001, down about 15% from last year. Since there have been no appropriations for P.L.-534 in several years, Congress provided the agency the discretion of funding P.L.-534 up to $15 million out of P.L.-566 funds. The agency intends to only fund those construction/installation elements that yield the highest net environmental and economic benefits, there is a possibility that no P.L.-534 will score high enough to receive any funding. Likewise, projects in some States may not receive any funding due to low net environmental and economic scores.

Technical assistance covers costs associated with salary and overhead for NRCS engineering design, quality control during construction, and contract administration, as required to implement a specific watershed measure. However, in addition to salaries, technical assistance will include other implementation costs such as geologic investigations, materials testing, and contracts with architectural/engineering (A&E) firms to complete designs or carry out activities that are beyond the scope of NRCS.

Financial assistance covers only the costs of materials and services necessary to install works of improvement. Funds for acquisition of materials and services are administered through a variety of methods, ranging from formal Federal contracts to cooperative agreements with State and local governments.

Included in this funding level is $4 million in subsidy budget authority for a new $60 million loan program that will provide loans to State and local governments for the rehabilitation of aging P.L. 534 and P.L. 566 structures. Requests for technical assistance related to the rehabilitation of these

structures will be provided on a reimbursable basis and may be financed in the loan proceeds. Salaries and expenses associated with the servicing of these loans will be transferred to Rural Development. Also, an additional $3 million of the program funds will provide financial and technical assistance to communities to implement disaster mitigation plans.

(2) A decrease of $80,000,000 for non-recurring Emergency Supplemental Appropriation in FY 2000.

The Emergency Watershed Protection (EWP) Program is authorized by Section 216 of the Flood Control Act of 1950 (Pub. Law 81-516 by amending the Flood Control Act of 1944 (Pub. Law 78-534). The EWP program assists in the removal of threats to life and property that remain in the Nation's watersheds in the aftermath of natural disasters such as floods, hurricanes, tornadoes, and wildfires. Activities vary from year-to-year depending on the number of natural disasters that occur.

All EWP work is carried out using emergency supplementals, one of which was appropriated in FY 2000. No emergency dollars have been requested in FY 2001.

The following table shows the status of P.L.-534 watershed projects:

Status of Operational Projects	1999	2000	2001
Active sub-watersheds	96	96	96
Projects continuing post-installation assistance	224	224	224
Total operational sub-watersheds	320	320	320
Unserviced applications	23	23	23
Planning in progress	24	24	24
Terminated in planning	7	7	7
Total sub-watersheds	395	395	395

Note: For P.L.-534 projects, the number and activity remain nearly static since the program areas are legislatively defined.

The following table shows the status of P.L.-566 watershed projects:

Status of Operational Projects	1999	2000	2001
Projects receiving land treatment	193	198	203
Structural projects	261	261	261
Land treatment and structural	62	62	62
Subtotal active projects	516	521	526
Projects continuing post-installation assistance	913	915	920
Inactive Projects	18	18	18
Completed projects	36	38	40
De-authorized projects	158	159	160
Total operational projects	1,641	1,651	1,664
New projects approved during year	11	10	13

Note: Even though funding for P.L.-566 projects has declined, the number of authorized projects will continue to slowly increase because of program demand. New projects are approved and given high-priority status and old projects stay on the books in anticipation of future funding. In FY 1999, 11 watershed projects were authorized.

NATURAL RESOURCES CONSERVATION SERVICE
Geographic Breakdown of Obligations and Staff Years
1999 Actual and Estimated 2000 and 2001
WATERSHED AND FLOOD PREVENTION OPERATIONS

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
ALABAMA	$8,673,779	21	$1,967,400	12	$887,100	6
ALASKA	2,952,120	3	2,212,300	5	891,200	3
ARIZONA	9,185,329	13	7,632,300	14	2,642,600	8
ARKANSAS	6,598,041	23	2,569,200	23	1,426,100	14
CALIFORNIA	6,443,750	33	4,947,500	11	1,930,400	6
COLORADO	6,046,084	20	6,938,500	14	2,627,300	8
CONNECTICUT	199,348	2	817,800	8	416,200	5
DELAWARE	838,362	4	1,032,700	6	491,700	4
FLORIDA	19,716,199	42	1,653,100	8	776,700	6
GEORGIA	1,518,055	16	2,156,000	16	1,024,000	10
HAWAII	2,156,279	8	1,861,200	7	842,000	5
IDAHO	-751,824	5	570,800	4	280,500	2
ILLINOIS	9,936,804	10	3,135,200	1	1,351,400	1
INDIANA	1,962,523	6	2,282,300	4	970,200	2
IOWA	21,180,560	44	6,980,600	5	2,633,700	3
KANSAS	2,390,156	11	1,616,400	12	757,100	7
KENTUCKY	1,404,330	8	7,938,400	17	2,838,600	11
LOUISIANA	5,973,771	26	1,397,500	14	849,200	8
MAINE	579,249	5	330,100	4	187,200	2
MARYLAND	140,006	3	1,396,600	7	588,800	4
MASSACHUSETTS	745,999	4	502,700	4	303,400	2
MICHIGAN	974,095	7	848,000	8	459,100	5
MINNESOTA	48,557	8	2,025,900	16	924,800	10
MISSISSIPPI	17,885,047	52	15,513,400	43	5,708,700	29
MISSOURI	10,197,182	45	6,272,700	25	3,009,200	16
MONTANA	1,337,355	3	611,700	2	361,900	2
NEBRASKA	4,880,422	12	2,247,100	5	1,048,500	3
NEVADA	2,792,459	9	14,736,000	36	5,215,000	23
NEW HAMPSHIRE	81,976	1	532,300	4	258,300	2
NEW JERSEY	833,698	3	1,015,800	6	499,200	4
NEW MEXICO	1,210,000	7	3,881,200	24	1,710,100	15
NEW YORK	3,708,077	12	2,650,400	20	1,367,000	13
NORTH CAROLINA	812,106	17	11,028,000	34	4,002,500	22
NORTH DAKOTA	3,655,677	6	2,157,200	1	961,900	1
OHIO	12,505,012	30	7,437,400	14	2,637,700	10
OKLAHOMA	18,266,897	52	7,646,800	42	3,582,700	27
OREGON	3,525,599	10	814,100	7	434,200	4
PACIFIC BASIN	996,195	2	752,400	1	340,600	1
PENNSYLVANIA	3,133,502	17	3,304,800	29	1,613,000	18
PUERTO RICO	8,221,326	13	293,900	5	215,900	3
RHODE ISLAND	--	--	42,000	--	15,100	--
SOUTH CAROLINA	533,848	6	1,044,700	6	480,800	4
SOUTH DAKOTA	6,831,100	10	472,900	--	266,400	--

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
TENNESSEE	$2,997,348	19	$2,898,200	25	$1,431,800	16
TEXAS	18,215,849	65	10,612,600	61	4,770,300	39
UTAH	1,280,490	5	484,600	4	242,400	2
VERMONT	2,593,454	8	862,600	5	408,600	3
VIRGINIA	2,588,143	22	2,704,400	29	1,545,000	19
WASHINGTON	2,587,032	9	1,448,200	11	736,400	6
WEST VIRGINIA	2,451,659	31	3,473,400	31	1,671,900	20
WISCONSIN	67,185	2	2,325,800	13	956,900	7
WYOMING	1,303,931	7	1,965,700	12	821,100	6
EAST REGION	165,967	2	138,500	2	102,700	1
MIDWEST REGION	169,699	2	95,400	1	70,700	1
NO. PLAINS REGION	82,900	1	60,200	1	44,600	1
SO. CENTRAL REGION	115,890	2	131,600	2	97,600	1
SOUTHEAST REGION	184,919	2	131,500	1	97,500	1
WEST REGION	134,101	1	89,800	1	66,600	1
WEST NTC	-8,809	--	--	--	--	--
CENTERS/INSTITUTES	3,187,975	27	3,187,975	29	2,363,800	21
NATL HQ	5,505,326	21	5,391,366	21	3,997,100	19
FOREST SERVICE	1,522,177	9	376,000	8	--	--
RURAL DEVELOPMENT (LOAN SUBSIDY)	--	--	--	--	4,170,000	--
UNDISTRIBUTED	--	--	63,895,959	152	--	--
Total Available or Estimate	$255,464,286	864	$245,541,100	933	$83,423,000	493

WATERSHED AND FLOOD PREVENTION OPERATIONS
STATUS OF PROGRAM

Watershed operations authorized by Public Law 534: The Flood Control Act of 1944 authorizes the Secretary of Agriculture to install watershed improvement measures to reduce flood, sedimentation, and erosion damages; further the conservation, development, utilization, and disposal of water; and the conservation and proper utilization of land. Flood prevention work is authorized in the 11 watersheds designated in the Flood Control Act of December 22, 1944.

Watershed operations authorized by Public Law 566: The Watershed Protection and Flood Prevention Act of 1954 provides for cooperation between the Federal government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

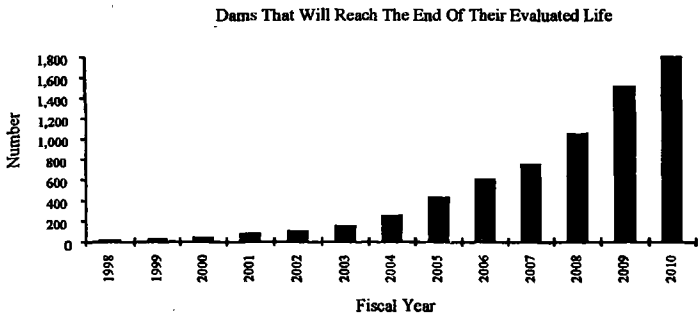
The flood prevention (P.L.-534) and the watershed (P.L.-566) programs have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other policies and procedures used in flood prevention projects generally parallel those used in watershed protection projects. These programs support the NRCS strategic plan goal 1 – which relates to healthy and productive lands.

REINVESTING IN AMERICA'S AGING WATERSHED INFRASTRUCTURE

Over the past 50 years over 10,000 flood retarding structures have been built across the country. These upstream structures have served not only as the wall of safety for communities living downstream but also as the main water source for some areas, and as recreational and wildlife areas for others. Watershed projects have helped protect America's communities and natural resources for many years. But, like highways, houses, utilities, and other community infrastructure, these projects need to be updated to meet changing needs. Rural and urban communities, socially disadvantaged groups, and floodplain residents have benefited from these projects for many years. These projects have become an integral and irreplaceable part of the communities they were designed to protect.

Communities that have benefited from America's watershed projects for many years are no longer secure because many of the structures have reached or will reach the end of their designed life in the near future. Some of the projects' abilities to slow floodwaters, control gullies, and otherwise protect communities and natural resources has diminished with time.

Project sponsors are asking NRCS to update their watershed plans to rehabilitate these aging structures. The communities also need the watershed planning assistance to ensure that the growing demand for a dependable water supply can be met, and they are asking to include recreation features as a part of the existing floodwater retarding structure in the rehabilitation plan.



To meet this challenge, NRCS committed $750,000 from the Watershed Operations account, as provided in the FY 98 appropriations language, for a pilot rehabilitation project in Oklahoma where some of the oldest projects exist.

A screening process was developed to evaluate 16 potential projects in consideration for designation as a pilot project. The project selected was Sergeant Major Creek Watershed in Roger Mills County, which is in western Oklahoma. This is a 19,684 acre watershed, with six flood control dams (1948-1963), one of which is high hazard above the city of Cheyenne and one is the sole source of water supply for the city of Cheyenne.

Sergeant Major Floodwater Retarding Structure, Oklahoma: This watershed project was originally planned nearly 50 years ago and included the construction of several floodwater retarding structures. These structures have served the community well protecting the residents from periodic flooding. Over the last 50 years as the community has grown, the needs of the community have increased. Not only does the community continue to need flood protection, but the demand for municipal and industrial water has expanded as well as the demand for water-based recreation.

Pilot Project Objectives/Accomplishments:

- Locally-led Effort:
  A 15-member core work group, consisting of local residents, has been established to provide leadership for a locally led effort. This work group has identified six primary objectives to address resource needs within the watershed. Several actions are taking place to address these priorities.
- Streamline planning process to address rehabilitation:
  A work plan supplement/environmental assessment has been completed and an interagency review conducted. The work plan supplement includes the addition of rehabilitation of Sites 1 and 2 to the original work plan.
- Rehabilitation of Sites 1 and 2:
  The designs have been completed and the construction of Site 2 is currently underway, with completion anticipated in late fall of 1999. The construction of Site 1 is expected to begin in the winter of 1999 and will be completed by the summer of 2000.

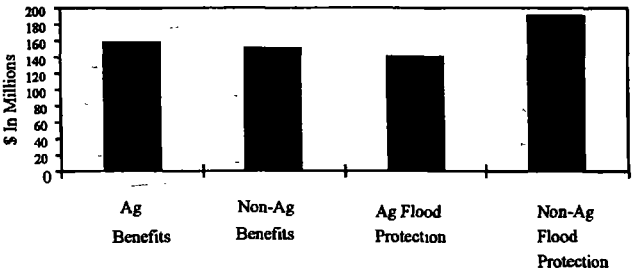
PROGRAM BENEFITS

The benefits of existing flood protection projects became abundantly apparent during recent flooding events in Texas. In the fall of 1998, a band of severe thunderstorms swept along the Interstate 35 corridor. The San Antonio New Braunfels and Austin areas were hit especially hard. The heaviest rain fell in Bexar,

Hays, Comal, Guadalupe, and Caldwell Counties. Rainfall in these areas totaled between 18 and 31 inches, with rain falling at a rate of 2-3 inches per hour for prolonged periods. This was the heaviest recorded rainfall.

Severe flooding required the evacuation of residential and commercial buildings and numerous swift water rescues of residents stranded by the rapidly rising water. In those watersheds protected by P.L.-566 floodwater retarding structures, loss of life and property was greatly reduced. For example, in the Upper San Marcos River watershed, it is estimated that floodwater protection structures prevented $20 million in damages to the city of San Marcos where flooding depths were reduced 6 to 8 feet.

Flood Reduction and Other Monetary Benefits From
PL-566 During Fiscal Year 1999



Ag Benefits are those agricultural benefits that occur when land users apply more fertilizer or plant higher valued crops on lands that are protected from the flood risk.
Non Ag Benefits are those benefits that occur as a result of adding water to a reservoir for the purpose of recreation, municipal and industrial uses, etc.
Ag Flood Protection Benefits are those agricultural benefits that result by preventing floods on cropland along streams.
Non Ag Flood Protection Benefits are those non-agricultural benefits that result by preventing flooding of roads, bridges, and other structures that occurs along streams.

Current Activities:

1. Technical and financial assistance for construction includes:

   a. Land treatment measures: USDA assures that a program of proper land use and treatment will be carried out is a basic requirement for assistance in the development of flood prevention sub-watersheds or watershed projects. USDA provides landowners and operators with technical assistance to accelerate the planning and application of land treatment measures that help achieve project objectives. This accelerated assistance is in addition to that received under other conservation programs.

      When land treatment measures are installed to achieve justified off-site flood prevention benefits, or when such measures provide small or long-deferred benefits to the landowner, the installation cost may be shared with Federal funds. The cost-share rate of this financial assistance may not

exceed the rate of assistance for similar practices under other conservation programs of USDA. This work is accomplished through project agreements with local sponsoring organizations or through long-term contracts between the landowner and USDA. In the first case, the local sponsors arrange for and accomplish the work by contract or force account. The Federal government makes payments to the local sponsoring organizations as the land treatment measures are installed. In the long-term contract situation, landowners contract directly with USDA.

b. Structural measures: Floodwater retarding structures, stream channel restoration, grade stabilization and sediment control structures, water storage structures, and other structures are integral parts of providing watershed protection. Detailed construction plans, and designs and specifications are prepared for these measures by USDA or by private engineers employed by the local sponsoring organization.

The Federal government provides all construction funds for structural measures for flood prevention and an equitable share of the cost of installing works of improvement for agricultural water management, fish and wildlife, water quality, or recreational development. The latter includes the cost of basic facilities for public health and safety, access to recreational areas, and use of the recreational development. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements, and rights-of-way for all structural measures. However, up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with P.L.-534 or P.L.-566 funds.

c. Non-structural measures: Where practical, non-structural measures or a combination of structural and non-structural measures may be installed as part of the watershed works of improvement. Non-structural measures can consist of flood proofing buildings located in a floodplain, zoning or otherwise controlling certain floodplain areas to restrict further development, removal of buildings from the flood area, and other similar measures.

Financial assistance to local sponsoring organizations for installation of non-structural measures is provided in the same manner as for installation of structural measures. The local share for installation of nonstructural measures must be at least 25 percent of the cost. Financial assistance may also be provided for the purchase of conservation easements at a federal cost share rate of not less than 50%.

d. Installation of measures: Watershed measures can be installed using a variety of contracting methods. Contracts may be administered by NRCS, using USDA formal contracting procedures, or by the sponsoring local organizations having the capacity to do so.

Engineering assistance is provided for flood prevention, agricultural water management, water quality, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the Federal government, or by the local organizations with advances or reimbursement from the Federal government. USDA may also supply up to one-half the cost of engineering assistance required for the installation of basic facilities for public fish and wildlife and recreational development.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction begins.

Local sponsoring organizations must operate and maintain the completed works of improvement on non-Federal lands.

2. Detailed sub-watershed work plans are prepared for P.L.-534 flood prevention projects in cooperation with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in sub-watersheds, what is proposed to alleviate these problems, the estimated benefits and costs, cost sharing, and operation and maintenance arrangements. These plans also serve as the basis for the NEPA process.

3. Program evaluation studies are carried out in selected watershed projects to assess effectiveness of structural and land treatment measures installed and to assure safe and reasonable design.

4. Loans and loan services are provided to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Rural Business-Cooperative Service (RBS). No funding has been appropriated for the RBS to make new loans in FY 1999.

PROGRAM ASSIGNMENTS

NRCS has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Act. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-Federal land and on Federal lands by arrangement with the administering agency.

The following table shows the appropriated funds obligated for P.L.-534 watershed operations, emergency operations, and P.L.-566 small watersheds in FY 1999.

	P.L.-534 Operations	Emergency Operations	P.L.-566 Small Watersheds	Total
Direct Funds:				
NRCS	$15,445,567	$151,912,964	$86,583,579	$253,942,110
FS	0	1,522,177	0	1,522,177
Total, Direct	$15,445,567	$153,435,141	$86,583,579	$255,464,287
Reimbursable Funds:				
NRCS	1,601,884	7,116,384	10,353,150	19,071,418
Total Obligations	$17,047,451	$160,551,525	$96,936,729	$274,535,705

Watershed Operations Authorized by P.L.-534 (Flood Prevention Operations)

Because the authorized flood prevention projects include relatively large areas, work plans are developed on a sub-watershed basis. As of September 30, 1999, the total planning job was about 74 percent completed, with 320 work plans completed that include 24,971,385 acres. The following table summarizes the status of sub-watershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area	Sub-watersheds and other areas with planning potential		Sub-watersheds and other work plans prepared to 9/30/99	
	Acres	No.	Acres	No.	Acres
Buffalo Creek, NY [a/]	279,680	3	279,680	3	279,680
Colorado (Middle),TX	4,613,120	17	3,703,520	17	3,703,520
Coosa, GA [a/]	1,339,400	16	1,174,650	16	1,174,650
Little Sioux, IA	1,740,800	124	1,050,093	97	452,702
Little Tallahatchie, MS	963,977	15	609,786 [b/]	15	609,786
Los Angeles, CA	536,960	10	76,434 [c/]	10	76,434
Potomac, MD,WV,VA	4,205,400	31	4,225,679	20	3,229,079
Santa Ynez, CA	576,000	5	50,743 [d/]	5	50,743
Trinity, TX	8,424,260	33	6,951,170	32	6,855,170
Washita, OK & TX	5,095,040	53	4,676,222	53	4,676,222
Yazoo, MS	7,661,278	88	3,627,985	51	3,160,173
TOTALS	35,435,915	395	26,425,962	319	24,268,159

a/ The Buffalo Creek Watershed was completed and closed in 1964 and reopened in 1992 for repairs. The Coosa Watershed was completed and closed in 1981.

b/ Excludes 96,501 acres of Sardis Reservoir area, and 304,000 acres in minor watersheds needing only land treatment measures.

c/ Includes National forest and other lands, for which the Forest Service has been assigned program responsibility.

d/ Excludes 195,818 acres of reservoir area.

The estimated Federal cost for each watershed and total Federal obligations through FY 1999:

Flood Prevention Project	Estimated Total Federal Cost	Obligations $ (cumulative)[a/] 9/30/99
Buffalo Creek Watershed, NY (Complete)	$7,601,505	$6,201,505
Middle Colorado River Watershed, TX	71,111,413	63,086,281
Coosa River Watershed, GA and TN (Complete)	18,999,247	18,999,247
Little Sioux River Watershed, IA	97,330,419	79,090,419
Little Tallahatchie River Watershed, MS	69,523,478	68,955,978
Los Angeles River Watershed, CA	60,597,017	60,297,017
Potomac River Watershed, MD, PA, VA, & WV	154,922,738	122,813,988
Santa Ynez River Watershed, CA	41,386,536	40,786,536
Trinity River Watershed, TX	329,328,219	197,589,350
Washita River Watershed, OK and TX	201,302,512	181,676,512
Yazoo River Watershed, MS	252,592,458	244,542,458
TOTAL	$1,304,695,542	$1,084,039,291

a/ Does not include Rural Business-Cooperative Service obligations of $80,000.

Small Watershed Operations Authorized by P.L.-566

Watershed plans involving an estimated Federal contribution in excess of $5,000,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre-feet, require Congressional committee approval. Other plans are approved administratively. After approval, technical and financial assistance can be provided for installation of works of improvement specified in the plans.

Project sponsors are provided assistance in installing planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land

rights, easements, and rights-of-way are delineated. Technical assistance is also furnished to landowners and operators to accelerate planning and application of needed conservation on their individual units.

Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests NRCS to do the contracting for works of improvement, NRCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from Federal funds and from local organizations that fund their share of the construction costs.

Of the 1,674 completed plans, 33 are being locally implemented and therefore are not counted in the following information. In FY 1999, 11 projects were approved for operation, which brought the total to 1,641 projects approved as of September 30, 1999. Of the 1,641 projects in operation in 1999, 329 were installing watershed protection land treatment services and 259 were receiving engineering services or in construction at the end of the year. Projects with construction completed in 1999 brought the total number of projects in post-installation assistance to 913 as of September 30, 1999. A total of 158 have been de-authorized due to the unlikely opportunity for further project activity, and 18 are inactive.

New Small Watershed Projects Authorized For Funding Fiscal Year 1999
Under the Watershed Protection and Flood Prevention Act (P.L.83-566)

STATE	NAME	FEDERAL COST	LOCAL COST	TOTAL COST
Colorado	Highline Breaks	4,952,300	3,813,200	8,765,500
Iowa	Bear Creek	4,943,600	765,900	5,709,500
New York	New York City Watershed (Ashokan)	132,960	1,282,845	1,415,805
New York	New York City Watershed (Upper Cannonsville)	1,462,560	14,111,295	15,573,855
New York	New York City Watershed (Lower Cannonsville)	1,462,560	14,111,295	15,573,855
New York	New York City Watershed (Pepacton)	797,760	7,697,070	8,494,830
New York	New York City Watershed (Neversink)	44,320	427,615	471,935
New York	New York City Watershed (Rondout)	88,640	855,230	943,870
New York	New York City Watershed (Schoharie)	443,200	4,276,150	4,719,350
Pennsylvania	Mill Creek (Clairon & Jefferson)	3,530,000	3,747,000	7,277,000
South Carolina	Holly Hill	618,300	314,300	932,600
TOTAL		18,476,200	51,401,900	69,878,100

Multiple Purpose Small Watershed Projects: As of October 1, 1999, 828 multipurpose projects have been approved for operation under the P.L.-566 program. This represents 50 percent of the 1,641 projects that are operational and provide solutions to a broad range of local problems.

Agricultural Water Management: One hundred and twelve watershed projects include structural measures for agricultural water management. Of these, 91 include irrigation.

Recreation: Two hundred seventy-four small watershed projects approved as of September 30, 1999 include developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas.

Municipal Water: As of September 30, 1999, local sponsors of 174 watershed projects had included municipal water supply features in their watershed plans, in addition to flood prevention and watershed protection.

Successes in Operational Watershed Projects

Several states incurred severe flooding during FY 1999. Benefits derived from installed flood protection measures are reflected in the following examples:

Tekamah-Mud PL-566 Project – Burt County, Nebraska: The same rain storm that caused severe flood damage to parts of Omaha on August 6, 1999, would have had the same impact in Tekamah, Nebraska. But this didn't happen because of the flood control dams built on the two streams surrounding the town.

Steve Chick, State Conservationist with the USDA Natural Resources Conservation Service said, "While the town did have some damage, there may have been three times the amount of water, and certainly more flooding damage without the 15 structures and basic conservation practices upstream." "Tekamah is situated between Mud Creek on the north and Tekamah Creek on the south. These two creeks join just east of town. The volume of water from the two creeks joining into one drain causes overflow water to backup into town," he said. Tekamah received eight inches of rain in a 12-hour period on August 6 and 7. Chick said, "We estimate there were at least $833,000 in savings, or damages prevented, because of the flood control dams installed by the local people."

Tekamah Mayor Phil McVeigh said, "We would have had damage in most of our main street businesses and more farmland damaged without these dams."

NRCS staff estimates that the entire downtown of Tekamah and all the buildings east of Highway 75 would have sustained damages from water 4 to 6 feet deep had it not been for the dams upstream. This was a 70-year frequency storm, or one that has about a one percent chance of occurring in any year.

The town was protected by the Tekamah-Mud watershed project, authorized for funding in 1972, under provisions of Public Law 83-566 Watershed Protection and Flood Prevention Act (Small Watershed Program). The 19,080-acre watershed project was completed in 1995. Elements of the project include a series of four floodwater retarding dams, one flood control dam with a recreation site known as Summit Lake, and 10 grade stabilization structures. The local landowners, in cooperation with the Papio Natural Resource District, installed conservation practices such as terraces, grass waterways, and conservation tillage on at least 75 percent of the cropland fields above these structures before they were constructed.

Nearly $2,224,000 of the funds for this project came through NRCS under authorities of Public Law 566 Watershed Protection and Flood Prevention Act. The Papio-Missouri River Natural Resources District is the sponsor of this project for the local citizens and also purchased the land rights from the landowners to build the dams.

Upstream landowners gave up their land for these flood control structures. It is always the people downstream from the structures that benefit. Because of their cooperation, this first weekend of August storm provided a big payback for the costs of installation. The benefits or savings in reduced damages totaled nearly half the cost of the entire project."

Mayor Phil McVeigh stated, "People remember flooding events resulting in severe damage, but storms that do not devastate anyone go largely unnoticed. These conservation practices really become silent guardians on the land."

Blackwood Watershed – Hayes & Frontier Counties, Nebraska: The impact of 2 to 14 inches of rain that fell north of Hayes Center, Nebraska on August 6-7, 1999 was attenuated by dams built under provisions of the Small Watershed Program, administered by the USDA Natural Resources Conservation Service. The Middle Republican Natural Resources District, serving as local sponsors, operate and maintain the facilities.

Steve Chick, State Conservationist with NRCS here, said, "We have built 11 floodwater retarding dams in the Blackwood Creek watershed. We estimate these dams prevented over $326,000 in damage from just this one storm." The dams protected cropland, pastureland, fences, and roads from further damage.

Hayes County Commissioner, Leon Kolbet said, "These dams did a tremendous amount of good. The dams saved massive destruction of cropland downstream. When the water coming out of Little Blackwood Creek and Skunk Creek joined, it washed out the Highway 17 road. It all was caught in the dam (three miles downstream and is known locally as the Jerry Gohl dam)".

Chick said, "Two more structures are scheduled to be built. If those structures were in place, there would have been an additional $30,000 in benefits."

Most of the dams are south of Hayes Center along Blackwood Creek as it flows towards the Republican River. Structure 12-A or Gohl's dam which stopped most of the runoff from this storm, is about six miles south and three miles east of Hayes Center, and was completed in 1988. It held a lot of water but had room to hold another 6,000-acre feet. All the dams did their job of holding water back and releasing it downstream over a longer period of time to prevent further damage. An acre-foot of water is 12 inches of water that would cover one acre. NRCS estimated this was a greater than 100 year storm, or one that has less than a one-percent chance of occurring in any year.

"On the cropland above these dams are other conservation practices like terraces, conservation tillage and Conservation Reserve Program acres that also slow the runoff water and sediment. At least 75 percent of the cropland fields above these dams have conservation practices installed before the dams are built," said Chick.

Since the project was authorized for funding in August 1978, nearly $3.4 million of the funding for these 11 dams came through the NRCS in the Public Law 566 Watershed Protection and Flood Prevention Act. The Middle Republican Natural Resources District is the sponsor of the project for the local citizens and also purchased the land rights from the landowners to build the dams. The total watershed area addressed by this project entails 187,700 acres.

Chick said, "Weeks ago you could look at these dams sitting here peacefully and wonder why they were ever built. Now we have the answer."

Land Treatment Watersheds

Land treatment watersheds depend on the application of holistic, on-farm conservation management systems developed to address specific resource objectives for a given watershed. This is in contrast to structurally-based projects, which center on specific structural measures as a means of addressing resource problems.

Conservation management systems, consisting of groupings of conservation practices, are listed in conservation plans, along with the standards and specifications guiding the implementation of each practice. Conservation plans are developed jointly by the producer and NRCS field staff. Each plan is customized to be compatible with that farmer or rancher's operation. These plans represent the landowner's decisions to voluntarily implement management practices that address the resource objectives listed in the more generalized watershed plan, while maintaining an economically viable enterprise. Contracts between the landowner and NRCS provide Federal economic incentives for implementation of the conservation practices contained in the conservation plans. Federal funds not to exceed other USDA cost-share rates, may be used to cover the cost of key conservation practices. The landowner provides the local matching funds and agrees to operate and maintain the practices for their evaluated life. Land treatment contracts allow the producer between five and ten years to fully implement their plan.

Middle Suwannee River Area P.L.-566 Watershed Project: Implementation of the Middle Suwannee River Area P.L.-566 Watershed (MSRA) Project for the purpose of preventing degradation of water quality by improper dairy and poultry waste disposal is progressing at an accelerated pace. This is due to increased efforts of the Suwannee River Water Management District (SRWMD) and additional cost share funding provided by the Florida Legislature through the Florida Department of Agriculture and Consumers Services (DACS). Since 1995, the SRWMD, through it's Surface Water Improvement and Management (SWIM) Program, has been reimbursing dairy project participants one half their 35% cost share up to $50,000 from a $1.2 million Florida Legislature appropriation. With the availability of $200,000 DACS funding for Fiscal Year 1999, the SRWMD entered into an Agreement with DACS to administer the SRWMD/DACS cost share effort primarily to poultry producers. The SRWMD has received $150,000 SRWMD/DACS funds for Fiscal Year 2000. These monies reimburse producers one half their costs under the P.L.-566 Project in the MSRA and the Environmental Quality Incentive Program (EQIP) in the Suwannee River Basin to a maximum of $25,000 for dairies and $9,240 for poultry. EQIP accomplishments are not covered in this report. In addition to the SRWMD/SWIM and the SRWMD/DACS implementation funds, the SRWMD Governing Board is providing the cost of a newly formed three position Poultry Team Staff whose sole purpose is to accelerate the development and implementation of poultry waste management systems in the MSRA. The Team began April 19, 1999. At the end of FY 1999, the Team, with some help from the local NRCS staff, had developed 12 Long Term Contracts (LTCs) totaling $741,666 which require $104,361 of SRWMD/DACS funds, $482,083 P.L.-566 funds, and $155,222 to be provided by producers.

During FY 1999, the NRCS staff completed seven dairy and two poultry P.L.-566 LTCs totaling $1,649,442, which require $328,015 of SRWMD/SWIM funds, $17,035 of SRWMD/DACS funds, $763,270 of P.L.-566 funds, and $541,122 to be provided by producers.

Summarizing, new dairy and poultry P.L.-566 LTCs for FY 1999 in the MSRA total $2,391,108, which require $328,015 of SRWMD/SWIM funds, $121,396 of SWIM/DACS funds, $1,245,353 of P.L.-566 funds, and $696,344 to be provided by producers.

In FY 1999, dairy LTCs averaged around $221,700, of which $100,000 are P.L.-566 funds, $44,400 are SRWMD/SWIM funds and $77,300 are provided by the producer. Poultry LTCs averaged around $60,000, of which $39,000 are P.L.-566 funds, $8,700 SWIM/DACS funds and $12,300 are provided by the producer. Technical assistance is provided at 100% P.L.-566 cost except for that described above by the SRWMD for financing the Poultry Team.

To date, obligated/required and expended construction funds within the MSRA are: P.L.-566, $4,035,826; SRWMD/SWIM, $1,263,870; SRWMD/DACS, $165,700; and dairy and poultry operators, $2,602,251; for a total of $8,067,647.

Currently, 42 of the active 44 dairies in the MSRA are signed up for assistance under the P.L.-566 Program. LTCs have been signed for 29. Of the 129 initially inventoried poultry operations, P.L.-566 LTCs have been developed for 44. Fifteen of these have been completed. Seven more are over 90% complete. It is expected a total of 102 will eventually participate in the P.L.-566 Program.

With adequate future funding, it is expected all LTCs will be developed and signed by 2003 and installed by 2013. Twelve NRCS staff years are devoted to the project annually and three staff years are currently being furnished by the SRWMD.

It is estimated that at present, dairy and poultry operations in the MSRA participating in the P.L.-566 Program that are completed or under contracts will appropriately utilize nearly 12,000 tons of waste annually which in turn will prevent 685 tons of nitrates from entering the rivers, streams, and the Floridan Aquifer annually.

Upon Project completion, it is estimated about 21,000 tons of waste and 1,400 tons of nitrates will be appropriately utilized annually in a manner safe for the environment and human and animal inhabitants in the MSRA.

LOAN PROGRAMS

Under P. L. 83-566, as amended and P. L. 78-534, loans are made to local organizations for financing the local share of the cost of installing, repairing, or improving works of improvements and water storage facilities, purchasing sites or rights-of-way, and for related costs in approved watershed works of improvement and flood prevention projects. The Rural Utilities Service (RUS) has been assigned responsibility for making these loans to sponsors of such projects approved for operations. No loan may be made until NRCS and the local organization has agreed on a plan for works of improvement. P. L. 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund. No funding was appropriated to the RUS in FY 1999 to make new loans under this program.

These loans are repayable in not more than 50 years at an interest rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity on obligations of similar maturity. Comparable to the average maturity for the loan, adjusted to the nearest 1/8 of 1 percent. For a single plan for works of improvement, the amount of the loan may not exceed $10 million.

Applications for loans received by RUS have varied greatly in amount. Most applications have included requests for funds to purchase easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organization's share of installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements. In FY 1999, no loans were obligated. There are currently 123 borrowers who are holding 205 loans with a value of $37.3 million. Over the life of the program, 495 loans have been made at a value of almost $176 million.

	1999 Actual		2000 Estimated		2001 Estimated	
Item	No.	$ (000)	No.	$ (000)	No.	$ (000)
1. Loans obligated during year	0	0	0	0	0	0
2. Borrowers outstanding	130	39,869	130	39,500	120	35,000
3. Loans cumulative	495	175,903	495	175,903	495	175,903

Obligations Related to P.L.566 Watershed Projects as of 9/30/1999

The following tabulation shows, by State, descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in P.L.-566 watersheds. There are 75 multi-State projects. Obligations and staff years are distributed between the States as applicable.

State	Number Projects Approved 9/30/99	Total Federal Obligations FY 1999	FY 1999 Federal Staff-Year Input	Total Watershed Area Acres	Total Estimated Cost	Federal Estimated Cost	Percent Federal Cost to Total Cost	Cumulative Federal Obligations 9/30/99	Percent Cost Obligated as of 9/30/99
Alabama	51	1,126,539	13	3,034,042	113,104,004	90,089,138	80%	87,699,138	97%
Alaska	1	2,404,115	3	232,000	7,600,972	7,410,072	97%	3,150,122	43%
Arizona	20	3,483,390	12	1,633,062	168,775,274	154,839,453	92%	123,329,453	80%
Arkansas	65	3,779,394	23	3,624,338	244,832,540	199,911,430	82%	162,813,330	81%
California	31	1,452,968	11	1,910,933	359,032,125	308,073,234	86%	199,590,734	65%
Colorado	24	1,140,997	4	1,529,146	67,178,219	54,714,467	81%	48,196,457	88%
Connecticut	12	130,713	2	214,856	73,758,236	56,116,210	76%	45,336,210	81%
Delaware	6	915,186	4	469,220	35,293,219	34,298,705	97%	30,823,705	90%
Florida	30	1,700,919	5	2,151,268	72,299,768	45,153,716	62%	39,722,416	88%
Georgia	72	2,010,553	11	4,563,183	153,463,565	113,248,683	74%	106,085,683	94%
Hawaii	12	2,343,661	9	642,042	99,638,435	74,239,001	75%	56,429,001	76%
Idaho	20	487,360	5	890,397	187,961,739	30,666,106	16%	23,178,606	76%
Illinois	33	1,920,175	9	1,789,134	270,579,158	205,274,471	76%	137,844,971	67%
Indiana	40	1,075,866	6	2,445,382	125,876,666	87,860,871	70%	80,880,871	92%
Iowa	55	1,873,247	6	1,299,050	239,592,519	184,743,658	77%	118,261,658	64%
Kansas	63	2,307,083	8	6,040,361	219,534,675	198,200,563	90%	191,995,163	97%
Kentucky	43	972,134	5	2,586,213	121,484,140	99,745,169	82%	88,786,169	89%
Louisiana	50	1,669,990	7	6,218,867	222,491,004	133,745,481	60%	124,785,481	93%
Maine	21	505,100	5	1,331,054	29,800,602	23,778,142	80%	22,452,142	94%
Maryland	21	196,441	3	521,323	35,838,617	23,610,244	66%	23,268,244	99%
Massachusetts	12	814,361	4	460,232	57,547,761	43,555,848	76%	40,348,348	93%
Michigan	28	1,055,587	7	1,470,456	59,735,350	36,509,671	61%	32,570,671	89%
Minnesota	20	917,786	8	1,902,649	93,806,075	70,875,512	76%	58,467,512	82%
Mississippi	63	4,049,364	21	4,602,179	272,449,288	220,309,407	81%	171,101,107	78%
Missouri	35	6,838,835	39	2,583,183	218,486,643	202,016,986	92%	121,195,986	60%
Montana	21	765,384	3	1,398,621	46,323,329	37,793,882	82%	32,015,882	85%

State	Number Projects Approved 9/30/99	Total Federal Obligations FY 1999	FY 1999 Federal Staff-Year Input	Total Watershed Area Acres	Total Estimated Cost	Federal Estimated Cost	Percent Federal Cost to Total Cost	Cumulative Federal Obligations 9/30/99	Percent Cost Obligated as of 9/30/99
Nebraska	52	1,647,137	9	3,512,439	147,180,064	121,007,727	82%	108,989,227	90%
Nevada	7	168,461	2	406,462	9,133,828	6,611,768	72%	4,011,768	61%
New Hampshire	7	91,672	1	456,770	29,118,888	22,990,055	79%	22,625,055	98%
New Jersey	15	236,885	2	389,347	49,259,339	44,645,754	91%	43,690,754	98%
New Mexico	30	1,295,585	7	1,908,727	207,108,284	198,676,742	96%	123,476,742	62%
New York	31	2,767,067	10	1,955,944	218,430,255	82,350,669	38%	71,065,669	86%
North Carolina	63	1,814,756	16	3,176,702	157,998,124	116,180,918	74%	98,740,918	85%
North Dakota	21	327,563	3	2,575,881	67,103,557	50,470,904	75%	41,935,904	83%
Ohio	28	1,278,784	8	2,825,936	162,758,973	142,001,426	87%	111,871,426	79%
Oklahoma	76	2,784,415	11	7,350,057	499,557,907	429,712,522	86%	268,457,522	62%
Oregon	23	4,569,326	10	1,326,356	94,477,472	52,259,640	55%	50,562,140	97%
Pennsylvania	38	3,420,643	18	1,876,307	182,642,710	144,370,511	79%	119,185,511	83%
Pacific Basin	3	1,082,765	2	4,295	9,869,170	7,882,537	80%	3,569,537	45%
Puerto Rico	4	453,590	4	266,002	21,364,386	17,221,962	81%	15,881,962	92%
Rhode Island	1	-	-	24,100	1,029,192	1,029,192	100%	1,029,192	100%
South Carolina	60	557,168	6	3,689,938	81,631,517	60,853,125	75%	59,363,125	98%
South Dakota	18	687,217	3	1,467,474	32,598,854	14,745,245	45%	13,466,245	91%
Tennessee	48	2,717,115	16	2,446,872	152,522,709	137,800,057	90%	114,848,557	83%
Texas	98	5,015,997	23	10,198,524	628,832,327	540,084,645	86%	393,248,645	73%
Utah	16	1,068,065	4	1,643,187	54,409,976	46,240,562	85%	43,327,887	94%
Vermont	12	990,613	5	983,927	31,060,424	27,860,059	90%	23,125,059	83%
Virginia	42	2,645,939	20	2,383,433	151,226,865	127,069,707	84%	82,702,707	65%
Washington	23	2,390,953	8	868,793	87,175,377	72,130,603	83%	64,411,403	89%
West Virginia	32	1,122,014	12	1,250,636	229,259,856	216,111,133	94%	208,972,883	97%
Wisconsin	29	133,568	2	1,476,149	59,917,514	52,008,333	87%	51,763,333	100%
Wyoming	15	1,379,132	7	647,436	30,990,739	21,072,158	68%	16,016,958	76%
Total	1,641	86,583,578	442	110,654,885	6,993,142,230	5,490,168,074	79%	4,326,669,189	79%

EMERGENCY WATERSHED PROTECTION PROGRAM

STATUS OF PROGRAM

The Emergency Watershed Protection Program (EWP) was established by Congress to respond to emergencies created by natural disasters. It is designed to help groups of people by relieving imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences. It is generally not an assistance program for individuals. EWP is a recovery program. All projects undertaken must be sponsored by a political subdivision of the State, such as a city, county, general improvement district, or conservation district. NRCS is responsible for administering the program.

EWP funds cannot be used to solve problems that existed before the disaster or to improve the level of protection above that which existed before a disaster. It cannot fund operation and maintenance work or repair private or public transportation facilities or utilities. The work cannot adversely affect downstream water rights and funds cannot be used to install measures not essential to the reduction of hazards. In addition, funds cannot be used to perform work on measures installed by another federal agency.

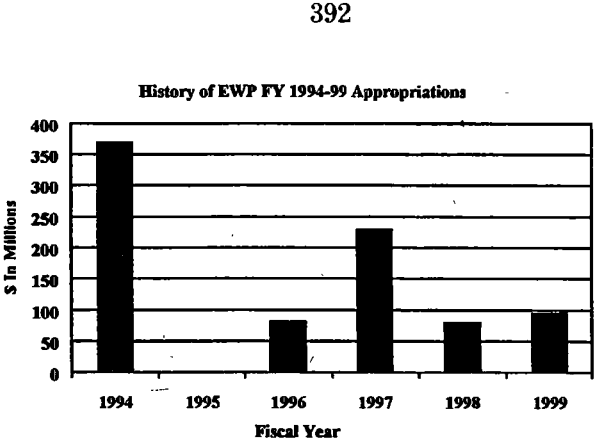
PROGRAM ADMINISTRATION

All EWP work must reduce threats to life and property and must be economically, environmentally, and socially defensible and sound from a technical standpoint. All work must represent the least expensive alternative. NRCS may bear up to 75 percent of the construction cost of emergency measures. The remaining 25 percent must come from local sources and can be in the form of cash or in-kind services.

Public and private landowners are eligible for assistance but must be represented by a project sponsor. Sponsors are responsible for providing landrights to do repair work and securing the necessary permits. Sponsors are also responsible for furnishing the local cost share and for accomplishing the installation of work. Work can be done either through Federal or local contracts.

EWP work is not limited to any one set of prescribed measures. A case by case investigation of the needed work is made by NRCS. EWP work can include: removing debris from stream channels, road culverts, and bridges; reshaping and protecting eroded banks; correcting damaged drainage facilities; repairing levees (primarily agricultural) and structures; reseeding damaged areas; and purchasing floodplain easements.

This program is entirely dependent upon supplemental appropriations in order to provide assistance during natural disasters. Approximately two-thirds of the events that trigger EWP assistance are local in nature and not Presidentially declared disasters, but cover smaller areas. Over the past five years, an average of $152 million per year has been appropriated for EWP work. Twenty percent of this was used for technical assistance.



FLOODPLAIN EASEMENTS

The Federal Agriculture Improvement and Reform Act of 1996 provides the authority for NRCS, on behalf of the United States, to purchase floodplain easements through EWP. The purposes of the easements are to:

- allow the unimpeded reach and flow of any waters in the easement area;
- retard runoff and prevent soil erosion through the restoration, protection, or enhancement of the floodplain;
- restore, protect, manage, maintain, and enhance the functions of wetlands, riparian areas, conservation buffer strips, and other lands;
- conserve natural values including fish and wildlife habitat, water quality, flood water retention, ground water recharge, and open space; and
- safeguard lives and property from floods, drought, and the products of erosion.

Compensation for easement lands is based on the agricultural value of the land, a geographic land payment cap, or the landowner offer. Easement values are assessed on pre-disaster conditions. EWP funds may be utilized to pay up to 100 percent of the cost of the installation and maintenance of land treatment measures deemed necessary and desirable to effectively achieve the purposes of the easement. Land treatment measures may include restoring the surface hydrology and natural vegetation, establishing fences, and removing buildings and other obstructions when appropriate. Acreage on which easements have been acquired is not eligible for future federal disaster assistance.

The EWP-floodplain easement component of the EWP program is a pilot effort that was initiated in 1997 and continued through 1999. NRCS allocated $15 million to States in FY 1997. This funding level enabled NRCS to accept 133 offers on 20,110 acres. In FY 1999, $31,000,000 was allocated to States to accept 216 offers on 30,923 acres.

DART TEAMS

Three Disaster Assistance Recovery Teams (DART) have been established to provide training to field personnel and are available within 36-hours to provide all the training necessary to get NRCS, sponsors,

and others ready to evaluate damages, examine and evaluate alternatives, and install the needed measures to alleviate life-threatening situations. They also provide predisaster training to help states get prepared for a disaster. Teams consist of a program specialist, a contract specialist, an economist, an engineer, an environmentalist, and a construction inspector. It is hoped that this training effort will make States more efficient in program delivery and allow more uniformity in the delivery of assistance. During FY 1999 the teams made six trips to states to provide training.

Additional information on the EWP program is available on the NRCS-Watersheds and Wetlands Division website at: http://www.ftw.nrcs.usda.gov/programs.html

SUCCESS STORIES

Iowa

The floods of 1993 brought about the Emergency Wetlands Reserve Program, which offers easements to landowners on flood-prone lands to return the lands to wetlands. EWRP was the impetus for river corridor planning. Landowners responded enthusiastically to the new wetlands restoration program, with 10 applications for every project that could be undertaken in the first year. Patterns began to emerge along various river segments where there were concentrations of applications.

As NRCS listened to landowners, common concerns of landowners in these river corridors surfaced. They were not able to farm floodplains and maintain adequate incomes even with substantial support from government. They wanted something different than risking floods each year trying to raise corn and soybeans; they needed greater financial security. The wetland restoration programs of USDA met their needs and the areas they offered met the objectives of wetlands restoration for economic stability, wildlife habitat, and water quality improvement, among others.

With the interest in these concentrated areas it then made sense to target them for future sign-ups with other programs as well. Out of this came the concept of river corridor planning. Other organizations became very active in the corridors, providing funds to buy residual values, operating GIS to support a project, contacting landowners, providing assistance for enhancement and much more. One unique situation: the Iowa Natural Heritage Foundation's attorney works essentially full-time on purchasing floodplain easements along river corridors.

About 25 percent of the easement lands are, or will be, purchased fee title by another government agency such as USFWS, Iowa DNR, or county conservation boards. Other areas have been purchased by private non-profits such as the Iowa Natural Heritage Foundation and the Nature Conservancy. This reduces NRCS staff commitments over time because of their management of these areas. In addition, other local groups such as Pheasants Forever and Ducks Unlimited are frequently involved.

The EWP program put over $10 million into the program in 1999. Other programs contributed an equal amount. At this point, 11 river corridor projects are viable and moving forward in Iowa. Each corridor has taken on a life of its own and evolved differently. Intentionally, little statewide structure has been applied to the river corridor projects. Instead, local people are taking the lead in developing their project. As such, each looks a little different.

North Carolina

Hit with three hurricanes within two weeks, the coastal area of North Carolina found itself deluged with water up to the 500-year floodplain levels. Areas that had never been flooded before were swamped, homes and businesses under water, roads closed, and thousands of people displaced. As the waters receded, the magnitude of the problems became more evident.

NRCS helped livestock producers dispose of almost 2 million dead animals since Hurricane Floyd swept through the eastern part of North Carolina. The agency has spent more than $250,000 for the burying, composting, and hauling of animals killed as a result of Hurricane Floyd.

"The great majority of the animals that have been disposed of are poultry," said Mary Kollstedt, State Conservationist for the NRCS in Raleigh, North Carolina. "EWP funds have been used to dispose of over 1.9 million birds and over 12,000 hogs. Some cows, goats, and sheep have also been handled under the program."

Besides the disposal of dead animals, the NRCS is helping farmers and other landowners with the repair of damaged conservation measures like ponds, waterways, and animal waste lagoons. NRCS is assisting landowners who have homes and businesses threatened by eroding streambanks. Extensive damage to stream channels is being repaired and utilities in danger of disruption are protected. Ten million dollars allocated to North Carolina is being utilized to cost share with local sponsoring organizations.

Georgia

As a result of $20 million in EWP work done in 1994 after tropical storm Alberto, damage in Georgia this year from Hurricane Bonnie was significantly reduced. According to Graham Lyles, Executive Director of the State Soil and Water Conservation Committee in Georgia, "There was practically no debris in the streams when we were hit by intense rains from Hurricane Bonnie. Water levels were as high as in 1994, but the streams were able to handle the flows without all the flooding and the $26 million in damages we had in 1994." Residents in the State were grateful for the work done by NRCS in the past. Russell Thomas, Mayor of Americus said, "NRCS was a life saver for Americus. They gave us a sense of security back to us in 1994, and we realized the benefits again this year."

California

El Nino storms during winter and spring of 1998 caused $1 billion in damages throughout California. Twenty-five counties received $15 million in EWP funds to repair stream banks, levees, bridges, culverts, and to remove debris that was clogging streams. Mike Madden, Butte County Emergency Services Officer stated that, "EWP is one the most popular programs in California. It works. It is the most effective Federal program on floods."

"One of the key points in NRCS' EWP efforts here in California," said Jeff Vonk, NRCS State Conservationist, "is the partnerships that have been created to deal with the recovery. Working through local sponsors, NRCS is able to leverage Federal funds to accomplish emergency work that would not otherwise be possible. Local sponsors are doing a large share of the work themselves." The sponsors are taking the lead on 63 of 67 projects, by carrying out the contracting, design, and inspection of the work.

Butte County's positive experience with EWP and the Federal-local conservation partnership, resulted in the county's decision to form a conservation district.

FY 1999 EWP PROGRAM STATE ALLOCATIONS REFLECTS THE USE OF PRIOR YEAR APPROPRIATION CARRYOVER AND THE FY 1999 SUPPLEMENTAL APPROPRIATION

STATE	EWP ALLOWANCES
Alabama	$7,641,000
Alaska	980,000
Arizona	6,622,500
Arkansas	3,126,000
California	6,262,778
Colorado	5,212,000
Connecticut	79,700
Florida	18,155,000
Georgia	437,000
Idaho	(295,600)
Illinois	8,496,100
Indiana	781,000
Iowa	19,883,000
Kansas	342,000
Kentucky	517,000
Louisiana	4,771,700
Maine	169,500
Michigan	6,000
Minnesota	858,000
Mississippi	10,883,000
Missouri	3,824,500
Montana	636,000
Nebraska	3,321,000
Nevada	2,930,000
New Jersey	726,000
New Mexico	18,000
New York	1,107,000
North Carolina	4,089,923
North Dakota	3,437,000
Ohio	11,432,000
Oklahoma	11,873,000
Oregon	(656,000)
Puerto Rico	7,821,000
South Carolina	30,000
South Dakota	6,201,100
Tennessee	1,443,000
Texas	11,822,500
Utah	318,000
Vermont	1,696,000
Virginia	10,572
Washington	600,000
West Virginia	126,000
Wisconsin	(55,000)
Wyoming	84,000
Total	$167,763,273

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[Forestry Incentives Program]

[For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Assistance Act of 1978 (U.S.C. 2101), including technical assistance and related expenses, $6,325,000, to remain available until expended, as authorized by that Act.]

NATURAL RESOURCES CONSERVATION SERVICE

Forestry Incentives Program

Appropriations Act, 2000		$6,325,000
Budget Estimate, 2001		0
Decrease in Appropriation		-$6,325,000
Adjustments in 2000:		
Appropriations Act, 2000	$6,325,000	
Rescission for P.L. 106-113	-948,000	
Adjusted base for 2000		5,377,000
Budget Estimate, Current Law, 2001		0
Decrease over adjusted 2000		-$5,377,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2000 Estimated	Pay Costs	Program Changes	2001 Estimated
Cost-sharing to landowners	$4,839,300	--	-$4,839,300	--
FS Technical Assistance	537,700	--	-537,700	--
Total Available	$5,377,000	--	-$5,377,000	--

Project Statement
(On basis of adjusted appropriation)

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001 Estimated Amount	Staff Years
Cost-share to landowners	$14,792,500	--	$4,839,300	--	-$4,839,300	--	--
FS Technical Assistance	1,532,500	--	537,700	--	-537,700	--	--
Total Available or Est	16,325,000	--	5,377,000	--	-5,377,000 (1)	--	--
Resc. for P.L. 106-113	--	--	948,000	--	-948,000	--	--
Total, Appropriation	$16,325,000	--	$6,325,000	--	-$6,325,000	--	--

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	Staff Years	2000 Estimated Amount	Staff Years	Increase or Decrease	2001 Estimated Amount	Staff Years
Cost-share to landowners	$9,727,413	--	$9,988,724	--	-$9,988,724	--	--
FS Technical Assistance	1,534,339	--	582,176	--	-582,176	--	--
Subtotal	11,261,752	--	10,570,900	--	-10,570,900	--	--
Unobl. Balance, start of year	-130,652	--	-5,193,900	--	+5,193,900	--	--
Unobl Balance, end of year	+5,193,900	--	--	--	--	--	--
Total Available or estimate	$16,325,000	--	$5,377,000	--	-$5,377,000	--	--

OUTLAYS

	1999 Actual	2000 Estimate	Increase or Decrease	2001 Estimate
Forestry Incentives Program.....	$5,602,433	$12,428,000	-$5,684,000	$6,744,000

Justification of Increases and Decreases

(1) A decrease of $5,377,000 to eliminate the Forestry Incentives Program (FIP).

This decrease is being proposed to reflect the realignment of the Administration's priorities.

NATURAL RESOURCES CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1999 Actual and Estimated 2000 and 2001
FORESTRY INCENTIVES PROGRAM

	1999 AMOUNT	2000 AMOUNT	2001 AMOUNT
ALABAMA	$645,706	$501,700	--
ALASKA	5,040	5,000	--
ARIZONA	--	--	--
ARKANSAS	556,635	448,100	--
CALIFORNIA	188,163	114,900	--
COLORADO	5,058	5,000	--
CONNECTICUT	--	--	--
DELAWARE	27,001	27,700	--
FLORIDA	1,096,871	2,605,500	--
GEORGIA	1,007,888	851,900	--
HAWAII	13,940	500	--
IDAHO	89,202	21,900	--
ILLINOIS	27,267	26,900	--
INDIANA	39,664	40,500	--
IOWA	22,256	21,800	--
KANSAS	5,602	14,400	--
KENTUCKY	22,228	21,800	--
LOUISIANA	845,178	575,500	--
MAINE	22,568	23,700	--
MARYLAND	63,623	62,400	--
MASSACHUSETTS	7,200	--	--
MICHIGAN	43,501	42,700	--
MINNESOTA	35,678	37,500	--
MISSISSIPPI	1,379,259	472,700	--
MISSOURI	13,825	14,200	--
MONTANA	19,429	3,100	--
NEBRASKA	3,989	2,500	--
NEVADA	4,500	--	--
NEW HAMPSHIRE	7,785	42,200	--
NEW JERSEY	4,090	400	--
NEW MEXICO	--	--	--

	1999	2000	2001
	AMOUNT	AMOUNT	AMOUNT
NEW YORK	$31,812	$31,200	--
NORTH CAROLINA	383,020	421,500	--
NORTH DAKOTA	--	--	--
OHIO	85,992	84,400	--
OKLAHOMA	200,494	65,200	--
OREGON	277,537	229,500	--
PACIFIC BASIN	--	--	--
PENNSYLVANIA	30,744	30,200	--
PUERTO RICO	--	10,100	--
RHODE ISLAND	--	2,700	--
SOUTH CAROLINA	592,688	571,500	--
SOUTH DAKOTA	7,700	14,400	--
TENNESSEE	81,462	234,700	--
TEXAS	926,682	885,200	--
UTAH	--	--	--
VERMONT	10,541	10,500	--
VIRGINIA	338,742	383,300	--
WASHINGTON	366,359	166,200	--
WEST VIRGINIA	30,751	30,200	--
WISCONSIN	106,258	321,100	--
WYOMING	43,501	42,600	--
CENTRAL OFFICE	9,984	--	--
UNDISTRIBUTED	--	469,724	--
Subtotal	9,727,413	9,988,724	--
FS Technical Assistance	1,534,339	582,176	--
Total available or Estimate	$11,261,752	$10,570,900	--

FORESTRY INCENTIVES PROGRAM

STATUS OF PROGRAMS

The Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127) reauthorized the Forestry Incentives Program (FIP) through the year 2002. Originally authorized under the Cooperative Forestry Assistance Act of 1978 (P.L. 95-314), FIP is a voluntary program which helps landowners install practices such as tree planting, timber stand improvements, and other related practices on non-industrial private forest lands. The purpose of FIP is to increase the production of sawtimber and pulpwood on non-industrial private forestlands, while simultaneously ensuring effective natural resource management on forestland. This practice is done by providing technical and financial assistance to eligible forest landowners. FIP is a nationwide program available in counties designated on the basis of a Forest Service survey of total eligible private timber acreage that is potentially suitable for the production of timber products. FIP supports the NRCS strategic goal 1--which relates to a healthy and productive land that helps fulfill the need for forestry activity on private lands.

FIP provides many indirect benefits that reforestation provides, including improving water quality, creating wildlife habitat, assisting landowners with limited resources, and ensuring the Nation's supply of timber. Private land stewardship does not cease at cropland and pastureland. While the FIP authorizing legislation clearly identifies timber production as the primary objective of the program, "so as to provide for the production of timber and other forest resources associated therewith" (16 U.S.C. 2103), NRCS, in some States, has expanded the objectives of the program to include additional environmental considerations.

Current Activities: Currently, technical assistance is provided to FIP participants by the State forester. Annually, NRCS allocates 10 percent of its appropriated FIP funds to the U.S. Forest Service (FS). In return, the State foresters, working in conjunction with the FS, are responsible for the technical phase of planning and installing practices. The following three practices: tree planting; improving a stand of forest trees; and site preparation for natural regeneration can be funded by cost-sharing up to 65 percent. The maximum payment limitation is $10,000 per individual per fiscal year. Once an eligible landowner requests assistance through NRCS, a representative of the State forestry agency, who provides technical assistance, examines the landowner's property to certify the need for the practice(s) and to develop a forest management plan.

After a forest management plan is developed and approved by the State forestry agency, landowners may enter into annual agreements. The plan forms the basis of the annual agreement. Long-term agreements are not available. The State forestry agency must certify that the project has been completed satisfactorily before cost-share payments can be made. To be eligible for cost-share assistance, a landowner must:

- Own no more than 1,000 acres of eligible forestland capable of producing at least 50 cubic feet of wood per acre per year. In the public interest, the NRCS State conservationist, with the State forester's concurrence may grant an exception for larger acreage; however, a landowner cannot own more than 5,000 acres;
- Be a private landowner of non-industrial forestland, and;
- Be an individual, group, association, or corporation whose stock is not publicly traded, provided they are not primarily engaged in the business of manufacturing forest products or providing public utility services;
- Be a forest landowner who manufactures forest products on a part-time or periodic basis;
- Have land that is suitable for one of the following:
    - Afforestation;
    - Reforestation of cutover and other non-stocked and under-stocked forest land; or
    - Intensive multipurpose management and the protection of forest resources.

Fiscal Year (FY) 1999 Emergency Funding

In September 1998, the President submitted to Congress a supplemental appropriations request that included $10 million for FIP to address reforestation needs on eligible private lands arising from 1998 wildfires and other disasters. The supplemental funding is being administered through existing FIP regulations. The maximum payment limitation of $10,000 per individual per fiscal year applies and includes these supplemental funds.

The FY 1999 Appropriations Act included $10 million in emergency funding through FIP related to forest fires in Florida and disasters in other states. On February 16, 1999, $9 million in FIP funds were allocated to 15 States to address reforestation needs caused by wildfires and other natural disasters in 1998. A $1 million reserve is being retained for future assistance, primarily tree planting needs, in Florida. NRCS and FS, along with State foresters, carried out a thorough assessment of needs, which far exceeded available funds. It was determined that assistance should be provided to other States as well as Florida based on an agreement between the Department and Office of Management and Budget (OMB).

FY 1999 FIP EMERGENCY FUNDING

	ALLOCATIONS	
SOUTHEAST REGION		
Alabama	$150,000	
Florida*	3,000,000	
Georgia	860,000	
Mississippi	900,000	
North Carolina	155,000	
South Carolina	205,000	
Tennessee	250,000	
Subtotal, Southeast Region		$5,520,000
SOUTH CENTRAL REGION		
Arkansas	$250,000	
Louisiana	1,000,000	
Oklahoma	810,000	
Texas	1,560,000	
Subtotal, South Central Region		3,620,000
OTHER STATES		
California	$250,000	
New Hampshire	20,000	
Washington	200,000	
Wisconsin	290,000	
Remaining available for allocation	100,000	
Subtotal, Other States		860,000
Total, FY 1999 FIP Emergency Funding		$10,000,000

* $1 million for the Florida allocation will be held in reserve until FY 2000.

FIP Practices:

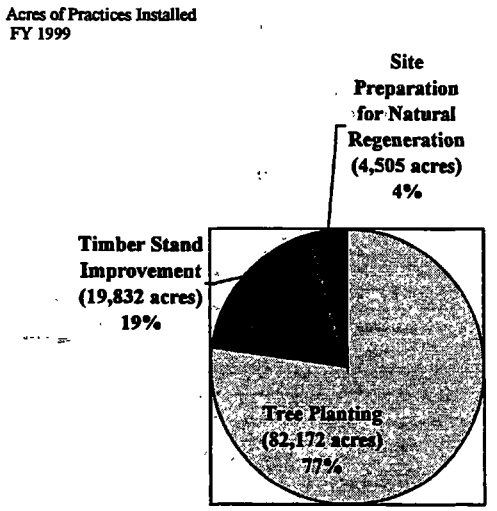
Planting Trees (FP-1): This practice is intended to increase the production of timber and improve the environment. Site preparation for tree planting is an authorized part of the practice if certified, as necessary, by a representative of the State forestry agency.

Timber Stand Improvement (FP-2): This practice is aimed at increasing the growth of trees on sites suitable for production of saw-timber and veneer logs. Softwood and hardwood improvement practices may qualify. Pre-commercial thinning, pruning of crop trees, and releasing desirable seedlings and young trees are acceptable measures.

Site Preparation for Natural Regeneration (FP-3): This practice is aimed at establishing a stand of forest trees through natural regeneration for timber production purposes and to preserve and improve the environment.

Special Forestry Practices (SF): A special forestry practice may be approved by NRCS after consultation with the Forest Service when needed for a significant and unique local condition for which the national practices are not adequate.

Figure 1 illustrates the acres of practices installed for FY 1999.
Figure 1



The FIP Customer Base: Ensuring Proper Forest Management

With reduced harvesting on public lands and the need to satisfy new and existing markets, timber production on non-industrial private forestland is becoming increasingly essential. Moreover, private non-industrial landowners, possessing less than 1,000 acres are on the rise. Today, approximately 99.7 percent of the private forest landowners each own less than 1,000 acres (Sampson and DeCoster, 1997). While timber production is a primary objective, FIP encourages clean air and water, reduced soil erosion, ground water recharging, reduced downstream flooding, carbon storage, aesthetics, recreation, wildlife habitat enhancement, and other forest benefits.

Selected Examples of Recent Progress:

Table 1: Forestry Incentives Program, Outlays and Number of Participants

Fiscal Year	Outlays	Participants
1989	$10,191,262	5,048
1990	10,759,175	4,760
1991	14,222,122	5,417
1992	12,975,545	5,179
1993	13,122,438	5,467
1994	12,325,814	5,614
1995	9,258,119	4,520
1996	6,555,923	3,124
1997	5,262,406	3,953
1998	6,127,254	3,863
1999 *	5,602,433	5,128

* Includes FY 1999 Emergency Supplemental Funding.

Table 2: Forestry Incentives Program, Number of Acres

Fiscal Year	Tree Planting	Timberstand Improvement	Special Forestry and Site Preparations
1989	164,133	30,533	3,617
1990	150,717	33,199	2,811
1991	176,201	36,447	2,374
1992	161,767	43,192	3,487
1993	175,742	35,426	2,443
1994	188,017	35,263	3,510
1995	141,194	22,540	1,845
1996	105,650	19,403	1,451
1997	106,665	21,706	2,459
1998	81,579	18,322	1,559
1999 *	82,172	19,832	4,505

* Includes FY 1999 Emergency Supplemental Funding.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), [$35,265,000] $36,265,000, to remain available until expended (7 U.S.C. 2209): Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C 2225), and not to exceed $50,000 shall be available for employment under 5 U.S.C. 3109.

NATURAL RESOURCES CONSERVATION SERVICE

Resource Conservation and Development Program

Appropriations Act, 2000	$35,265,000
Budget Estimate, 2000	36,265,000
Increase in Appropriation	+1,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	2000 Estimated	Pay Costs	Program Changes	2001 Estimated
Resource Conservation and Development:				
1. Technical Assistance	$35,205,000	$1,000,000	--	$36,205,000
2. Financial Assistance	--	--	--	--
3. Loan Services	60,000	--	--	60,000
Total Available	$35,265,000	+$1,000,000	--	$36,265,000

Project Statement
(On basis of appropriation)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Resource Conservation and Development:							
1. Technical Assistance	$34,940,000	391	$35,205,000	390	+$1,000,000 (1)	$36,205,000	378
2. Financial Assistance	--	--	--	--	--	--	--
3. Loan Services	60,000	1	60,000	1	--	60,000	1
Total, Appropriation	$35,000,000	392	$35,265,000	391	+$1,000,000	$36,265,000	379

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Resource Conservation And Development:							
1. Technical Assistance	$34,650,179	391	$35,756,353	390	+$448,647	$36,205,000	378
2. Financial Assistance	398,000	--	19,971	--	-19,971	--	--
3. Loan Services	60,000	1	60,000	1	--	60,000	1
Total, Direct Obligations	35,108,179	392	35,836,324	391	+428,676	36,265,000	379
Unobligated Balance, Start of Year	(-679,503)	--	(-571,324)	--	(+571,324)	--	--
Unobligated Balance, End of Year	(+571,324)	--	--	--	--	--	--
Appropriation Total	(35,000,000)	(392)	(35,265,000)	(391)	(+1,000,000)	(36,265,000)	(379)
Reimbursable Obligations:							
(a) Technical Assist	463,138	9	1,267,000	9	--	1,267,000	9
(b) Financial Assist	84,262	--	33,000	--	--	33,000	--
Total Reimbursable Oblig	547,400	9	1,300,000	9	--	1,300,000	9
Obligational Authority	$35,655,579	401	$37,136,324	400	+$428,676	$37,565,000	388

SOURCES OF REIMBURSEMENTS

Project	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Federal Sources	$307,712	$499,000	--	$499,000
Non-Federal Sources	239,688	801,000	--	801,000
Total Reimbursements	$547,400	$1,300,000	--	$1,300,000

OUTLAYS

Project	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Resource Conservation and Development.				
(a) Technical Assistance	$34,496,823	$34,744,000	+$915,000	$35,659,000
(b) Financial Assistance	434,035	435,000	--	435,000
(c) Loan Services	--	60,000	--	60,000
Total Outlays	$34,930,858	$35,239,000	+$915,000	$36,154,000

MAIN WORKLOAD FACTORS

		1999 Actual	2000 Estimate	2001 Estimate
Status of Authorized RC&D Areas:				
Areas authorized start of year		315	315	315
Areas Deauthorized in year		--	--	--
New areas authorized in year		--	--	--
Areas authorized end of year		315	315	315
Applications on hand		(43)	(46)	(54)
RC&D Project Activity*:				
Project Plans:				
Adopted	During year	3,035	3,500	3,500
	Cumulative	65,722	69,222	72,722
Completed	During year	1,977	2,500	2,500
	Cumulative	46,652	49,152	51,652
Input of Resources to Projects ($ in 1,000's)*: (Resources provided for accomplishing completed projects. Includes direct technical and financial assistance attributable to a project.)				
-- RC&D resources	During year	$35,108	0	0
-- Other Federal	During year	$90,512	$200,000	$200,000
-- State government	During year	$111,527	$300,000	$300,000
-- Local government	During year	$43,105	$100,000	$100,000
-- Non-government	During year	$67,536	$200,000	$200,000

Loan Services Assistance: Funds are provided to Rural Development to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of Rural Development is not available for such expenses. The workload in FY 1999 consisted of providing loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

	1999 Actual		2000 Estimated		2001 Estimated	
Item	No.	Amount	No.	Amount	No	Amount
1 Loans obligated during year	0	0	0	0	0	0
2. Borrowers outstanding	52	$2,407,000	52	$2,407,000	52	$2,407,000
3 Loans cumulative	292	$29,484,709	292	$29,484,709	292	$29,484,709

* Data is estimate only. NRCS has begun a new web-based reporting system. Many RC&D offices were unable to report complete data this year due to the fact that many RC&D offices do not yet have the equipment or ability to access the Internet. NRCS is addressing this issue and we expect to have the ability for full reporting next fiscal year for the RC&D program

Justification of Increases and Decreases

An increase of $1,000,000 for the Resource Conservation and Development (RC&D) program consisting of:

(1) An increase of $1,000,000 for pay costs.

This increase supports achieving the goals and objectives of the strategic plan. The strategic goals were based on the assumption of a level of funding in the period 1997-2002 that provided the same level of effort as in FY 1997. None of the goals can be achieved in the absence of level buying power. Absorption of pay costs in FY 2001 would further reduce NRCS staffing by approximately 11 FTE. NRCS has absorbed this increase several times in past years, and available funds are at a minimal level. Further absorption is not feasible without a reduction in staff. The increased pay cost funds will be used to pay salaries and benefits for existing staff.

NATURAL RESOURCES CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1999 Actual and Estimated 2000 and 2001
RESOURCE CONSERVATION AND DEVELOPMENT

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	$791,550	10	$812,300	10	$822,017	10
ALASKA	439,751	3	451,300	3	456,698	3
ARIZONA	527,701	5	541,500	5	547,977	5
ARKANSAS	616,650	6	631,800	6	639,358	6
CALIFORNIA	665,651	7	631,800	7	639,358	7
COLORADO	628,700	9	541,500	9	547,977	9
CONNECTICUT	175,901	3	180,500	3	182,659	3
DELAWARE	87,950	1	90,300	1	91,380	1
FLORIDA	439,749	4	451,300	5	456,698	5
GEORGIA	962,625	11	992,800	11	1,004,676	10
HAWAII	271,349	3	270,800	3	274,039	3
IDAHO	803,599	11	722,000	9	730,637	9
ILLINOIS	619,562	8	631,800	8	639,358	8
INDIANA	611,948	9	631,800	9	639,358	8
IOWA	1,055,395	16	1,083,100	16	1,096,056	13
KANSAS	532,700	9	541,500	9	547,977	9
KENTUCKY	1,055,239	15	1,083,100	15	1,096,056	13
LOUISIANA	527,692	6	541,500	6	547,977	6
MAINE	449,551	5	451,300	5	456,698	5
MARYLAND	267,349	4	270,800	4	274,039	4
MASSACHUSETTS	175,901	2	180,500	2	182,659	2
MICHIGAN	616,649	8	631,800	8	639,358	8
MINNESOTA	615,851	8	631,800	8	639,358	8
MISSISSIPPI	798,241	10	541,500	10	547,977	10
MISSOURI	853,600	11	722,000	11	730,637	10
MONTANA	615,650	8	631,800	8	639,358	8
NEBRASKA	605,103	10	631,800	10	639,358	10
NEVADA	175,901	2	180,500	2	182,659	2
NEW HAMPSHIRE	179,899	2	180,500	2	182,659	2

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
NEW JERSEY	175,900	2	180,500	2	182,659	2
NEW MEXICO	703,600	11	722,000	11	730,637	11
NEW YORK	665,367	9	631,800	9	639,358	9
NORTH CAROLINA	791,050	12	812,300	12	822,017	12
NORTH DAKOTA	706,101	8	722,000	8	730,637	8
OHIO	605,584	8	631,800	8	639,358	8
OKLAHOMA	804,199	10	722,000	10	730,637	10
OREGON	439,749	5	451,300	5	456,698	5
PACIFIC BASIN	87,949	1	90,300	1	91,380	1
PENNSYLVANIA	753,572	10	722,000	10	730,637	10
PUERTO RICO	263,850	3	270,800	3	274,039	3
RHODE ISLAND	87,950	1	90,300	1	91,380	1
SOUTH CAROLINA	527,700	5	541,500	5	547,977	5
SOUTH DAKOTA	527,700	7	541,500	6	547,977	6
TENNESSEE	703,591	11	722,000	11	730,637	9
TEXAS	1,583,972	17	1,624,600	17	1,644,034	16
UTAH	673,652	7	631,800	7	639,358	7
VERMONT	180,898	2	180,500	2	182,659	2
VIRGINIA	429,615	5	451,300	5	456,698	5
WASHINGTON	445,750	3	453,800	3	459,228	3
WEST VIRGINIA	535,457	9	544,000	9	550,507	9
WISCONSIN	451,971	5	451,300	5	456,698	5
WYOMING	354,612	4	363,500	4	367,848	4
NHQ - DC	3,056,814	16	4,017,421	16	4,009,066	15
CNTRS/INSTITUTES	2,454,094	7	2,454,094	7	2,483,449	7
WEST REGION	134,300	1	90,000	1	91,077	1
S. CENTRAL REG	46,396	1	52,700	1	53,330	1
N. PLAINS REG	82,900	1	60,200	1	60,920	1
MIDWEST REG	121,200	1	68,100	1	68,915	1
SOUTHEAST REG	177,138	1	125,900	1	127,406	1
EAST REGION	115,038	1	96,000	1	97,148	1
FOREST SERVICE	193,103	1	300,000	2	300,000	2
RURAL DEVELOPMENT	60,000	1	60,000	1	60,000	1
UNDISTRIBUTED	0	0	74,009	0	135,615	0
Total Available or Estimate	$35,108,179	392	$35,836,324	391	$36,265,000	379

RESOURCE CONSERVATION AND DEVELOPMENT

STATUS OF PROGRAM

The Resource Conservation and Development (RC&D) Program began in February 1964 under authority of Section 102 of the Food and Agricultural Act of 1962 (P. L. 87-703) and other Departmental authorities. Sections 1528-1538 of the Agriculture and Food Act of 1981 have replaced these authorities. This act authorized a program to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and implement programs for resource conservation and development. Through the establishment of RC&D areas, led by a council, the program establishes or improves coordination systems in rural communities and builds rural community leadership skills to effectively utilize Federal, State and local programs for the communities' benefit. The RC&D program authority was extended through 2002 by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act).

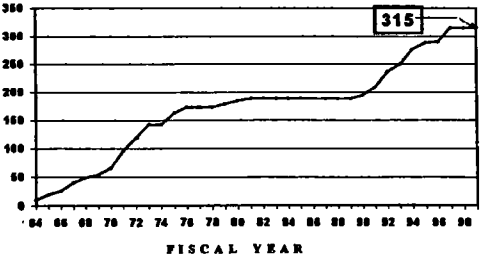
The Natural Resources Conservation Service (NRCS) provides program administration. Assistance is provided, as authorized by the Secretary of Agriculture, to RC&D areas through their organized RC&D Councils. Additional USDA agencies that have conservation or development activities--Economic Research Service, Cooperative State Research, Education and Extension Service, Forest Service, Farm Services Agency, and Rural Development--are involved in development of program policy and guidance as members of the USDA RC&D Policy Advisory Board and Working Group. In addition to administrative support, these agencies provide limited technical and financial assistance to RC&D Councils. Councils also obtain the assistance of other local, State, and Federal agencies; private organizations; and foundations.

The RC&D program is a unique combination of private enterprise and creative federalism, which, encourages the blending of natural resource use with local economic and social values. RC&D Councils and their sponsors, in association with State, local, and Federal governments, and non-profit organizations, initiate and lead the planning and implementation of their locally developed RC&D area plans.

Program objectives address improving the quality of life, including social, economic and environmental concerns; continuing prudent use of natural resources; and strengthening the local citizens ability to utilize available sources of assistance through USDA and other Federal agency partnerships.

Area Operations: Currently, 315 RC&Ds, designated by the Secretary, serve 2,304 counties in all 50 states, the Caribbean, and the Pacific Basin. Forty-three applicants, awaiting the Secretary's designation, will serve 223 additional counties. The 1990 Food; Agriculture, Conservation and Trade Act limited assistance to not more than 450 active designated areas. Designated areas now serve approximately 73 percent of the counties in the United States.

Number of USDA Designated RC&D Areas



An RC&D area is a locally defined multi-county area, sponsored and directed by a council that will carry out a program encouraging natural resource conservation and utilization, accelerated economic development, and/or improvement of social conditions where needed to foster a sound local economy. The council consists of public and private sector sponsors and other local organizations that represent a diverse cross-section of community interests. Sponsors include county and city governments, soil and water conservation districts, substate districts, tribal governments, and other interested private organizations in the area. This grassroots involvement is highly valuable in shaping decision-making at the local level.

The council holds public meetings to identify community concerns, needs, and problems within its area. The council develops an area plan, with assistance from Federal agencies that states goals, objectives, and action items to address the local communities' priorities and concerns. The council then proceeds to collect information about identified problems, develops alternatives, and recommends solutions. Implementation of an action item may include one step or a full range of steps, such as problem identification, development of alternatives, plan development, funding, and implementation.

RC&D program funds provide technical assistance in the form of a USDA RC&D coordinator to the council. The RC&D coordinator is a facilitator for the local people to build and implement their individualized and locally determined program, as identified in the area plan. Coordinators work closely with councils to plan, develop, and implement their area plan. The coordinator acts as a team coach, facilitator, liaison, and technical consultant to assist the council in its activities. He or she is a vital and important link between the RC&D council, it's other partners, and USDA. The goal is an empowered Council that has the capacity to build effective public/private partnerships, resulting in strong rural community leadership and accomplishment.

Status of Resource Conservation and Development Program
As of September 30, 1999

	Area Applications on Hand			Areas Designated for Assistance		
State	No.	Acres	Counties	No.	Acres	Counties
Alabama	–	–	–	9	32,898,231	67
Alaska	5	77,120,000	–	5	119,404,000	6
Arizona	–	–	–	6	90,243,391	27
Arkansas	–	–	–	7	33,314,813	75
California	2	27,728,710	9	7	49,745,945	30
Colorado	1	6,130,560	7	6	49,939,073	42
Connecticut	–	–	–	2	3,127,056	8
Delaware	–	–	–	1	1,265,920	3
Florida	5	7,759,207	16	5	18,500,950	34
Georgia	–	–	–	11	29,427,813	126
Hawaii	1	384,125	1	3	3,699,685	3
Idaho	–	–	–	8	56,971,949	40
Illinois	2	3,573,090	12	7	18,942,839	56
Indiana	–	–	–	7	13,749,678	55
Iowa	–	–	–	12	24,006,617	66
Kansas	2	7,209,152	14	6	21,149,240	43
Kentucky	2	2,001,324	13	12	22,835,812	102
Louisiana	–	–	–	6	27,031,761	55
Maine	–	–	–	5	19,106,313	16
Maryland	–	–	–	3	4,540,502	17
Massachusetts	–	–	–	2	3,988,405	10
Michigan	1	3,324,300	7	7	32,271,415	71
Minnesota	1	3,369,020	9	7	42,896,598	59
Mississippi	–	–	–	6	33,084,254	82
Missouri	1	3,052,339	8	8	27,021,426	67

State	Area Applications on Hand			Areas Designated for Assistance		
	No.	Acres	Counties	No.	Acres	Counties
Montana	–	–	–	7	78,379,167	49
Nebraska	2	4,261,280	13	7	34,612,532	57
Nevada	1	10,880,000	3	2	32,319,607	9
New Hampshire	–	–	–	2	5,871,374	10
New Jersey	–	–	–	2	4,416,936	17
New Mexico	–	–	–	8	84,320,670	33
New York	–	–	–	7	27,458,533	49
North Carolina	1	1,445,230	5	9	17,613,928	57
North Dakota	–	–	–	8	44,405,257	53
Ohio	2	5,572,040	18	7	20,425,737	68
Oklahoma	1	6,976,534	8	8	36,378,176	67
Oregon	–	–	–	5	34,474,233	29
Pacific Basin	–	–	–	1	896,000	2
Pennsylvania	1	2,218,531	6	8	25,452,562	58
Puerto Rico	1	520,555	1	3	1,665,883	8
Rhode Island	–	–	–	1	677,120	5
South Carolina	1	2,210,288	5	6	17,555,680	42
South Dakota	–	–	–	6	35,186,978	36
Tennessee	1	1,431,700	5	8	15,599,399	61
Texas	5	42,359,576	46	18	126,875,332	206
Utah	–	–	–	7	56,021,926	33
Vermont	–	–	–	2	6,107,890	14
Virginia	–	–	–	5	9,568,262	39
Washington	2	4,489,600	6	5	24,045,920	17
West Virginia	–	–	–	6	15,477,529	54
Wisconsin	1	3,127,680	9	5	27,700,110	50
Wyoming	1	8,550,400	2	4	54,696,653	21
TOTALS	43	235,695,241	223	315	1,617,367,080	2,304

For multistate areas in the above table, the number of applications and areas designated is tabulated for the States having leadership and responsibility for the RC&D area. The "Acreage" column reflects actual acreage in each State covered by the applications or areas. The "Counties" column reflects whole and parts of counties in the States in which they are located and not in the State that has leadership. For States having portions of counties in more than one designated RC&D area, or on file as an application, the "Counties" column reflects no duplications.

Program Support: Administrative leadership for this program is assigned to NRCS which provides the council support in the form of a staff person, the USDA RC&D coordinator, and an office. NRCS and other USDA agencies provide USDA planning assistance, as well as technical assistance for implementing the plan, with expertise on the specific issues involved.

The Forest Service (FS) provides assistance to councils and their committees as requested by individual councils. This is accomplished primarily through State forestry agencies. The Cooperative State Research, Education and Extension Service (CSREES) provides arrangements for State Cooperative Extension Services in selected RC&D areas to provide educational assistance to meet the councils' special needs. The Rural Development (RD) services RC&D loans that have been made under the Bankhead-Jones Farm Tenant Act, Public Law 75-210, as amended, to local organizations for financing the local share of the cost of installing approved RC&D projects in designated areas.

In addition, other USDA agencies, and agencies from other departments, provide assistance to RC&D councils within their existing authorities and programs as needed. State and local units of government also participate, as well as foundations and private businesses. Thus, RC&D activities are broader than those created by assistance from USDA alone. The RC&D councils rely on the USDA assistance to ensure that their efforts are technically sound and to leverage support from other sources.

The RC&D program is continuing to respond to management recommendations identified in FY 1995, and councils are continuing to place high priority on the more diversified activities in the area of rural development.

Program Accomplishments: RC&D Councils undertake projects to accomplish the goals set out in their area plans. NRCS began implementation of a new management and accountability system in fiscal year 1999. A component of the overall agency accountability system is the RC&D database. A team of coordinators, State, Regional and NHQ staff did the basic design of the RC&D database. The goal is to have a database that can be easily used by RC&D Coordinators, NRCS State, Regional and NHQ staff, as well as, NRCS Federal and non-Federal partners and RC&D Councils. The implementation of version one took place during fiscal year 1999. The database is web-based, meaning access to input or retrieve data is done through the Internet. For fiscal year 1999, we will not have complete data for the RC&D program due to the fact that many of our RC&D offices do not yet have the equipment or the ability to fully access the Internet. The agency is addressing this issue and we expect to have the ability for full reporting in fiscal year 2000 for the RC&D program.

Since 1964, RC&Ds nationwide have completed 46,652 projects. We estimate that more than 1,977 RC&D projects were completed in FY 1999 alone. These projects were completed with a combination of NRCS and USDA RC&D technical assistance and financial assistance from other sources. Councils are adopting and completing projects that will help their communities socially and economically over the long term.

Projects undertaken by RC&Ds include natural resource improvement, community improvement, forestry, education, economic development, water quantity and quality, recreation and tourism, marketing and merchandising, fish and wildlife, and waste and waste utilization.

Natural resource improvement projects include resource base protection such as soil erosion control, noxious plant and pest control, streambank improvement, preservation of prime land, composting, and mine reclamation; resource studies such as soil, water, plant, and wildlife; energy conservation and alternative sources of energy such as biomass other than wood; and recycling of glass, metals, paper, wood, and furniture.

Community improvement projects can be defined as improving community infrastructure; performing studies on zoning and ordinances, facilities or services needed; constructing and improving public trails; and installing public resources. These can include building community centers; improving old community buildings; constructing, improving or repairing subsidized housing (apartments, single family homes, halfway houses, retirement homes); improving roads; improving and restoring parks, walking and bike trails; and installing dry fire hydrants.

Forestry projects can include performing environmental improvements on forested areas; improving management of forests such as land treatment for production; providing education on safety or harvesting techniques; developing or expanding forest related industries such as log cabins, truss frames, fuelwood, or wood craft; developing energy sources such as wood waste for energy; developing or improving value added forestry related products; establishing cooperatives; performing studies such as forest inventories, species, or forest products; and improving rural road infrastructure with timber bridges.

Education projects cover environmental education, conservation studies, and council awareness. Projects include outdoor classrooms; public school programs; job training programs; community awareness activities; agriculture and forestry demonstrations; equipment and technique demonstrations such as no-till

drills or specialized tree planters; organizing community events such as fairs or rallies; preparing brochures, videos, or displays; and disseminating information about the RC&D program.

Economic development projects include studies such as producer surveys, marketing surveys, or feasibility studies; assisting with grant, loans, or other financing; assisting in the formation or expansion of agriculture or natural resource related businesses such as farm equipment or other agriculture related suppliers, manufacturing, bed & breakfast/motel, or other businesses involved with value-added products. Projects can include improvement of agricultural production such as crop, pasture and range, livestock, and dairy.

Water projects are aimed at the improvement of surface and groundwater quality and quantity. Many deal with pollution control and dispersing water. Projects can include watershed management; construction or rehabilitation of irrigation, flood control and water drainage systems; construction or rehabilitation of aquaculture, wastewater treatment and purification operations; and the efficient use of aquifers. Recreation and tourism projects include feasibility studies; establishment or improvement of water-based recreational areas for swimming, boating, and canoeing, boat launch sites; establishment or improvement of non water-based recreational areas such golf courses, rodeo arenas, trails, or ball parks; historic site preservation; establishment or upgrade of a tourist attraction; and promotional activities of local tourist attractions such as brochures, place mats, or commercials.

Marketing and merchandising projects include studies; formation of cooperatives, or associations; development of business or marketing plans; and development of advertising and promotional materials for businesses.

Fish and Wildlife projects concentrate on the protection, improvement or development of fish and wildlife habitat.

Waste and waste utilization projects include: efficient and environmentally sound disposal of animal waste; development or improvement of a landfill; waste collection; solid waste disposal; and composting.

Indicators used in the NRCS RC&D database are providing several measures of success for the RC&D areas. A reminder that this is partial reporting for this fiscal year. Reporting Areas have indicated that councils and their partners have created 248 new businesses, helped expand 284 businesses, and financially assisted 678 businesses. An estimated 3,000 jobs have been created through Area projects. The councils have been very effective in obtaining external grant funds, bringing in over $312.8 million.

Efforts to improve natural resources have resulted in improvement of 500,000 acres of wildlife habitat, improvement of 510,000 acres of lakes, and 1,500 miles of streams.

Educational projects have helped 556,000 people develop new skills. RC&D projects have helped 446,500 economic or socially disadvantaged people.

More information on the RC&D program and linkages to individual RC&D council homepages can be found on the NRCS RC&D homepage at http://www.ftw.nrcs.usda.gov/rcnd_2.html.

Selected Examples of Progress by RC&D Councils:

The following examples of council activities reflect the concepts behind the RC&D program and what makes it a truly unique government program. These concepts include: the value of public/private partnerships in making the best use of limited resources; the value of grass-roots involvement in addressing local and regional issues; bringing USDA and other agencies together to focus on common problems and opportunities; leveraging limited Federal funds with private funds to accomplish goals; and achieving a balance between rural economic development and natural resource protection.

The South Central New York RC&D (SoCNY RC&D) Agri-Cluster Project is a three phase rural economic development concept that relies on agricultural and non-agricultural organizational collaboration and the cooperative commitment of small family owned and operated micro-enterprises to create a vital and viable attraction and destination point for tourists. When products and services of these rural micro-enterprises are cooperatively combined or "clustered," a tourism attraction base evolves. The pilot program is located in Tioga County in the Southern Tier Region of upstate New York. Seventeen businesses are participating in the pilot. To date, the following results have occurred: 45% of the participants have increased income by 10% - 40% within 6 months; four full-time and two part-time jobs have been established; ten formal business plans have been developed; one business obtained an expansion loan; four spin off businesses were developed; and several producers saw increased goat and fallow deer herd size. This project also brought together various levels of government and has helped improve the relationship between business owners and government agencies.

For the second time in three years, the First State RC&D Council's Emergency Home Repair Project was nationally recognized by USA Weekend Magazine for the Project's Make A Difference Day activities. The First State RC&D Council launched its Emergency Home Repair Project in 1991. Under the Project, volunteers construct wheelchair ramps, fix leaky roofs and windows, replace doors, and do other fix-up projects for homeowners with disabilities and very low-income homeowners. As an example, on one Make A Difference Day, the Council mobilized 72 volunteers to help fix up 18 homes and a community center. The volunteers ranged in age from 14 to 70. Volunteers included the president, vice-president and employees from NationsBank in Dover, students from Delaware State University, an AmeriCorps team, First State Community Action Agency employees, the Sussex County Senior Services Cheer Program, NRCS employees, and private individuals. NationsBank donated $3,500 for materials and additional funding came from the Delaware State Housing Authority. The Emergency Home Repair Project is one of 104 projects across the country to be honored by Wal-Mart with a $2,000 donation under the Make A Difference Day program.

On April 22, Earth Day, the Blue Ridge RC&D Council made a major contribution to global climate change by turning on a blower and lighting a flare at it's Yancey/Mitchell County landfill methane project in western North Carolina. According to figures from the U.S. Environmental Protection Agency (EPA), this project and a partner project at the nearby Avery County landfill will have the same effect on global climate change as taking 20,000 cars off U.S. Highways. The project, which is considered by EPA's Landfill Methane Outreach Program to be a model for over 900 other small landfills across the country, will utilize landfill methane gas to heat four greenhouses and a glass blowing and ceramics studio on the site. The site also serves as a business incubator for young artists, a proving ground for new cash crops, a source of native plant seedlings to limited resource growers, a site for student apprenticeships in horticulture and greenhouse science, and an education center featuring renewable energy sources, recycling, glass blowing, ceramics, solid waste management, horticulture, and bio-diversity protection.

The King's Mark RC&D Council adopted the Horse Environmental Awareness Program (HEAP). The HEAP is an environmental awareness program for horse owners. Connecticut's horse density is the second highest in the Nation at a rate of one horse for every 65 people. The HEAP committee members consist of individuals from Farm Bureau, NRCS, the Connecticut Horse Council, Soil and Water Conservation Districts, and UCONN Cooperative Extension. The RC&D Council coordinates the program and administers funds. One of the accomplishments to date is a video on horse manure management. Three workshops on environmental awareness were held in Spring 1999.

A New Mexico sign manufacturer, an Idaho equipment developer, a Federal research lab, tribal, state and Federal land owners, together with the South Central Mountain RC&D Council have partnered in a project to develop a durable, high-value panel product for replacing aluminum and Douglas Fir plywood highway signs. In the long term, the project hopes to provide an outlet for pinyin/juniper (P-J) scrub trees and brush removed from grazing lands of the southwest, and create an economically sustainable industry for rural communities. The South Central Mountain RC&D Council brought various partners together to make this a reality.

The Ohio Maumee Valley RC&D Council's "Marketing Wetlands for Profit" project demonstrates how the construction and management of wetlands can be economically profitable for farmers. The focus of this demonstration is the construction of three permanent wetland/reservoirs. Agricultural runoff from prior converted cropland areas is used to charge the wetland/reservoirs during periods of high rainfall and high runoff. Water from the wetland/reservoir is then recycled through a sub-irrigation system during periods of low rainfall and low runoff. During periods of average rainfall, the system produces a zero discharge to streams and rivers which greatly improves water quality, reducing peak flows, and forms permanent pools for increased wildlife habitat. Sub-irrigation on heavy soils has substantially increased yields and farmers incomes. The system is being designed using research data and inputs from USDA, Michigan State University, Ohio State University, and Ohio Cooperative Extension Service. The RC&D Council's vision is to ultimately help farmers, environmental groups, farm groups, the Ohio and U.S. EPA, agricultural industry personnel, and the Great Lakes National Program Office, to learn how wetlands can be used to increase farm incomes and improve the environment. The U.S. EPA - Great Lakes National Program Office, has funded this project. Total cost for the five-year project is $500,000.

The Texas De-Go-La RC&D Council assisted the Good Samaritan Ministries in Refugio with grant applications to receive a one-time grant from a private foundation for $6,000. This organization provides groceries to 150-230 people each month. The majority of those assisted are minorities and senior citizens on limited incomes. The council has also assisted the Victoria Food Bank with grant applications and has provided excess Federal surplus property for their meeting room. This organization provides food to a 10 county area. In addition, the council has helped start a Good Samaritan Ministry in Goliad County.

The North Central RC&D has helped to develop "Triangle Kitchens", a shared use commercial kitchen network. This project is helping develop a food processing business incubator. Entrepreneurs would "share" or rent space in a commercial kitchen to develop a food product for retail sale to the public. This incubator type of business assistance could add value to agricultural products harvested in Montana's "Golden Triangle." Helping expand the food industry is a statewide goal in Montana. A Montana Department of Agriculture Growth Through Agriculture Grant was used to support the shared-use kitchen network start-up needs.

A partnership organized by the Nebraska Loess Hills RC&D recycled more than 13,000 plastic agricultural pesticide containers that could have posed a threat to water quality. The containers will be used to manufacture new pesticide containers, fence posts, lumber, and parking lot stops. Agribusinesses, chemical dealers, the Omaha Tribe, and the University of Nebraska's Institute of Agriculture and Natural Resources worked together.

The Greater Adirondack RC&D Council participated in a worldwide wood products trade show in Cologne, Germany, to promote the use of primary and secondary wood products from the Adirondack Mountains. Attending with the Council were representatives of the New York State Department of Environmental Conservation and six wood product companies. During the past 10 years, participation in trade shows by the Greater Adirondack RC&D Council has generated more than $10 million in sales for companies in the Northeast.

The Kenai Peninsula RC&D District and the Alaska Department of Transportation and Public Facilities signed a grant agreement for the development of the first comprehensive coordinated transportation plan for the Central Kenai Peninsula. The State of Alaska will provide more than $49,000 to the RC&D for the development of the plan. From the plan will come a public transportation system that paves the way for new opportunities for economic development of the area. Directing the project will be the Kenai Peninsula Public Transportation Task Force, which is comprised of representatives of local non-profit organizations, government agencies, and private individuals.

The Nebraska RC&D Association recently reaped the "Keep Nebraska Beautiful" Environmental Award for its work with the Nebraska Community Water Quality Partnership Project. Seven of the State's

RC&Ds provide leadership for this effort that covers most of the State. Award-winning accomplishments include: developing and distributing drinking water protection guidebooks, performing contaminant source inventories, and providing direct assistance to communities. Four summer interns and two volunteers were the key to the project's success. The success of this project has attracted additional partners and funding. The RC&Ds have secured financial assistance from the Nebraska Environmental Trust Foundation, AmeriCorps, Nebraska Department of Environmental Quality, and local contributors.

Eighty-one farmers from 13 counties traveled an average of 31miles to safely dispose of pesticide wastes at an agricultural pesticide collection day sponsored by Alabama's Tennessee Valley RC&D Council and its partners. Nearly 50,500 pounds of wastes were collected, and disposed of at no cost. Partnering with the RC&D were the Alabama Department of Agriculture and Industries, Tennessee Valley Authority, Alabama Crop Management Association, and Alabama Department of Environmental Management.

NATURAL RESOURCES CONSERVATION SERVICE

Wetlands Reserve Program
(Appropriated Funds)

NOTE: The Federal Agriculture Improvement and Reform Act of 1996 re-authorized the WRP under the Commodity Credit Corporation (CCC) beginning FY 1997. Current account balances will remain within the account until expended. Funds are no longer requested under the appropriated account.

Project Statement
(On basis of available funds)

Project	1999 Actual Amount	1999 Actual Staff Years	2000 estimated Amount	2000 estimated Staff Years	Increase or Decrease	2001 estimated Amount	2001 estimated Staff Years
Easement payments	$171,591	--	$233,089	--	-$233,089	--	--
Easement overhead costs	--	--	--	--		--	--
NRCS Technical Assistance	2,970,662	37	2,642,238	27	-2,642,238	--	--
Total Direct Obligations	3,142,253	37	2,875,327	27	-2,875,327	--	--
Unobligated balance brought forward	(-6,017,580)	--	(-2,875,327)	--	(+2,875,327)	--	--
Unobligated balance carried forward	(+2,875,327)	--	--	--	--	--	--
Obligational authority	$6,017,580	37	$2,875,327	27	--	--	--

NOTE: Since 1997, WRP technical assistance activities have been supported through the use of unobligated WRP appropriated funds. All remaining balances will be utilized in FY 2000.

OUTLAYS

	1999 Actual	2000 Estimate	Increase or Decrease	2001 Estimate
Wetlands Reserve Program	$13,808,189	$9,012,000	-$341,000	$8,671,000

NATURAL RESOURCES CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1999 and Estimated 2000 and 2001
WETLANDS RESERVE PROGRAM

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	$19,991	--	--	--	--	--
ARIZONA	--	--	--	--	--	--
ARKANSAS	-132,765	--	$925,000	10	--	--
CALIFORNIA	100,000	1	800,000	9	--	--
COLORADO	-19,797	--	--	--	--	--
CONNECTICUT	--	--	--	--	--	--
DELAWARE	--	--	--	--	--	--
FLORIDA	73,000	--	--	--	--	--
GEORGIA	--	--	--	--	--	--
HAWAII	--	--	--	--	--	--
IDAHO	--	--	--	--	--	--
ILLINOIS	88,435	1	--	--	--	--
INDIANA	-60,441	--	--	--	--	--
IOWA	210,324	2	--	--	--	--
KANSAS	--	--	--	--	--	--
KENTUCKY	--	--	--	--	--	--
LOUISIANA	137,787	2	--	--	--	--
MAINE	--	--	--	--	--	--
MARYLAND	17,000	--	--	--	--	--
MASSACHUSETTS	7,000	--	--	--	--	--
MICHIGAN	166,787	2	--	--	--	--
MINNESOTA	-52,084	--	--	--	--	--
MISSISSIPPI	--	--	--	--	--	--
MISSOURI	--	--	--	--	--	--
MONTANA	184,000	2	--	--	--	--
NEBRASKA	--	--	--	--	--	--
NEVADA	9,000	--	--	--	--	--
NEW HAMPSHIRE	--	--	--	--	--	--
NEW JERSEY	--	--	--	--	--	--
NEW YORK	139,785	2	775,000	8	--	--
NORTH CAROLINA	42,537	--	--	--	--	--
NORTH DAKOTA	55,000	1	--	--	--	--
OHIO	226,861	3	--	--	--	--
OKLAHOMA	248,000	3	--	--	--	--
OREGON	175,000	2	--	--	--	--
PENNSYLVANIA	58,981	1	--	--	--	--
PUERTO RICO	81,000	1	--	--	--	--
SOUTH CAROLINA	143,434	2	--	--	--	--
SOUTH DAKOTA	332,000	4	--	--	--	--
TENNESSEE	185,141	2	--	--	--	--
TEXAS	210,000	4	--	--	--	--
UTAH	--	--	--	--	--	--
VERMONT	-7,200	--	--	--	--	--
VIRGINIA	37,964	--	--	--	--	--
WASHINGTON	119,300	1	--	--	--	--
WEST VIRGINIA	28,166	--	--	--	--	--

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
WISCONSIN	$228,498	--	--	--	--	--
WYOMING	72,418	1	--	--	--	--
CENTRAL OFFICE	1,300	--	--	--	--	--
NATL. HQ	--	--	--	--	--	--
NRCS EMP DEV	831	--	--	--	--	--
NRCS INSTITUTE	15,000	--	--	--	--	--
UNDISTRIBUTED	--	--	$375,327	--	--	--
Total Available Or Est	$ 3,142,253	37	$2,875,327	27	--	--

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

Wetlands Reserve Program

CURRENT LAW

Appropriations Act, 2000	$156,779,000
Budget Estimate, 2001	52,675,000
Decrease in CCC Funding	-$104,104,000

PROPOSED LEGISLATION

Budget Estimate, Current Law 2001	$52,675,000
Change due to proposed legislation	+233,467,000
Net Request, President's 2001 Budget Request	+$286,142,000

NOTE: Includes technical assistance costs of $22.55 million for FY 2001. The President's Budget proposes to provide a separate mandatory account through CCC for the funding of technical assistance.

SUMMARY OF DECREASES - CURRENT LAW
(On basis of appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Wetlands Reserve Program	$144,729,000	-$98,814,000	$45,915,000
Technical Assistance[1/]	10,740,000	-3,980,000	6,760,000
Total available CCC	155,469,000	-102,794,000	52,675,000
Unfunded Tech. Assistance	1,310,000	-1,310,000	--
WRP Program Costs	$156,779,000	-$104,104,000	$52,675,000

[1/] Technical assistance is funded from the CCC Charter Act Section 11 authorities. This figure includes funds provided to other Federal agencies for technical assistance as well as costs associated with monitoring acreage after easements are recorded. Total estimated technical assistance required to enroll FY 2000 WRP acres only is $14.55 million. This amount includes $2.6 million in technical assistance costs funded from unobligated balances of the appropriated WRP account not shown here. (Of the $2.6 million, an estimated $142,238 is used to fund prior year acre enrollments). The unfunded technical assistance represents 24 FTE. The President's Budget proposes to provide a separate mandatory account through CCC for the funding of technical assistance.

Project Statement – Current Law
(On basis of appropriation)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Wetlands Reserve Prog.	$113,533,750:	--:	$144,729,000:	--:	-$98,814,000	:$45,915,000:	--
Technical Assistance	9,800,000:	193:	10,740,000:	192:	-3,980,000	: 6,760,000:	116
Total Available CCC	123,333,750:	193:	155,469,000:	192:	-102,794,000	: 52,675,000:	116
Unfunded Tech Assist	--:	--:	1,310,000:	23:	-1,310,000	: --:	--
WRP Program Costs	$123,333,750	193:	$156,779,000:	215:	-$104,104,000(1):	$52,675,000:	116

1/ Additional technical assistance paid from carryover balances was $2.97 million in FY 1999 and $2.64 million in FY 2000. The President's Budget proposes to provide a separate mandatory account through CCC for the funding of technical assistance.

Project Statement
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Wetlands Reserve Prog.	$113,533,750:	--:	$144,729,000:	--:	-$98,814,000:	$45,915,000:	--
Technical Assistance	9,800,000:	193:	10,740,000:	192:	-3,980,000:	6,760,000:	116
Total Available CCC	123,333,750:	193:	155,469,000:	192:	-102,794,000:	52,675,000:	116
Unfunded Tech Assist.	--:	--:	1,310,000:	23:	-1,310,000:	--:	--
CCC-WRP Program Costs	123,333,750:	193:	156,779,000:	215:	-104,104,000:	52,675,000:	116
Appr. WRP Tech Assist	2,970,662:	37:	2,642,238:	27:	-2,642,238:	--:	--
Total, All Funds	126,304,412.	230:	159,421,238	242:	-106,746,238:	52,675,000:	116

1/ Additional technical assistance paid from carryover balances was $2.97 million in FY 1999 and $2.64 million in FY 2000. For FY 2000, appropriated WRP technical assistance carryover balance also includes an additional $142,238 for FY 1999 enrollment, resulting in a net carry forward of $2.5m. The President's Budget proposes to provide a separate mandatory account through CCC for the funding of technical assistance.

OUTLAYS

	1999 Actual	2000 Estimate	Increase or Decrease	2001 Estimate
Wetlands Reserve Program	$157,435,000:	$210,354,000:	-$78,340,000	$132,014,000

Justification of Increases and Decreases

(1) A decrease of $104,104,000 is requested for the Wetlands Reserve Program ($156,779,000 available for FY 2000).

This decrease is the result of the Wetlands Reserve Program (WRP) achieving the 975,000 acreage cap as set under Section 1237 of the Food Security Act, as amended by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act). The 1996 Act authorized the Secretary not to exceed 975,000 acreage enrollment by the end of FY 2002. In FY 1999, the Secretary had the

authority to enroll 120,000 acres. For FY 2000, the Secretary has authority to enroll 150,000 acres into the program. By the end of FY 2000, a total of approximately 935,024 acres will have been enrolled This results in approximately 40,000 remaining acres to be enrolled in FY 2001 under current law.

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

SUMMARY OF INCREASES AND DECREASES – PROPOSED LEGISLATION

Item of Change	Current Law	2001 Program Changes	President's Request
Permanent Easements:			
Permanent Easements	$25,418,000	+$135,582,000	$161,000,000
Restoration costs	5,111,000	+30,939,000	36,050,000
Overhead costs	967,000	+5,158,000	6,125,000
Technical Assistance	1,934,000	+10,316,000	12,250,000
Total, Permanent Easements	33,430,000	+181,995,000	215,425,000
Non-Permanent Easements:			
Non-permanent Easements	6,118,000	+32,633,000	38,751,000
Restoration costs	1,097,000	+6,944,000	8,041,000
Overhead costs	276,000	+1,474,000	1,750,000
Technical Assistance	553,000	+2,947,000	3,500,000
Total, Non-permanent Easements	8,044,000	+43,998,000	52,042,000
Restoration Agreements:			
Restoration Agreements	928,000	+4,947,000	5,875,000
Technical Assistance	276,000	+1,474,000	1,750,000
Total, Restoration Agreements	1,204,000	+6,421,000	7,625,000
Reserve for Modifications	6,000,000	--	6,000,000
Monitoring/Admin	3,800,000	--	3,800,000
Project Partnerships Assistance	197,000	+1,053,000	1,250,000
TOTAL AVAILABLE	$52,675,000	+$233,467,000	$286,142,000

Explanation of Proposed Legislation:

As part of the Administration's Farm Safety Net proposal, the President's Budget requests authority to enroll up to 250,000 acres annually in the Wetlands Reserve Program (WRP) Currently, the maximum total cumulative number of acres that can be enrolled in WRP is 975,000. NRCS anticipates reaching the 975,000 acre limitation with the additional enrollment of 40,000 acres, under current law, in FY 2001. Increased public interest and demand for the program, as well as the Administration's Clean Water Action Plan have prompted NRCS to seek changes in the program through this FY 2001 budget proposal

Approximately 100 million acres of wetlands have been lost since colonial settlement Losses continue to exceed wetland gains by an estimated 100,000 acres annually. At this rate, achieving a no net loss of wetland acres per year would require an increase in gross wetland gains of 200,000 acres annually. The Nation continues to face serious economic, social, and ecological problems as a result of wetland loss. The WRP is the foundation of the Federal effort to reverse the trend in wetland loss and enhances USDA's ability to meet the requirements of the Clean Water Action Plan

The President's Budget recognizes the environmental, social and economic importance of wetlands. WRP has brought tangible economic and environmental benefits to rural communities, private landowners, farmers and ranchers by restoring drained property to its original wetland condition. Once enrolled, wetland acres provide fish and wildlife habitats, maintain ground water supplies and water quality, protect shorelines from erosion, store floodwaters, trap sediments, and provide recreational and educational

opportunities. The WRP provides a means for protecting valuable wetland resources through a voluntary approach that has resulted in landowner interest for easements exceeding the projected annual authorized enrollment levels. Therefore, the continued use of the voluntary program will reduce the net loss of our nation's wetlands and provide the mechanism to address future wetland conservation issues.

WRP offers landowners an opportunity to establish long-term conservation and wildlife practices and protection to enhance their farm management systems. Landowner interest in WRP continues to far exceed program acreage and funding restrictions. In FY 2000, landowner interest is expected to exceed funding and acreage limitations by a ratio of 7:1.

Under this proposal, authority will be provided to the Secretary to determine the appropriate level of funding for technical assistance. The President's Budget proposes to provide a separate mandatory account for technical assistance funding through CCC. Technical assistance is required to assist landowners in the development of program practices and in complying with the terms and conditions of program easements and restoration cost-share agreements. In FY 2001, $22.5 million is needed for technical assistance in order to support the estimated program enrollment of 250,000 acres. In addition, to assist landowners with program responsibilities, NRCS will be providing on-going technical assistance, as well as monitoring activities, on approximately 780,000 enrolled acres.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1999 Actual and Estimated 2000 and 2001
WETLANDS RESERVE PROGRAM

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	$223,015	--	--	--	--	--
ARIZONA	--	--	--	--	--	--
ARKANSAS	6,472,700	--	--	--	--	--
CALIFORNIA	11,000,000	--	--	--	--	--
COLORADO	881,508	--	--	--	--	--
CONNECTICUT	--	--	--	--	--	--
DELAWARE	--	--	--	--	--	--
FLORIDA	10,367,475	--	--	--	--	--
GEORGIA	--	--	--	--	--	--
HAWAII	100,000	--	--	--	--	--
IDAHO	2,091,274	--	--	--	--	--
ILLINOIS	2,089,900	--	--	--	--	--
INDIANA	9,361,862	--	--	--	--	--
IOWA	9,201,412	--	--	--	--	--
KANSAS	109,700	--	--	--	--	--
KENTUCKY	1,000,000	--	--	--	--	--
LOUISIANA	8,745,000	--	--	--	--	--
MAINE	205,500	--	--	--	--	--
MARYLAND	544,081	--	--	--	--	--
MASSACHUSETTS	--	--	--	--	--	--
MICHIGAN	3,036,230	--	--	--	--	--
MINNESOTA	1,468,693	--	--	--	--	--
MISSISSIPPI	7,815,000	--	--	--	--	--
MISSOURI	4,977,117	--	--	--	--	--
MONTANA	1,997,500	--	--	--	--	--
NEBRASKA	2,000,000	--	--	--	--	--
NEVADA	--	--	--	--	--	--

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
NEW HAMPSHIRE	$100,000	--	--	--	--	--
NEW JERSEY	125,000	--	--	--	--	--
NEW MEXICO	200,400	--	--	--	--	--
NEW YORK	5,146,646	--	--	--	--	--
NORTH CAROLINA	865,300	--	--	--	--	--
NORTH DAKOTA	616,200	--	--	--	--	--
OHIO	1,999,958	--	--	--	--	--
OKLAHOMA	1,889,551	--	--	--	--	--
OREGON	1,944,600	--	--	--	--	--
PENNSYLVANIA	383,622	--	--	--	--	--
PUERTO RICO	--	--	--	--	--	--
SOUTH CAROLINA	800,000	--	--	--	--	--
SOUTH DAKOTA	2,213,657	--	--	--	--	--
TENNESSEE	1,750,290	--	--	--	--	--
TEXAS	2,834,200	--	--	--	--	--
UTAH	587,840	--	--	--	--	--
VERMONT	100,000	--	--	--	--	--
VIRGINIA	288,000	--	--	--	--	--
WASHINGTON	3,879,224	--	--	--	--	--
WEST VIRGINIA	152,590	--	--	--	--	--
WISCONSIN	3,262,440	--	--	--	--	--
WYOMING	706,265	--	--	--	--	--
NATL. HQ	--	--	--	--	--	--
NRCS EMP DEV	--	--	--	--	--	--
NRCS INSTITUTE	--	--	--	--	--	--
Total Available Or Est	$113,533,750	--	$156,779,000	--	$52,675,000	--

NOTES: Staff years for the CCC WRP enrollment are reflected as reimbursements under Conservation Operations.

State dollars have not been allocated in fiscal years 2000 and 2001 due to the uncertainty in estimating the total number of per State acres that will be enrolled in WRP.

COMMODITY CREDIT CORPORATION (CCC)
WETLANDS RESERVE PROGRAM

STATUS OF PROGRAM

Current Activities: The Wetlands Reserve Program (WRP) was mandated by Section 1237 of the Food Security Act of 1985 (P.L. 99-198), as amended by the Food, Agriculture, Conservation and Trade Act of 1990 (P.L. 101-624) and the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127), to assist owners in restoring and protecting wetlands. WRP is a mandatory Commodity Credit Corporation (CCC) program administered by Natural Resources Conservation Service (NRCS). However, program payments and financial reporting are handled by the Farm Service Agency (FSA), the agency with CCC financial responsibility.

The WRP is a voluntary program that provides technical and financial assistance to eligible landowners to address wetland, wildlife habitat, soil, water, and related natural resource concerns on private lands in an environmentally beneficial and cost effective manner. WRP supports the NRCS Strategic Plan Goal 1- which relates to a healthy and productive land. The program achieves solutions to local community issues related to farms, ranches, rural lands and other areas by establishing easements and long term agreements on eligible lands. This unique program offers landowners an opportunity to establish, at minimal cost, long-term conservation and wildlife habitat enhancement practices and protection beyond that which can be obtained through any other USDA program.

The goal of WRP is to achieve the greatest wetland functions and values, along with optimum wildlife habitat on every acre enrolled in the program. At least 70 percent of the wetland and upland areas will be restored to the original natural condition to the extent practicable. The remaining 30 percent of the project area may be restored to other than natural conditions. For example, rather than restore a bottomland hardwood site to all trees, a portion of the site could be restored to an emergent marsh condition if the landowner or the agency wanted to create habitat for certain wildlife species. This flexibility allows the agency to implement projects that meet landowner objectives and maximize wildlife benefits.

The WRP focuses on:

- Enrolling marginal lands having a history of crop failures or low yields;
- Restoring and protecting wetland values on degraded wetlands;
- Maximizing wildlife benefits;
- Achieving cost effective restoration with a priority on benefits to migratory birds;
- Protecting and improving water quality; and
- Reducing the impact of flood events.

The program is available in all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Somoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territories of the Pacific Islands on all lands meeting any of the following eligibility criteria:

- Altered, cropped, and grazed wetlands along with upland buffer areas;
- Rangeland and wooded areas where hydrology is degraded but restorable;
- Eligible acres already enrolled in the Conservation Reserve Program;
- Riparian areas linking protected wetlands;
- Natural wetlands that contribute to the value of the easement restoration area; and
- Wetlands restored under a Federal or State cost-share program that are not under easement.

The WRP has a total acre enrollment limitation of 975,000 acres. By the end of FY 2000, approximately 935,024 acres will be enrolled. Future enrollment opportunities will be eliminated unless the acreage limitation is revised.

Program Options:

WRP provides landowners an opportunity to enroll acreage through permanent easements, 30-year easements and restoration cost-share agreements. Features of the various options are as follows:

- Permanent Easements: Easement duration is in perpetuity. CCC provides landowners an easement payment after the easement is filed that is generally based on the agriculture assessed value of the property and pays 100 percent of the eligible restoration costs.

- 30-year Easements: Easement duration is 30 years. CCC provides landowners an easement payment after the easement is filed that is the equivalent of 75 percent of the value for a permanent easement and 75 percent of the eligible restoration costs.

- Restoration cost-share agreements: Restoration cost-share agreements are made available to participating landowners as an alternative mechanism to restore wetlands, without requiring an applicant to sell an easement. Agreements are generally for a 10-year period, although longer agreement periods may be required for unique projects that are funded at a higher level.

For both permanent and 30-year easements, CCC pays for all the overhead costs associated with recording the easement in the local land records office including recording fees, charges for abstracts, surveys, appraisal fees, and title insurance associated with acquiring an easement. These costs are authorized for payment under Section 303 of the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970.

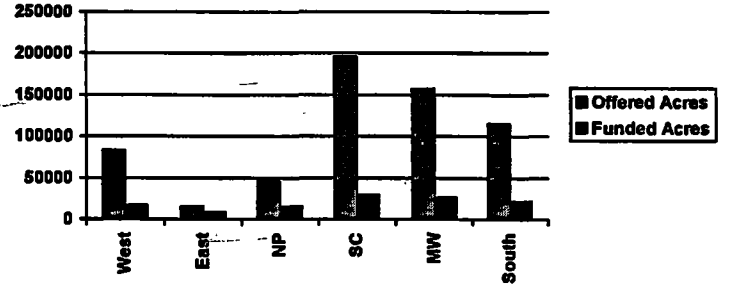
Other agencies and private organizations may provide additional assistance for easement payments and restoration costs as a way to leverage program funds and achieve greater program benefits.

Technical Assistance: The NRCS field representative, with input from the State Wildlife Agency and the Fish and Wildlife Service (FWS), develops a preliminary site plan for offered acres initially determined eligible. The plan specifies the manner in which the wetlands and adjacent lands must be restored. Once an offer is accepted, NRCS assists in establishing required practices for the easement area.

NRCS continues to provide assistance to the landowner after the initial completion of restoration activities. The assistance may be in the form of review of restoration measures, clarification of technical and administrative aspects of easement and agreement management needs, and basic biological and engineering advice on how to achieve optimum results for wetland dependent wildlife.

Program Progress:

Demand for the program continues to exceed the NRCS annual acreage allocation. As a result, many landowners have to wait several years before being accepted into the program. In 1999, the national ratio of eligible offered acres to enrolled acres was 5.1:1. This ratio varies significantly on a regional level. The highest level of demand at 6.3:1 is in the NRCS South Central region, which includes Louisiana, Arkansas, Oklahoma and Texas. The following table provides a comparison between the acres offered and those enrolled by NRCS region.



1999 WRP Regional Acres Offered and Funded

NRCS Region	States
East	CT, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT and WV
Midwest	IL, IN, IA, MI, MN, MO, OH, and WI
Northern Plains	CO, KS, MT, NE, ND, SD, and WY
West	AK, AZ, CA, HI, ID, NV, NM, OR, Pacific Basin, UT, and WA
South	AL, FL, GA, KY, MS, NC, PR, SC, TN, and VA
South Central	LA, AR, OK, and TX

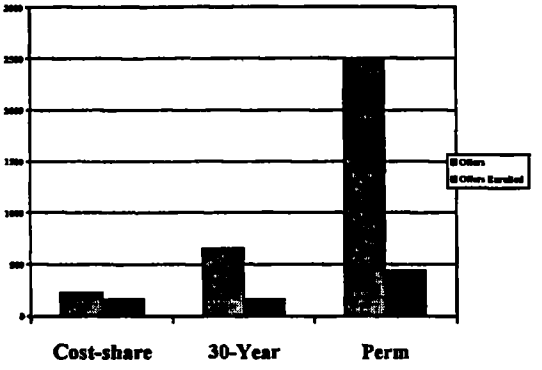
With the WRP, acres are the specific controlling factor. In 1999, the acreage cap was set at 120,000 acres, 92,000 acres less than in FY 1998. Funding needs are determined by projecting the number of acres by type of project (permanent easements versus 30-year easements versus cost-share agreements) and the geographic location where acres will likely be acquired. Costs vary widely across the nation. The average cost of a permanent easement in 1999 was about $897 per acre. The easement cost varied from a high of $2,000 per acre in California to a low of $500 per acre in upstate New York. The average cost of a 30-year duration easement is about $803 per acre and varies in cost similar to permanent easement cost. Restoration cost-share agreement projects average about $396 per acre, with individual costs ranging from $50 per acre upwards to $500 per acre.

During the early years of the program, most of the projects were being acquired in areas having land costs at the lower end of the cost scale. As the program has increased in popularity and with the recognized need to enroll a variety of wetland types from all areas of the Nation with wetland conservation needs, many of

the projects are now being enrolled in areas where land costs are somewhat greater. For example, the importance of wetland restoration in California, Florida, and Iowa is widely recognized. These areas are receiving increased emphasis even though the land costs there are higher than in Arkansas, Louisiana, and Mississippi. However, the popularity of the program in the Lower Mississippi River Valley areas of these three southern States continues to account for a large amount of the program allocation in 1999 and can be expected to do so in the future.

Landowner interest in the three types of WRP projects is not equal. Approximately 75 percent of the landowners interested in enrolling in WRP seek permanent easements; 19 percent seek 30-year easements; and less than 6 percent seek restoration cost-share agreements.

Wetlands Reserve Program Activity by Enrollment Options



WRP projects vary considerably across the country. The average size of a project is approximately 179 acres. Offers in the Lower Mississippi River Valley States, including Arkansas, Louisiana, and Mississippi, tend to be larger with an average of 400 to 600 acres, while offers in the Midwest States and New England States tend to be smaller with averages of 40 to 60 acres.

The type of wetlands being restored varies from floodplain forest, to prairie potholes, to coastal marshes. Floodplain forest and associated sloughs and small emergent marsh wetlands account for approximately 65 percent of the program's restoration activity. A majority of the enrolled acres tend to occur in areas subject to frequent flooding. Many of the involved landowners talk about their difficulty in farming the offered acres and that the areas should probably never have been drained or cleared for agriculture.

During 1999 NRCS enrolled acres in WRP as follows:

Type of Project	Acres Offered by Landowners	Acres Funded
Restoration Cost-share Agreements	34,422	7,196
30-Year Easements	93,208	20,208
Permanent Easements	486,367	92,515
Total	613,997	119,919

States with the largest proportion of acreage and funding allocation include: Arkansas, California, Florida,

Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, Oklahoma, New York, Texas, and Washington.

Total WRP enrollment data including 1999 and prior years is as follows:

Total acres enrolled	785,024
Total easement acres perfected	620,823
Total cost-share agreement acres contracted	52,913
Total projects	4,377
Total easement projects	3,835
Total cost-share agreement projects	542

In 1999, NRCS continued to expand partnership efforts with conservation entities. Outreach efforts to join in partnerships with both State and non-governmental entities were featured in the 1999 program delivery. The restoration expertise and implementation capability, particularly with Ducks Unlimited, State Wildlife Agencies, the United States Fish and Wildlife Service, California Waterfowl Association, Wisconsin Waterfowl Association, and the Mississippi Fish and Wildlife Foundation were utilized to supplement internal NRCS capabilities. In addition, NRCS' technical expertise, in cooperation with the National Association of Conservation Districts, State Association of Conservation Districts, U.S. Forest Service, and with local Conservation Districts, has been utilized to enhance program implementation.

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

Environmental Quality Incentives Program

CURRENT LAW

Appropriations Act, 2000	$174,000,000
Budget Estimate, 2001	200,000,000
Increase in Estimate	+$26,000,000

NOTE: The Federal Agriculture Improvement and Reform Act of 1996 authorized $200 million annually for EQIP. The Appropriations Act of 2000 reduced the funding level for EQIP to $174 million.

PROPOSED LEGISLATION

Budget Estimate, Current Law, 2001	$200,000,000
Change due to proposed legislation	+125,000,000
Net Request, President's 2001 Budget Request	$325,000,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW

Item of Change	2000 Estimated	Pay Costs	Program Changes	2001 Estimated
Environmental Quality Incentives Program:				
Financial Assistance	$136,940,000	--	+21,060,000	$158,000,000
Technical Assistance	33,060,000	--	+4,940,000	38,000,000
Educational Assistance	4,000,000	--	--	4,000,000
Total, EQIP	$174,000,000	--	+$26,000,000	$200,000,000

Project Statement - Current Law
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Environmental Quality Incentives Program:							
Financial Asst.	$137,103,112	--	$136,940,000	--	+$21,060,000	$158,000,000	--
Technical Asst.	33,060,000	--	33,060,000	--	+4,940,000	38,000,000	--
Educational Asst.	3,836,888	--	4,000,000	--	--	4,000,000	--
Total, EQIP	$174,000,000	--	$174,000,000	--	+$26,000,000(1)	$200,000,000	--

NOTE: Staff years for EQIP are reflected under reimbursable staff years in the Conservation Operations account. However, they are 649 for FY 1999, 604 for FY 2000, and 1,076 under proposed legislation for FY 2001.

Justification of Increases and Decreases

(1) An increase of $26,000,000 to restore EQIP funding to $200,000,000 as authorized by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act).

This increase restores NRCS' ability to carry out the EQIP program at the level authorized by the 1996 Act. This increase is needed to meet the critical conservation needs of farmers and ranchers across the Nation. The EQIP program provides technical, educational, and financial assistance to eligible farmers and ranchers to address soil, water, and related natural resource concerns on their lands, in an environmentally beneficial and cost-effective manner. Overall, the program attempts to achieve solutions to local community issues related to farms, ranches, and rural lands by implementation of EQIP structural, vegetative, and land management practices on eligible lands on a voluntary basis.

During FY 1999, NRCS received approximately 52,000 applications for participation in EQIP. NRCS was able to provide $137.1 million in financial assistance to 36 percent (18,847 contracts) of the applications. The proposed increase would allow NRCS to support nearly 2,700 more contracts.

COMMODITY CREDIT CORPORATION
NATURAL RESOURCES CONSERVATION SERVICE

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	2001 Current Law	2001 Program Changes	2001 President's Request
Environmental Quality Incentives Program:			
Financial Assistance	$158,112,000	+$91,250,000	$249,362,000
Technical Assistance	38,000,000	+23,750,000	61,750,000
Educational Assistance	3,888,000	+10,000,000	13,888,000
Total available	$200,000,000	+$125,000,000	$325,000,000

Explanation of Proposed Legislation

As part of the Administration's Farm Safety Net Proposal, the President's Budget Request provides $325 million in total for the Environmental Quality Incentives Program (EQIP) for fiscal year (FY) 2001. This request assumes that funding above the FAIR Act authorized level of $200 million will be directed to Presidential and Departmental priorities including the Clean Water Action Plan (CWAP) and Civil Rights Action Team (CRAT) recommendations. Technical assistance for the program is calculated at the FY 1999 level of 19 percent.

Clean Water Action Plan

This increase will help NRCS provide the voluntary component of the USDA/EPA AFO strategy by providing a boost in the current financial assistance available to farmers and ranchers operating animal feeding operations where manure can be collected and used as a resource. Basic financial assistance provided through EQIP to operators for cost-share and incentive components of their contracts will help address the environmental concerns resulting from nonpoint source pollution.

The proposal will allow NRCS to provide increased assistance to small and limited resource farmers (less than 150 unit operations) as well as mid-sized operations (150 - 1,000 unit operations). The outcome will be accelerated implementation of nutrient management tied to manure production in high priority

watersheds, improved air and water quality, and economically viable communities using voluntary approaches to solve resource concerns.

Farmers and ranchers, with help from the U.S. Department of Agriculture, have made tremendous progress in cutting erosion and protecting water quality in the past ten years. Despite these accomplishments, the water quality challenges agriculture faces continue to multiply. Consider the following:

- Pfiesteria outbreaks in the Mid-Atlantic tied to nutrient enrichment of coastal tributaries and estuaries.
- Hypoxic zone in the Gulf of Mexico tied to nutrients coming from the Mississippi River watershed.
- New York City water supply threatened by pathogens and nutrients originating in a rural watershed that provides the source of the city's drinking water.
- State Water Quality agencies report that nutrients and sediment from agricultural lands is one of the greatest sources of the nonpoint pollution that is impairing lakes and streams in their States.

It is clear that solving the nonpoint source pollution problem is critical to meeting national goals for safe drinking water and clean lakes, streams, and rivers. The solutions chosen have tremendous implications for the sustainability, productivity, and competitiveness of U.S. agriculture. In many cases, we already know how to solve the water quality problem, but getting the solutions on the ground far exceeds our capacity to deliver assistance to farmers, ranchers, and communities. In other cases, more work is needed to develop new farming and ranching systems that are both profitable and environmentally friendly.

In FY 2001, NRCS will provide assistance to 10,500 AFOs. NRCS will designate $178.5 million of EQIP funding for AFO related activities in FY 2001. Of this amount, $144.6 will provide financial assistance and $33.9 million will implement the technical assistance for AFO related activities under EQIP. A typical AFO will receive the following to develop a CNMP: field visit, environmental and natural resource assessment, soil information and testing, evaluation of manure utilization requirements, development of manure and nutrient management plans, design preparations, survey and layout practices, quality control during construction of practices, maintenance information, follow-up activities, and revision and fine-tuning of plans and practices, as needed.

It is clear that nutrient management is critical to meeting national goals for safe drinking water and clean lakes, streams, and rivers. The solutions chosen have tremendous implications for the sustainability, productivity, and competitiveness of U.S. agriculture. In many cases, we already know how to solve the water quality problem, but getting the solutions on the ground far exceeds our capacity to deliver assistance to farmers, ranchers, and communities. The joint USDA/EPA animal feeding operations strategy will fail without 1) trained technical staff who will either directly assist operators or will train and certify private sector consultants who would provide direct assistance and 2) maintenance of technical standards that are responsive to new innovative technology developments.

The additional funding will be focused toward areas with high concentrations of animal operations and where the natural resources are the most vulnerable. It will increase technical assistance available to farmers and ranchers operating animal feeding operations where manure can be collected and used as a resource. This proposal will provide some of the additional financial and technical assistance needed by these operators to assess their natural resources and design management systems that will meet the need of their operation and address the national environmental concerns resulting from nonpoint source pollution issues

Expanded Assistance to American Indians and Alaska Natives

Acceleration of assistance has been a hallmark of EQIP from its beginning in 1997 when $5 million was designated by NRCS for use on American Indian and Alaska Native lands that had serious natural resource problems and concerns. Because USDA conservation programs have not been available for American Indian and Alaska Native lands until recently, much of these lands used for agricultural purposes have some of the most serious natural resource problems and environmental degradation conditions in the nation.

Outreach efforts were initiated and assistance provided to interested Tribal entities to develop priority area funding proposals. Although the program began late in fiscal year 1997, 20 Tribal entities in 13 States participated.

In FY 2000, NRCS further promoted the program with American Indians and Alaska Natives and requests were received from 83 Tribal entities in 23 States for a total of $17.6 million. In FY 1999, NRCS designated $8.7 million for this purpose and assisted 59 Tribal entities. With increased outreach and assistance provided to American Indians and Alaska Natives through the NRCS American Indian program delivery actions, especially the increased presence at Tribal headquarters, we expect requests for assistance, participation, and interest in the program to increase substantially.

NRCS will designate $16 million of EQIP funds for priority environmental issues on Tribal lands in FY 2001. Priority would be placed on Tribal reservations with landholdings of 100,000 acres or more, as requested by Tribes or Alaska Native Corporations. This supports the NRCS and USDA strategic and performance plan goals to increase assistance to historically underserved customer groups and address priority conservation issues. Additional training will also be provided to staff with responsibilities for working with American Indians and Alaska Natives. The Federally-recognized American Indian Tribes and Alaska Natives have historically received minimal conservation technical assistance, yet they manage more than 100 million acres of land which is used for a variety of agricultural and natural resource management objectives. NRCS recognized the need for accelerating its assistance in the FY 1997 American Indian and Alaska Native Oversight and Evaluation Action Plan, and committed to establish a number of offices with Tribes, as requested, to improve access to NRCS assistance. There is still much to be done.

The following outlines NRCS' expectations for American Indian/Alaska Native activities under EQIP:

- Strengthen NRCS employee skills and knowledge of working effectively with American Indians and Alaska Natives;
- Continue and expand working relationship with InterTribal Agriculture Council to facilitate program delivery to American Indians;
- Expand partnerships to other American Indian and Alaska Native organizations to improve access to NRCS programs and technical assistance;
- Increased NRCS staff assistance;
- Develop and apply conservation plans on an estimated 1.4 million acres of Tribal lands with Tribes and individual Tribal land owners;
- With funding through EQIP, Tribal farmers and ranchers who face serious issues pertaining to their soil and water related resources, will receive the needed technical, educational, and financial assistance, and
- Ensure that Tribes are represented and engaged in the local decision making process when EQIP priority areas are determined and technical and financial resources are allocated.

The proposed EQIP increase will expand NRCS' ability to provide educational opportunities to American Indians and Alaska Natives. Under EQIP, educational assistance is provided through direct relationships between customers and NRCS employees, with the assistance of highly qualified education providers. NRCS educates farmers and ranchers on the importance of applying sound conservation efforts on the land This assistance is delivered through means of on-site demonstrations, workshops, seminars, and one-on-one training NRCS plans to have cooperative arrangements with 1994 Land Grant Tribal colleges for much of this education assistance. There are 28 land grant Tribal colleges, which NRCS has not been utilizing in conservation education. The increased educational assistance funds will allow NRCS to work with these Tribal colleges to provide the needed education to Tribes and Tribal members.

Pacific Salmon Habitat Recovery

In FY 2001, NRCS will designate $10.5 million ($8.5 million in financial assistance and $2 0 million in technical assistance) for the recovery of salmon habitat in the Northwest.

EQIP works primarily in priority areas where significant natural resource problems exist such as water quality or wildlife habitat for salmon. NRCS cooperates with State and Federal agencies and the State Technical Committees to identify areas for the program. These priority areas are identified through a locally led conservation planning process. A local work group identifies program priorities by completing a natural resource needs assessment and developing proposals for the priority areas.

Conservation plans are site specific for each farm or ranch and consist of systems comprised of conservation practices such as terraces, waterways, conservation tillage, grass buffers, animal waste facilities, fencing, bioengineering, riparian plantings and wetlands restoration in the watersheds to provide resource conservation and restoration of salmon habitat.

Producers would be encouraged to develop comprehensive or total resource management plans. These plans may include management alternatives for protecting and increasing riparian vegetation needed for shade, developing appropriate grazing management plans for water quality, preventing the dewatering of channels during the growing season that may eliminate fish migration, spawning, and rearing, and assisting with rebuilding channel complexity when needed. Other activities such as cropping and grazing systems, woodlot management, and irrigation water management would be used on the upland portions of a watershed to ensure the health of the entire system.

Bioproducts Initiative

In FY 2001, NRCS will designate $3.6 million of EQIP funds for the President's bioproducts initiative. This would fund demonstration methane gas recovery and utilization projects that would reduce greenhouse gas emissions from livestock operations, improve air quality near the operations, and provide a clean energy source to the producer.

Conservation Security Program

In FY 2001, NRCS will designate $25 million ($20.25 million in financial assistance and $4.75 million in technical assistance) for assistance to participants of the Conservation Security Program. The Conservation Security Program is part of the conservation component of the Administration's Farm Safety Net Proposal. This increment of assistance in EQIP will allow farmers and ranchers, who agree to implement conservation measures in order to receive a security payment, the opportunity to use EQIP to comply with the agreement.

COMMODITY CREDIT CORPORATION (CCC)
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Environmental Quality Incentives Program
1999 Actual and Estimated 2000 and 2001

	1999	2000	2001
	AMOUNT	AMOUNT	AMOUNT
ALABAMA	$3,216,869	$3,212,000	--
ALASKA	421,000	419,100	--
ARIZONA	6,895,789	6,562,000	--
ARKANSAS	3,686,444	3,666,000	--
CALIFORNIA	8,089,121	8,017,000	--
COLORADO	7,493,518	6,718,500	--
CONNECTICUT	686,000	684,000	--
DELAWARE	852,000	846,000	--
FLORIDA	4,728,616	4,719,000	--

	1999	2000	2001
	AMOUNT	AMOUNT	AMOUNT
GEORGIA	$3,612,000	$3,591,000	--
HAWAII	574,000	571,000	--
IDAHO	2,842,943	2,873,000	--
ILLINOIS	3,144,444	3,054,000	--
INDIANA	2,574,216	2,450,000	--
IOWA	4,133,125	4,063,000	--
KANSAS	4,409,332	4,387,000	--
KENTUCKY	2,729,274	2,664,000	--
LOUISIANA	3,166,658	3,124,000	--
MAINE	1,884,552	1,774,100	--
MARYLAND	1,866,434	1,850,100	--
MASSACHUSETTS	829,932	820,000	--
MICHIGAN	3,929,960	3,803,000	--
MINNESOTA	5,221,595	5,001,000	--
MISSISSIPPI	4,407,979	4,274,000	--
MISSOURI	5,460,780	4,348,000	--
MONTANA	4,647,604	5,728,100	--
NEBRASKA	4,242,477	4,189,000	--
NEVADA	1,259,000	1,247,100	--
NEW HAMPSHIRE	536,112	532,000	--
NEW JERSEY	848,000	841,000	--
NEW MEXICO	5,136,644	5,262,000	--
NEW YORK	3,453,896	3,340,400	--
NORTH CAROLINA	4,428,467	4,013,900	--
NORTH DAKOTA	3,750,722	3,805,000	--
OHIO	2,885,898	2,855,000	--
OKLAHOMA	4,636,220	4,451,000	--
OREGON	3,967,799	3,913,800	--
PACIFIC BASIN	280,679	277,000	--
PENNSYLVANIA	3,046,172	2,976,000	--
PUERTO RICO	836,000	842,000	--
RHODE ISLAND	772,374	369,000	--
SOUTH CAROLINA	2,011,314	1,989 000	--
SOUTH DAKOTA	4,230,926	4,221,100	--
TENNESSEE	2,702,157	2,670,000	--
TEXAS	13,423,981	13,340,900	--
UTAH	3,205,620	4,124,500	--
VERMONT	1,201,830	1,171,000	--
VIRGINIA	2,837,606	2,774,000	--
WASHINGTON	3,713,894	3,737,000	--
WEST VIRGINIA	1,586,865	1,577,000	--
WISCONSIN	4,005,453	3,998,500	--
WYOMING	3,495,709	3,264,000	--
UNDISTRIBUTED	0	999,900	--
FY 99 Contract Mod Reserve	0	2,000,000	--
Total Available or Estimate	$174,000,000	$174,000,000	$200,000,000

COMMODITY CREDIT CORPORATION (CCC)
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

STATUS OF PROGRAM

Current Activities: The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act), amended Subtitle D of Title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.), by adding Chapter 4, the Environmental Quality Incentives Program (EQIP). The 1996 Act, combined into a single program the functions of: the Agricultural Conservation Program (ACP); the Great Plains Conservation Program (GPCP); the Water Quality Incentives Program (WQIP); and the Colorado River Basin Salinity Control Program (CRSC). Policy administration of EQIP is provided under the Natural Resources Conservation Service (NRCS), while financial reporting and program payments are handled by the Farm Service Agency (FSA), the agency designated for financial responsibility for CCC. EQIP program funding resources are made available through CCC, as enacted under the 1996 Act.

The EQIP program provides technical, educational, and financial assistance to eligible farmers and ranchers to address soil, water, and related natural resource concerns on their lands, in an environmentally beneficial and cost-effective manner. Overall, the program attempts to achieve solutions to local community issues related to farms, ranches, and rural lands by implementation of EQIP structural, vegetative, and land management practices on eligible lands on a voluntary basis.

The purpose of EQIP is to carry out the single program in a manner that maximizes environmental benefits per dollar expended, and that provides:

- flexible technical and financial assistance to farmers and ranchers that face the most serious threats to soils, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat;
- assistance to farmers and ranchers in complying with Federal and State environmental laws, and encourages environmental enhancement;
- assistance to farmers and ranchers in making beneficial, cost-effective changes to cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources; and
- for the consolidation and simplification of the conservation planning process to reduce administration burdens on producers.

Eligible lands under the program may include:

- Agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced), including agricultural land that poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards.

Under the final rule, three category types were provided for the development and implementation of program practices to eligible landowners. The first relates to structural practices, the second to vegetative practices, and the third to land management practices. The EQIP program will provide a wide range of conservation practices developed from these three categories to assist eligible landowners in the protection of soil erosion, water quality, land and water management, and other environmental benefits realized for the landowner, and also, the local community. The program practice categories are outlined as follows:

- Land management practices mean conservation practices that primarily require site-specific management techniques and methods to conserve, protect from degradation, or improve soil, water, or related natural resources in the most cost-effective manner. Examples of land management practices include, but are not limited to, nutrient management, manure management, integrated pest management, integrated crop management, irrigation water management, tillage or residue management, stripcropping, contour farming, grazing management, and wildlife habitat.

- Structural practices mean conservation practices that primarily involve the establishment, construction, or installation of a site-specific measure to conserve, protect from degradation, or improve soil, water, or related natural resources in the most cost-effective manner. Examples of structural practices include; but are not limited to, animal waste management facilities, terraces, grassed waterways, tailwater pits, livestock water developments, and capping of abandoned wells.

- Vegetative practices mean a conservation practice which primarily involves the establishment or planting of a site-specific vegetative measure to conserve, protect from degradation, or improve soil, water, or related natural resources in the most cost-effective manner. Examples of vegetative practices include, but are not limited to, contour grass strips, filterstrips, critical area plantings, tree planting, and permanent wildlife habitat.

Cost-share payments: Under this provision, the Secretary shall pay an eligible program participant an amount not more than 75 percent of the cost to implement one or more structural or vegetative practices. Payments for expenditures incurred under EQIP during the first year of a contract will not be made until the subsequent fiscal year.

Incentive payments: The Secretary shall make incentive payments in an amount and rate determined by the Secretary to implement one or more land management practices.

Limitations on payments: The total amount of cost-share and incentive payments paid to a person may not exceed $10,000 for any fiscal year, and $50,000 for any multi-year contract.

Technical assistance: NRCS will work with the program participants in developing a conservation plan for offered acres initially determined eligible. The plan specifies the manner in which enrolled acres are developed under the conservation practices chosen, operated, and maintained, as well as any compatible uses reserved to the landowner. NRCS will assist landowners in developing the conservation plan and in establishing required practices for lands accepted into the program. Qualified personnel not affiliated with NRCS may provide technical and other assistance.

Targeting: The 1996 Act requires that 50 percent of available EQIP funding for technical assistance, cost-share payments, incentive payments, and education be targeted at practices relating to livestock production.

Partnerships: NRCS, in cooperation with Federal, State, and local partners, functions as a diverse, dynamic, united coalition to address local and national conservation issues effecting our Nation. Through interactive communication between the local community, local interest groups, and local and Federal agencies, the coalition provides the local people with information and resources needed to address local priorities and implement State and national programs, such as EQIP. Many States and local governments provide cost-share programs, such as the Idaho Agricultural Water Quality Program, the Maryland State Cost-share Program, the Delaware Water Pollution Fund, or local programs administered through conservation districts, such as the: Clean Water Grants in Massachusetts, and Zeroscape Planning in Colorado, to name a few. The EQIP program will complement many of these State and local programs in efforts to address specific local conservation and natural resource issues. Partnership efforts will be forged with Federal, State, and local entities, including the National Association of Conservation Districts, State Associations of Conservation Districts, and local conservation districts in efforts to deliver a program beneficial to program participants and the environment.

Program requirements: Participation is on a voluntary basis. In cooperation with the local conservation districts, a participant develops a conservation plan for the farm or ranching unit concerned. The participant's conservation plan serves as the basis for the contract. CCC provides funding for cost-share or incentive payments to apply needed conservation practices and land use adjustments within a time schedule specified by the conservation plan.

To be eligible for EQIP, applicants must:

- be in compliance with the highly erodible land and wetland provisions of the Food Security Act of 1985;
- have control of the land for the life of the proposed contract period;
- submit a conservation plan that is acceptable to NRCS, is approved by the conservation district, and is in compliance with the terms and conditions of the program; and

Lands enrolled in EQIP must be privately owned or on publicly owned land where the land is under private control for the contract period and is included in the participant's operating unit. Installation of conservation practices must contribute to an improvement in the identified natural resource concern, and the participant must have written authorization from the government landowner to apply conservation practices.

Priority areas and significant Statewide natural resource concerns: A watershed, an area, or region of special environmental sensitivity or having significant soil, water, or related natural resource concern may be designated as a priority area. NRCS shall give special consideration to applicants in priority areas who have conservation plans that address natural resource concerns for which the priority area was designated.

For consideration for participation in a designated priority area, a Federal, State, or local government agency, working cooperatively with a respective local work group and State technical committee, will make a proposal to CCC in the form of a priority area proposal. The priority area proposal will include such data so that the NRCS State conservationist and State technical committee can use to make informed judgments on the quality of the proposal submitted.

The NRCS State conservationist, in consultation with the State technical committee, and based on recommendations of a local work group, may approve an area as a priority area, and may approve program assistance to participants with significant Statewide natural resource concerns outside a funded priority area.

FY 1999 ACTIVITY

During FY 1999, local work groups recommended nearly 1,300 priority areas to State conservationists for approval in 1999. State conservationists approved over 800 priority areas. These proposals again far exceeded the available funding for FY 1999. The number and quality of these priority areas indicate that many more local work groups were involved in the process in FY 1999. A synopsis of fund allocations is as follows:

STATE	TECHNICAL ASSISTANCE	FINANCIAL ASSISTANCE	PRIOR YEAR CONTRACT MODIFICAT.	TOTAL FINANCIAL ASSISTANCE	EDUCATION ASSISTANCE	TOTAL ALLOCAT.
AL	$617,000	$2,592,000	$7,869	$2,599,869	0	$3,216,869
AK	80,000	299,066	0	299,066	$41,934	421,000
AZ	1,316,000	5,292,450	8,789	5,301,239	278,550	6,895,789
AR	707,000	2,905,000	6,444	2,911,444	68,000	3,686,444
CA	1,554,000	5,993,000	2,121	5,995,121	540,000	8,089,121
CO	1,413,000	5,841,566	103,518	5,945,084	135,434	7,493,518
CT	132,000	531,840	0	531,840	22,160	686,000
DE	164,000	688,000	0	688,000	0	852,000
FL	901,000	3,752,000	39,616	3,791,616	36,000	4,728,616
GA	694,000	2,626,200	0	2,626,200	291,800	3,612,000
HA	110,000	441,700	0	441,700	22,300	574,000
ID	540,000	2,230,000	32,943	2,262,943	40,000	2,842,943
IL	592,000	2,470,400	66,444	2,536,844	15,600	3,144,444

STATE	TECHNICAL ASSISTANCE	FINANCIAL ASSISTANCE	PRIOR YEAR CONTRACT MODIFICAT.	TOTAL FINANCIAL ASSISTANCE	EDUCATION ASSISTANCE	TOTAL ALLOCAT.
IN	477,000	2,004,000	93,216	2,097,216	0	2,574,216
IO	785,000	3,157,500	48,125	3,205,625	142,500	4,133,125
KS	825,000	3,399,770	115,332	3,515,102	69,230	4,409,332
KY	523,000	2,154,902	8,274	2,163,176	43,098	2,729,274
LA	$606,000	$2,462,100	$15,658	$2,477,758	$82,900	$3,166,658
ME	360,000	1,422,650	13,552	1,436,202	88,350	1,884,552
MD	357,000	1,496,000	3,434	1,499,434	10,000	1,866,434
MA	203,000	601,000	5,932	606,932	20,000	829,932
MI	741,000	3,072,500	63,960	3,136,460	52,500	3,929,960
MN	979,000	3,918,000	124,595	4,042,595	200,000	5,221,595
MS	831,000	3,512,000	64,979	3,576,979	0	4,407,979
MO	839,000	4,614,000	7,780	4,621,780	0	5,460,780
MT	1,096,000	3,419,230	26,604	3,445,834	105,770	4,647,604
NE	809,000	3,333,500	31,477	3,364,977	68,500	4,242,477
NV	242,000	1,017,000	0	1,017,000	0	1,259,000
NH	102,000	416,980	3,112	420,092	14,020	536,112
NJ	163,000	657,000	1,000	658,000	27,000	848,000
NM	985,000	4,078,601	6,644	4,085,245	66,399	5,136,644
NY	640,000	2,659,550	117,896	2,777,446	36,450	3,453,896
NC	840,000	3,387,000	51,467	3,438,467	150,000	4,428,467
ND	712,000	2,932,281	38,722	2,971,003	67,719	3,750,722
OH	554,000	2,278,000	3,898	2,281,898	50,000	2,885,898
OK	878,000	3,590,940	56,220	3,647,160	111,060	4,636,220
OR	756,000	3,018,400	19,799	3,038,199	173,600	3,967,799
PB	54,000	200,000	1,679	201,679	25,000	280,679
PA	574,000	2,400,200	55,172	2,455,372	16,800	3,046,172
PR	163,000	673,000	0	673,000	0	836,000
RI	71,000	673,000	13,374	686,374	15,000	772,374
SC	384,000	1,604,000	11,314	1,615,314	12,000	2,011,314
SD	807,000	3,329,000	22,926	3,351,926	72,000	4,230,926
TN	514,000	2,152,000	29,157	2,181,157	7,000	2,702,157
TX	2,564,000	10,556,562	87,981	10,644,543	215,438	13,423,981
UT	599,000	2,520,000	39,820	2,559,820	46,800	3,205,620
VT	225,000	943,000	28,830	971,830	5,000	1,201,830
VA	538,000	2,198,870	39,606	2,238,476	61,130	2,837,606
WA	711,000	2,926,100	7,894	2,933,994	68,900	3,713,894
WV	304,000	1,280,000	2,865	1,282,865	0	1,586,865
WI	766,000	2,995,054	24,453	3,019,507	219,946	4,005,453
WY	663,000	2,797,000	34,709	2,831,709	1,000	3,495,709
TOTAL	$33,060,000	$135,513,912	$1,589,200	$137,103,112	$3,836,888	$174,000,000

Program Requests: A synopsis of the FY 1999 program application and funded contract activity is as follows:

State	Total		FY 1999 Applications/ Contracts Funded	Percent Applications/ Contracts Funded
	Applications Received	Estimated Cost		
AL	1,047	$7,210,001	564	54%
AK	25	629,116	14	56%
AZ	2,210	15,189,332	744	34%
AR	3,331	14,117,849	814	24%
CA	2,504	17,199,910	843	34%
CO	1,307	15,500,000	627	48%
CT	47	761,158	16	34%
DE	206	2,186,853	94	46%
FL	662	6,079,304	390	59%
GA	3,676	13,734,894	519	14%
HA	23	597,456	19	83%
ID	386	7,805,792	180	47%
IL	503	4,703,723	327	65%
IN	2,082	7,757,330	681	33%
IO	1,243	9,062,025	444	36%
KS	1,980	12,388,200	560	28%
KY	1,340	10,239,634	259	19%
LA	1,663	7,633,293	842	51%
ME	620	4,083,006	200	32%
MD	490	2,051,484	430	88%
MA	98	1,362,500	45	46%
MI	1,253	8,818,075	432	34%
MN	1,603	11,244,660	551	34%
MS	1,684	9,328,588	673	40%
MO	970	7,871,736	526	54%
MT	417	7,441,517	258	62%
NE	1,441	12,600,000	329	23%
NV	100	1,356,252	67	67%
NH	174	1,196,733	59	34%
NJ	1,214	14,400,000	258	21%
NM	587	6,600,893	447	76%
NY	435	6,852,690	299	69%
NC	1,390	$9,720,690	476	34%
ND	581	4,716,409	414	71%
OH	655	4,401,018	477	73%
OK	1,871	3,588,387	701	37%
OR	337	5,071,179	142	42%
PB	86	1,102,959	26	30%
PA	625	9,375,000	161	26%
PR	273	1,931,510	95	35%
RI	21	416,700	11	52%

State	Total Applications Received	Total Estimated Cost	FY 1999 Applications/ Contracts Funded	Percent Applications/ Contracts Funded
SC	909	4,301,484	477	52%
SD	372	7,114,439	199	53%
TN	1,538	8,076,038	409	27%
TX	4,254	37,615,810	1,398	33%
UT	544	6,005,732	174	32%
VT	190	5,816,160	92	48%
VA	905	7,603,238	168	19%
WA	446	9,664,486	185	41%
WV	584	3,335,900	199	34%
WI	655	4,866,225	392	60%
WY	320	3,278,386	140	44%
TOTALS	51,877	$386,005,753	18,847	36%

STATE EXAMPLES

EQIP funds were utilized in 815 Geographic Priority Areas that were identified by local working groups and also 172 statewide natural resource concerns.

Pennsylvania

Evitts Creek Geographic Priority Area: The Natural Resources Conservation Service (NRCS), through the EQIP, continues to play a critical role in the Evitts Creek watershed conservation partnership. The projects planned and completed by NRCS through EQIP since 1997 addressed major animal waste issues requiring solutions before this watershed could reach full potential of providing quality drinking water in the water supply lakes. Century old barns built near streams are common in Pennsylvania. During rains and snowmelt, manure is washed directly into the streams. Downstream communities receive this manure in their drinking water. The on-farm projects not only require the construction money to farmers through EQIP to remedy these problems, but also the technical advice and engineering available to farmers through the NRCS employees who have many years of experience in sorting out and recommending solutions to complex animal waste issues. The assistance provided by NRCS through EQIP is not available through the many other conservation partners and programs in the watershed. Through EQIP, the goal of making a significant improvement in water quality in this small watershed is being reached. Evitts Creek is a model for the types of improved water quality accomplishments that can be made in small watersheds with EQIP.

Setting: Evitts Creek is located in the Potomac watershed in southern Bedford County. The runoff from the farms is the primary drainage area for two lakes providing drinking water to the city of Cumberland, MD. Some recreational opportunities are also being developed at the lakes.

History: Interest in the watershed was first introduced through the USDA resource Conservation and Development (RC&D) program about seven years ago when there was obvious friction between the residents of Cumberland, Maryland and the farmers of Pennsylvania who appeared to be contributing polluted runoff to the Cumberland water supply. Many of the farmers are considered to be limited resource farmers. The costly changes in farming operations that were needed to increase profits on the farms and greatly benefit the quality of the water supply would only come about with assistance beyond the financial resources of the farmers themselves.

Action Taken: Today, nearly all of the farmers in this small Pennsylvania watershed are implementing a variety of conservation practices designed by the conservation partnership to assist the farmers in their own operations and in improving the water quality of the Cumberland, Maryland water supply. The most active members of this partnership includes NRCS, the local RC&D Council, USDA's Farm Service Agency (FSA), Bedford County Conservation District, Pennsylvania Game Commission, U.S. Fish and Wildlife Service and the Cumberland Water Company. Conservation practices most evident throughout the watershed are several miles of fenced streams, manure storage facilities, barnyard runoff control, improved cattle feeding areas, wetland and wildlife habitat development and sediment reducing erosion control practices.

Outcome: Undesirable algae blooms that previously occurred in the lakes twice each year causing foul tasting water did not occur during the summer of 1998. Algae blooms are known to be a direct result of excess nutrients from runoff. These nutrients have been greatly reduced by conservation practices dealing with animal waste in the streams. In addition, there is a feeling of good will between the Pennsylvania watershed farmers and the Cumberland, Maryland residents who drink the water.

Nebraska

Environmental Trust Grant Added to EQIP Pie – Nebraska state lottery proceeds are helping stretch the Federal EQIP conservation program. In its 1999 grant cycle, the Nebraska Environmental Trust Board OK'd $1.3 million over three years to supplement EQIP funding. That money enabled Nebraska to add three new EQIP priority areas for FY 1999.

In 1999, the Environmental Trust grant of $500,000 enabled Nebraska to add three priority areas: a portion of the Twin Platte Natural Resource District in Perkins and Keith counties to improve grazing land, wet meadows and wildlife habitat; a portion of the Wahoo Creek Watershed in Saunders county for soil erosion control, water quality practices and pasture improvement; and a portion of the Taylor Creek watershed in Madison county for soil erosion control, livestock manure storage, and pasture improvement.

The Environmental Trust Board grant will add $400,000 to both the FY 2000 and FY 2001 EQIP allocations. The Board receives its funding from a portion of the state lottery proceeds.

Florida

Clearing the Air – The dust has settled in Santa Rosa County, Florida, and the 230 students in the only elementary school in the town of Chumuckla were glad. The school is surrounded by cotton and peanut fields and the dust storms from those fields was causing a health threat that frequently closed the school. School Principal Richard Hunsucker said "School computers needed dust covers, airborne dust set off fire alarms several times a week and students could not walk between the eight buildings on campus without covering their faces to avoid severe irritation to their eyes and lungs."

The local NRCS conservationist, Steve Duncan, coordinated a meeting with school officials, the cotton and peanut producers and the local conservation technical staff. As a result 65 farmers signed contracts to plant their crops in the residue from the previous year's crop – or strip till. Duncan credits the incentives from EQIP with convincing the farmers to voluntarily implement this conservation practice. The farmers benefited from EQIP cost-share assistance and stopped the soil wind erosion in one season.

As a result of this initiative, the number of acres being strip tilled in the county has exploded. In one year, use of strip till increased from 2,000 acres to 15,000 acres all due to word of mouth. Less wind erosion is not the only benefit the farmers are finding. Besides the time being saved, they are finding financial benefits in strip till. "The market for cotton and peanuts is poor right now," says Duncan. "One farmer has saved $8,000 on diesel alone."

South Carolina

Sumter County – Livestock producer, Mark Myers applied for EQIP to improve his pastureland where his horses and livestock graze. Once in cropland, the 16-acre coastal Bermuda grass field is now complete with fencing and an automatic running watering system. Under his EQIP contract, Mr. Myers received cost-sharing to install the fencing and watering system.
Myers is seeing a great benefit from his EQIP contract to improve his livestock operation. So far, he has been able to maintain his herd more efficiently with more grazing, more pounds per cow and more profit.

Spartanburg County – Dairy farmer Tyson Waddell has been specializing in producing genetically improved Jerseys for worldwide distribution for about two years. His herd is, for example, 22nd of the 5,500 nationwide and he has the sixth ranked Jersey of the top 200 in the country. Maintaining a 130 acre farm with approximately 80 Jerseys, Waddell was able to fully realize his dream of having his own herd with a little help from EQIP.

"As with any dairy operation, concerns arise with waste management. EQIP helped me to implement a waste management system, in addition to cross fences, drainage pipes funneling from the cow facility to the lagoon, and fences to keep the cows out of the creek." Waddell's EQIP planning and implementation is virtually complete, and he is getting excellent results from the work that has been done.

Lee County – Turkey producer James Brailsford raises birds to sell to President Farms. He needed a more efficient method of waste disposal from his eight turkey housing units. He applied for EQIP funding to develop a better and more efficient system.

Through EQIP, Brailsford was able to build the first turkey composter in Lee County, which he built by himself with advisement from NRCS. "The composter allows me the opportunity to use the litter as fertilizer," he said, "which I was not able to do before." Adjacent farmers also benefit from using the litter on their land, and in the near future, he hopes to add another composter and stacking shed.

Examples of Educational Assistance

Wisconsin

Purple Loosestrife Control – The Great Lakes Indian Fish & Wildlife Commission received a three year EQIP Educational Assistance grant of $29,940. This grant is being used to increase public awareness of purple loosestrife, establish an Internet web site (www.glifwc.org) and promote cooperative control programs. The Commission working with Northland College and the Siguard Olson Environmental Institute will establish a state of the art interactive GIS web site that will include Chippewa ceded territory purple loosestrife databases and GIS mapping of locations.

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

Conservation Security Program

CURRENT LAW

Appropriations Act, 2000	--
Budget Estimate, 2001	--
Increase in Estimate	--

PROPOSED LEGISLATION

Budget Estimate, Current Law, 2001	--
Change due to proposed legislation	+$600,000,000
Net Request, President's 2001 Budget Request	$600,000,000

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	2001 Current Law	2001 Program Changes	2001 President's Request
Conservation Security Program:			
Financial Assistance	--	+$510,000,000	$510,000,000
Technical Assistance	--	+90,000,000	90,000,000
Total available	--	+$600,000,000	$600,000,000

Explanation of Proposed Legislation:

As part of the Administration's Farm Safety Net Proposal, the President's Budget proposes legislation for the establishment of the Conservation Security Program (CSP) CSP, a major initiative introduced by the Vice President on January 7, 2000, will strengthen ongoing conservation efforts by helping farmers who have been hurt by the downturn in the farm economy. A crucial part of the Farm Safety Net is providing assistance to farmers and ranchers who practice environmentally sound land management on private land. This proposal will support the environmental benefits that all Americans enjoy—clean air and water, reduced erosion, improved wildlife habitat, and sustainable soil. The intent of the program is to encourage farmers to continue or increase current levels of conservation and to bring new participants into our conservation efforts.

The CSP will be a conservation-based income assistance program focused on family farmers and ranchers who are stewards of their private land. It will build on the successes of our Nation's conservation technical assistance infrastructure and complement other conservation programs. The program is broad-based to include non-program crops and private grazing lands, as well as traditional commodity sectors. Cropland including orchards, tobacco, and other non-program crops, grazing land, and riparian areas adjacent to agricultural lands will be considered in the program mix.

The CSP is not a cost-share program. CSP will provide a direct payment and technical assistance to farmers and ranchers for their role in sustaining the future of agriculture. Payment levels will be determined by the extensiveness of the customers' conservation plans. Eligible practices may include conservation tillage, nutrient management, proper grazing use, buffers, and other practices yet to be determined. This is a program that will reward those who voluntarily protect our most valuable commodity-our working land.

The Conservation Security Program is both a financial reward for good stewards and a significant new incentive for additional conservation activities. Farmers and ranchers, with the help of USDA, have made

tremendous progress in cutting erosion and protecting water quality in the past ten years. This program provides an approach to ensure that farmers who are protecting our valuable natural resources stay in business during downturns in market or due to weather cycles. This country still has a long way to go towards sustainability of natural resources. There should be a link between the public funds that go to farmers and ranchers and the protection of the soil and water resources we all depend on. This program would aid farmers and ranchers, at the same time it would improve the Nation's waterways, drinking water, wildlife habitat, and air quality.

The President's Budget Request provides $600 million for CSP. Technical assistance for the program is calculated at 15% of the program level. Flexibility will be built into CSP to include recommendations from the National Commission on Small Farms, Civil Rights Action Team report, and the USDA Outreach Council.

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

Wildlife Habitat Incentives Program

CURRENT LAW

Appropriation Act, 2000	--
Budget Estimate, 2001	--
Increase in Authority	--

NOTE: The 1996 Act authorized a total of $50 million for WHIP through FY 2002. However, program funds will be exhausted during FY 2000.

PROPOSED LEGISLATION

Budget Estimate, Current Law 2001	--
Change due to proposed legislation	+$50,000,000
Net Request, President's 2001 Budget Request	$50,000,000

Project Statement - Current Law
(On basis of Transfer of Funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Wildlife Habitat Incentives Program	$15,467,958	--	--	--	--	--	--
NRCS Tech. Assist. Reimb. WHIP(fund by FY96 CRP)	4,532,042	65	--	--	--	--	--
Total Program Costs	$20,000,000	65	--	--	--	--	--

Project Statement - Current Law
(On basis of available funds)

Program	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
Wildlife Habitat Incentives Program:							
1. Technical assistance	$4,535,802	65	$2,789	--	-$2,789	--	--
2. Financial assistance	17,841,003	--	1,507,728	--	-1,507,728	--	--
Total direct obligations	22,376,805	65	1,510,517	--	-1,510,517	--	--
Unobligated balance, start of year	(-23,887,322)	--	(-1,510,517)	--	(+1,510,517)	--	--
Unobligated balance, end of year	1,510,517	--	--	--	--	--	--
Obligational authority	$23,887,322	65	$1,510,517	--	-$1,510,517	--	--

OUTLAYS

Project	1999 Actual	2000 Estimated	Increase or Decrease	2001 Estimated
Wildlife Habitat Incentives Program	$10,902,636	$9,104,000	-$2,284,000	$6,820,000

SUMMARY OF INCREASES AND DECREASES – PROPOSED LEGISLATION

Item of Change	Current Law	2001 Program Changes	President's Request
Wildlife Habitat Incentives Program	--	$37,500,000	$37,500,000
NRCS Technical Assistance	--	12,500,000	12,500,000
Total Available	--	$50,000,000	$50,000,000

Explanation of Proposed Legislation:

This legislative proposal requests $50 million annually for the Wildlife Habitat Incentives Program (WHIP). The program promotes, under a voluntary approach to landowners, the use of various wildlife habitat development and management practices to increase wildlife habitat protection and restoration. The Secretary was authorized under the Federal Agriculture Improvement and Reform Act of 1996 to utilize a total of $50 million made available through the Commodity Credit Corporation under the Conservation Reserve Program authorities to implement the WHIP program through FY 2002. However, program funds will be exhausted during FY 2000.

As part of the Administration's Farm Safety Net proposal, the President's Budget provides $50 million for the WHIP. Through WHIP, landowners receive cost-share assistance for habitat restoration and technical assistance to implement a wildlife habitat development plan. WHIP technical and financial funding provides the valuable and needed program practices that enhance the development and creation of wildlife habitat at an affordable cost. It helps local communities, including farmers, ranchers, and others to use their land in ways that improve, restore, and enhance the natural resource base. Through WHIP, many of the natural resource issues are being addressed.

Under WHIP, the Secretary provides cost-share assistance of up to 75 percent of the total contract cost. WHIP offers opportunities for fish and wildlife habitat protection and restoration through flexible wildlife management practices. NRCS estimate the enrollment of approximately 8,152 agreements on approximately 1.3 million acres annually. In some States, the program focuses on aquatic habitat restoration. Agreements with fish passages or dam removal activities may not encompass many acres but they potentially impact hundreds of miles of rivers and streams and require extensive technical assistance.

A 25% level of technical assistance is needed to perform the workload on the agreements processed each year. The technical assistance is also needed in order to coordinate with partners, which can be a substantial workload effort in WHIP. Technical assistance would also be used to develop multi-program conservation plans, establish new practice standards, respond to inquiries, and make presentations to the general public.

In order for WHIP to be a successful national program, it needs to remain available for all those interested in incorporating wildlife into the overall management of their lands and aquatic areas. State NRCS offices have made an enormous effort to develop partnerships and outreach methods with government and private organizations to develop a program that targets State concerns. USDA proposes to continue to facilitate the

development of these partnerships to achieve the greatest amount of success for wildlife and assist States with their wildlife efforts, including those efforts with threatened, endangered, or listed species habitat development.

There is great demand for WHIP. During the initial funding requests, State estimates of need exceeded the available funds almost four to one. Program demand and popularity is expected to continue increasing as the program becomes more broadly known.

Continued WHIP funding and implementation of this initiative will support the NRCS Strategic Plan Objective 2.5: Providing high quality habitat on private land supporting the Nation's wildlife heritage. This initiative will also support NRCS Strategic Plan Objective 1.1: A strong and effective grassroots conservation partnership across the United States and its territories, commonwealths, and affiliated governments, by providing strong grass roots partnerships and a diverse customer base by bringing new partners and new participants to NRCS programs.

NATURAL RESOURCES CONSERVATION SERVICE
Geographic Breakdown of Obligations
1999 and Estimated 2000 and 2001
WILDLIFE HABITAT INCENTIVES PROGRAM

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA	$299,644	1	$10,000	--	--	--
ALASKA	433,300	1	9,100	--	--	--
ARIZONA	364,665	--	11,000	--	--	--
ARKANSAS	436,217	1	15,000	--	--	--
CALIFORNIA	375,280	1	37,000	--	--	--
COLORADO	779,116	3	50,000	--	--	--
CONNECTICUT	448,293	1	--	--	--	--
DELAWARE	6,046	--	7,900	--	--	--
FLORIDA	500,402	1	10,000	--	--	--
GEORGIA	363,299	2	5,000	--	--	--
HAWAII	337,400	1	24,000	--	--	--
IDAHO	393,470	1	6,000	--	--	--
ILLINOIS	555,354	1	1,000	--	--	--
INDIANA	116,931	1	2,000	--	--	--
IOWA	368,680	1	85,600	--	--	--
KANSAS	510,237	1	1,000	--	--	--
KENTUCKY	526,884	2	10,100	--	--	--
LOUISIANA	352,465	1	7,000	--	--	--
MAINE	708,041	2	10,100	--	--	--
MARYLAND	320,007	1	1,000	--	--	--
MASSACHUSETTS	606,293	1	20,000	--	--	--
MICHIGAN	728,375	3	2,000	--	--	--
MINNESOTA	636,601	2	170,000	--	--	--
MISSISSIPPI	653,476	2	11,100	--	--	--
MISSOURI	667,576	2	34,000	--	--	--
MONTANA	555,059	2	30,000	--	--	--
NEBRASKA	405,261	2	260,000	--	--	--
NEVADA	207,188	1	8,000	--	--	--
NEW HAMPSHIRE	362,533	1	10,000	--	--	--
NEW JERSEY	248,248	1	4,000	--	--	--
NEW MEXICO	305,335	1	75,300	--	--	--

	1999		2000		2001	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
NEW YORK	$371,745	1	$1,300	--	--	--
NORTH CAROLINA	383,082	1	13,000	--	--	--
NORTH DAKOTA	300,000	1	1,500	--	--	--
OHIO	300,003	1	1,000	--	--	--
OKLAHOMA	410,668	1	15,000	--	--	--
OREGON	487,074	1	30,000	--	--	--
PENNSYLVANIA	512,403	1	10,000	--	--	--
PACIFIC BASIN AREA	0	0	--	--	--	--
PUERTO RICO	73,557	0	3,900	--	--	--
RHODE ISLAND	276,969	1	80,000	--	--	--
SOUTH CAROLINA	387,186	1	2,500	--	--	--
SOUTH DAKOTA	502,187	2	1,000	--	--	--
TENNESSEE	504,989	1	15,100	--	--	--
TEXAS	527,439	1	1,000	--	--	--
UTAH	298,829	1	1,100	--	--	--
VERMONT	633,236	1	50,000	--	--	--
VIRGINIA	739,466	2	10,000	--	--	--
WASHINGTON	342,888	1	50,000	--	--	--
WEST VIRGINIA	515,598	2	7,700	--	--	--
WISCONSIN	613,149	2	280,000	--	--	--
WYOMING	620,897	2	6,700	--	--	--
CENTRAL OFFICE	3,764	--	--	--	--	--
UNDISTRIBUTED	--	--	2,517	--	--	--
TOTAL AVAILABLE OR ESTIMATE	$22,376,805	65	$1,510,517	--	--	--

COMMODITY CREDIT CORPORATION (CCC)
WILDLIFE HABITAT INCENTIVES PROGRAM

STATUS OF PROGRAM

Current Activities: The Federal Agriculture Improvement and Reform Act of 1996, Section 387, authorized the Wildlife Habitat Incentives Program (WHIP) as a voluntary approach to improving wildlife habitat in our Nation. Program administration of WHIP is provided under the Natural Resources Conservation Service (NRCS).

The WHIP is a voluntary program that provides technical and financial assistance to eligible participants to develop upland wildlife, wetland wildlife, threatened and endangered species, fish and other types of wildlife habitat in an environmentally beneficial and cost effective manner. The purpose of the program is to create high quality wildlife habitats that support wildlife populations of local, state, and national significance. WHIP supports the NRCS strategic plan goal that relates to healthy and productive lands.

The WHIP places emphasis on:

- wildlife and fishery habitats identified by local and State partners in each State;
- habitats and wildlife species experiencing declining or significantly reduced populations including rare, threatened, and endangered species; and
- practices beneficial to fish and wildlife that may not otherwise be funded.

Eligible lands under the program include:

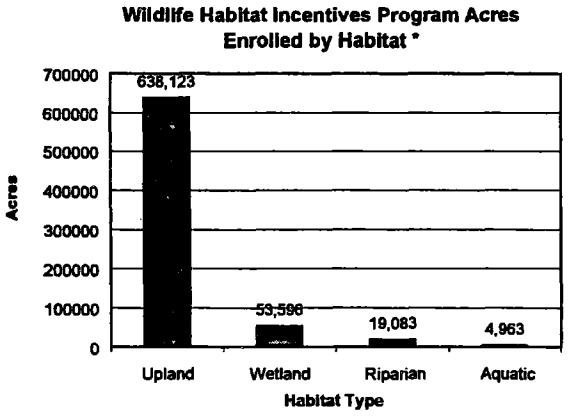
- privately owned land;
- Tribal land;
- State/local government lands on a limited basis; and
- Federal land when the primary benefit is on private lands and the project cannot meet its objectives without the Federal land.

Features of the program include:

- Wildlife habitat development practices: Any practice determined necessary by NRCS to develop important habitat for the target species is eligible. Program practices are prioritized at the State level. Examples of practices authorized under the WHIP program are: native grassland restoration and management, management of field-edge habitat for wildlife, restoration of riparian areas, and establishment of aquatic habitat.

- Cost-Share payments: Under this program, the Secretary shall pay an eligible program participant up to 75 percent of the cost of installing the wildlife habitat development practices.

- Technical assistance: NRCS, along with Conservation Districts and in cooperation with other partners, provides technical assistance to program participants to develop wildlife habitats. The wildlife habitat development plan identifies the cost share practices that will be installed as well as the operation and maintenance requirements for the life of the agreement. Agreements last from 5 to 10 years.



*-Currently 5,484 acres enrolled in the program are not attributed to a single habitat type. This figure, with the numbers in the graph totals 721,249 acres. Some aquatic habitat practices including fish passages cannot be measured in acreage.

FY 1999 Activity:

- Program implementation: In FY 1999, NRCS allocated $20 million to states for financial and technical assistance. A total of 3,855 long-term agreements were approved enrolling 721,249 acres in the program nationally. On average, NRCS agreed to reimburse participants $4,628 for each cost-share agreement. The average agreement encompassed 187 acres.

- Wildlife priorities were established on a State-by-State basis. States generally selected 2 to 6 priorities consistently including one or more upland and riparian habitats. Wetlands, aquatic in-stream habitat and other unique wildlife habitat such as caves and salt marshes were also identified as priorities in a number of States. Nationally, acres were distributed among 4 major habitat types as follows:

Upland Wildlife Habitat

Of the total 721,249 WHIP acres enrolled, 89 percent or 638,123 acres encompassed upland wildlife habitat including grasslands, shrub/scrub and forests. Several types of early successional grasslands, such as tall grass prairies, have declined more than 98 percent according a 1995 U.S. Fish and Wildlife Service Report. One of the primary focuses of WHIP nationally, is restoration of some of these scarce areas. Wildlife dependent on native grasslands includes neo-tropical migratory birds, waterfowl, amphibians, reptiles and many mammals. Specific species that will benefit from re-establishment of grasslands in one or more states include: grasshopper sparrow, bobwhite quail, swift fox, short-eared owl, Karner-blue butterfly, gopher tortoise, western-harvest mouse, and Gunnison-sage grouse.

Other upland priorities include the establishment of windbreaks and edge around cropland, forests including pine barrens and long leaf pine, wildlife corridors, and shrub scrub steppe habitats. Wildlife species that will benefit from development of these habitats include: Louisiana black bear, Eastern collared lizard, Bachman's sparrow, ovenbird, acorn woodpecker, and western grey-squirrel.

Practices installed on upland habitat include: various types of seeding and plantings, fencing, livestock management, prescribed burning, shrub thickets with shelterbelts. Additional practices were installed for the benefit of forest land management including creation of forest openings, various types of disking or mowing including meander disking through woodlands, woody cover control, brush management, upland wildlife management, aspen stand regeneration, and exclusion of feral animals.

Wetland Wildlife Habitat

Wetland wildlife will benefit from 7.5 percent of WHIP lands where wetland habitat will be enhanced or created. WHIP wetland acres include acreage that is not eligible for the NRCS Wetland Reserve Program cost-share agreements such as winter flooding of crop fields for waterfowl. Other wetland types that will be enhanced include tidal flushing areas, salt marshes, wetland hardwood hammocks, mangrove forests, and wild-rice beds. Created wetlands include freshwater marshes and vernal pools in abandoned gravel mines. Practices that will be used to enhance or create wetland wildlife habitat include: installation of culverts or water control structures, invasive plant control, fencing, creation of greentree reservoirs, moist soil unit management, and creation of shallow water areas. Among the wildlife species that will benefit from creation or enhancement of wetland habitat are: blackcrowned night heron, snowy egret, canvasback duck, ibis, piping plover, short-nosed sturgeon, osprey, California-clapper rail, fairy shrimp, and Santa Cruz long-toed salamander.

Riparian and Instream Aquatic Wildlife Habitat

Riparian and in-stream aquatic wildlife habitats make up 2.6 percent and nearly 1 percent, respectively, of all WHIP acreage. This category includes riparian areas along streams, river, lakes, sloughs and coastal areas, as well as the streams, lakes and rivers themselves. Species that will benefit from the wildlife practices installed in riparian or aquatic areas include: Columbia sharp-tail grouse, Le/Conte's sparrow, bull trout, grayling, westslope cutthroat trout, Preble's meadow jumping mouse, southwest willow flycatcher, woodcock, Hellbender, river otter, brook trout, short-nose sturgeon, puritan tiger beetle, Higgin's eye pearly mussel, Pallid shiner, ornate box turtle, alligator snapping turtle, lest tern, leopard darter, Arkansas darter, Ouachita Rock-pocketbook mussel, Bonneville cutthroat trout, Oregon chub, painted turtle, belted kingfisher, yellow-billed cuckoo, California freshwater shrimp, valley-elderberry longhorn beetle, American shad, and Pacific giant salamander.

Practices that will be installed to improve aquatic and riparian wildlife habitat include: tree plantings, fencing with livestock management and off-stream watering, in-stream structures, seeding, streambank protection and stabilization, stream deflectors, creation of small pools, installation of buffers, removal of dams, fencing, creation of fish passages past structures, alternative watering facilities, and establishment of instream structures such as logs or rocks.

Threatened and Endangered Species

Of the total acreage enrolled in FY 1999, approximately 10 percent will benefit threatened and endangered species. Threatened and endangered species targeted through WHIP include, but are not limited to the following: American-burying beetle, Neosho madtom, Topeka shiner, gray bat, kit fox, bog turtle, gopher tortoise, dusky-gopher frog, Eastern-indigo snake, southern-hognose snake, black-pine snake, Louisiana-black bear, red-cockaded woodpeckers, Mississippi-sandhill crane, Florida panther, wood storks, snail kites, Florida sandhill crane, caracara, grasshopper sparrow, Snake River-Chinook salmon, Umpua River-cutthroat trout, coho salmon, steelhead, bulltrout, Lahontan-cutthroat trout, Yuma-clapper rails, Sonoran pronghorn, Mexican voles, and lesser long-nosed bats.

Partnerships

NRCS, in cooperation with other Federal agencies, State and local partners, and the private sector, functions as part of a diverse, united coalition to address local and national conservation issues affecting our nation. NRCS works at the local level and through the State Technical Committee to establish wildlife priorities. This process allows for local input as well as the coordination of wildlife priorities with other wildlife interest in the state encouraging the leveraging of other state, federal and private dollars to address state and local wildlife priorities. Partners provide technical expertise identifying wildlife concerns, assisting in the development of wildlife habitat development plans and monitoring progress. In addition, partners provide financial assistance through additional cost-share dollars, purchase of seed, by supplying equipment, or installing practices for the participant. The emphasis placed on partners in WHIP has improved communication and coordination among various interests addressing wildlife concerns. They are an essential part of the success of the program.

Mississippi is one of several states that used WHIP funds to establish educational areas. A WHIP agreement was developed with the Mississippi Band of Choctaw Indians. The agreement includes an education tract that is open to the public. The trail includes creation of a wetland study area, installing bat and bird boxes, and erecting plant identification signs in English and Choctaw. The project is being used by the Choctaw School System, Youth Opportunity Program and Vocational Rehabilitation as well as Neshoba County Schools, the Girl Scouts, church groups and 4-H Clubs. In addition to NRCS, the partnership includes the Chief and Tribal Council, several state departments, the Mississippi Band of Choctaw Indians, Choctaw Youth Opportunity Program, NAS Youth Challenge Program, Fulgrum Industries, Central Electric Power Association, Mississippi Power and Light, and the Nachez Trace Division of the National Park Service.

North Dakota also used a portion of their WHIP funds for educational activities. Outdoor wildlife learning sites (OWLS) are located on school property at 25 locations around the State. WHIP provided a small portion of the project cost. Funds were used for site preparation, planting material and wetland construction. School districts, North Dakota Game and Fish, and the local conservation Districts contributed funding for the projects.

Maine NRCS, in cooperation with a number of partners, removed the Brownville Dam on the Pleasant River in the Penobscot Watershed this summer providing 300 miles of unobstructed anadronous fish habitat. Removal of the dam will result in decreased water temperatures and increased aeration. Natural white water will be restored and canoeing and fishing opportunities will be improved in a state where tourism is a major source of income. Maine's WHIP has served was a catalyst that will generate financial contributions of nearly $1.5 million when all FY 1999 practices are applied.

COMMODITY CREDIT CORPORATION (CCC)
NATURAL RESOURCES CONSERVATION SERVICE

Farmland Protection Program

CURRENT LAW

Appropriations Act, 2000	$250,000
Budget Estimate, 2001	--
Decrease in Estimate	-$250,000

PROPOSED LEGISLATION

Budget Estimate, Current Law, 2001	--
Change due to proposed legislation	+$65,000,000
Net Request, President's 2000 Budget Request	$65,000,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW

Item of Change	2000 Estimated	Pay Costs	Program Changes	2001 Estimated
Farmland Protection Program	$250,000	--	-$250,000	--

Project Statement - Current Law

	1999 Actual		2000 Estimated		Increase or	2001 Estimated	
Program	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Farmland Protection Prog.	--:	--:	$240,000:	--:	-$240,000 :	--:	--
Technical Assistance	--:	--:	10,000:	--:	-10,000 :	--:	--
Total, FPP	--:	--:	$250,000:	--:	-$250,000 :	--:	--

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	Current Law	2001 Program Changes	President's Request
Farmland Protection Program	--	+$65,000,000	$65,000,000

Explanation of Proposed Legislation:

As part of the Administration's Farm Safety Net Proposal, the President's Budget provides $65 million for the Farmland Protection Program (FPP). FPP is also part of the Lands Legacy Initiative to protect natural treasures.

The purposes of FPP are to strategically protect farmland from urban encroachment and other non-agricultural land conversions; preserve farmland for future generations; maintain, restore, and enhance ecosystems; protect historical landscapes, scenic beauty, and open space; and sustain economic stability and development.

These purposes are accomplished by acquiring permanent conservation easements on threatened lands. The program provides matching funds to States, Tribes, and local government entities to form partnerships in easement acquisition and leverage their farmland protection efforts. In addition, this allows for a cooperative working relationship with landowners to provide technical assistance in developing and implementing conservation plans to ensure appropriate use of the natural resources.

Historically, American settlements were located in areas where the land was most productive. Consequently, some of the Nation's most valuable and productive farmland is located in urban and developing areas. Urban sprawl has been a major cause of farmland conversion. According to the Census of Agriculture, one-third of the Nation's agricultural products is produced in metropolitan counties containing large cites. Another third are produced in counties adjacent to significant urban populations. Nearly 85 percent of domestic fruit and vegetable production and 80 percent of our dairy products come from urban-influenced areas. Rapid development and urban sprawl continually threaten these areas. From 1982 to 1992, 1.4 million acres of non-Federal farm, ranch, and forestland were converted to developed land each year. Recent National Resources Inventory figures show that this conversion rate has more than doubled from 1992 to 1997 to an average of 3.2 million acres per year. This means that every 10 seconds, an acre of working land is converted to an urbanized area or road to service that newly developed area.

A great cause for concern is the quality of land being converted, which is being converted at 2 to 4 times the rate of less productive land. As these unique and locally important farmlands are being converted, other more fragile lands are being brought back into production. This creates a greater environmental, economic and social strain as agrarian and urbanizing interests compete. It generates adverse impacts on water quality and soil health. For the agricultural producer, increasing costs of production and liability risks are harmful by-products of urban development. For urban dwellers, issues such as pesticide overspray, animal nutrient odors, run-off, and noise are significant concerns. Even rural America is not immune to sprawl. According to U. S. Census 1997 American Housing Survey, 75 percent of new home construction occurred in communities under 100,000 in population, 25 percent occurred in communities under 10,000 and 8 percent occurred in communities under 2,500 in population during the period 1993-1997. This means that in many cases, agriculture is no longer a factor in the local economy and can no longer support an agricultural infrastructure.

There is a substantial national interest in strategically protecting farmland. Once developed, productive farmland with rich topsoil is lost forever. Agricultural lands are important components of historic landscapes and are equally important for their open space and scenic beauty.

In FY 2001, NRCS will use FPP as a component of the Administration's Farm Safety Net Proposal in areas where the down-turn in the farm economy has impacted the ability of operators to keep their farms and ranches in agriculture. Consecutive years of low prices and other economic pressures may force farmers to make hard choices in order to stay in business, such as selling a portion or all of their land for development. FPP may be used in those areas to permanently protect farm and ranchland threatened by development through the purchase of easements that preserve the land for agricultural use.

NATURAL RESOURCES CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Farmland Protection Program
1999 Actual and Estimated 2000 and 2001

	1999	2000	2001
	AMOUNT	AMOUNT	AMOUNT
New Hampshire	--	$250,000	--
Total available or Estimate	--	$250,000	--

COMMODITY CREDIT CORPORATION (CCC)
FARMLAND PROTECTION PROGRAM

STATUS OF PROGRAM

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) authorized the Farmland Protection Program (FPP), under CCC. The FPP is designed for the Federal government to establish partnerships with State, tribe, or local government entities in sharing the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to nonagricultural uses.

The Natural Resources Conservation Service (NRCS) has been designated by the Secretary of Agriculture as the lead agency to administer FPP, while the Farm Service Agency (FSA) handles financial responsibilities. Program policy, procedures, and guidelines are developed by NRCS with concurrence from FSA.

FPP will:

- Establish partnerships with State, tribe, or local government entities to leverage their purchase of conservation easements or purchase of development rights programs by providing matching funds of no more than 50 percent of the purchased easement price;
- Acquire perpetual conservation easements or other interests on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits; and
- Protect topsoil by limiting conversion to nonagricultural uses of the land.

Eligible lands under the program include:

- Lands with prime, unique, or other productive soil; and
- Other incidental lands that would not otherwise be eligible, but are considered part of a pending easement offer by a State, tribe, or local government entity.

Features of the program include:

Program operation: FPP is carried out through existing State, tribe, or local government entities' farmland protection programs. Any local or State agency, county or group of counties, municipality, town or township, soil and water conservation district, or American Indian tribe or tribal organization, which has a farmland protection program that purchases conservation easements or other interests for the purpose of protecting topsoil by limiting conversion to nonagricultural uses of land, and which has pending offers with willing landowners, may apply for FPP funds. Individual landowners would need to apply to and be accepted by the State, tribe, or local government programs to participate in FPP. To date, all acquired easements and other interests proposed for acquisition are for perpetuity.

Potential participating entities must provide written evidence of:

- their commitment to the long-term conservation of agricultural lands through the use of legal devices, such as right-to-farm laws, agricultural districts, zoning, or land use plans;
- the use of voluntary approaches to protect farmland from conversion to nonagricultural uses;
- their capability to acquire, manage, and enforce easement rights or other interests in land; and
- available funds of at least 50 percent of the total cost of easement acquisitions.

Once selected, both the entity awarded and the United States sign a cooperative agreement. Cooperating entities process the easement acquisition, hold, and manage easements acquired. The Federal share for any easement acquisition is limited to the maximum of 50 percent of the purchased easement price. A contingent remainder right must be incorporated in each easement deed for the protection of the Federal investment. A conservation plan is also required for each easement acquired in part with the Federal funds to ensure responsible land stewardship. A failure to abide by the terms in the cooperative agreement or in

the recorded easement deed may result in the easement rights being vested in the United States and/or for the cooperating entity to reimburse the United States for the Federal share of the easement price.

Program funding: FPP funds are made available from CCC. A total of $35 million was authorized in the 1996 Act. When easement acquisitions are completed, cooperating entities submit appropriate documentation to the respective NRCS State office and request reimbursement of the Federal share of the easement price. FSA issues payment after receipt of NRCS certification of reimbursement amount requested.

Technical assistance: NRCS assists landowners developing conservation plans for lands accepted in FPP. The plan specifies the stewardship for lands utilized according to the conservation practices designed and recommended.

Current Activities: NRCS uses a request for proposals (RFP) process for FPP participation. A notice of RFP is published in the Federal Register each year when funds are available. Program policy and procedures are addressed in the notice. Proposals are received by the NRCS State offices and forwarded through the respective NRCS regional offices to the national office for review and selection. Cooperative agreements were signed between the selected cooperating entities and USDA to obligate FPP funds. As of September 1998, the entire $35 million authorized in the 1996 Act had been obligated in financial and technical assistance.

Table 1: FPP Funds Requested

Fiscal Year	RFP Published Date	States Applied	Pending Easements	Proposed Acreage	Est. Easement Value ($ mil.)	FPP Funds Requested ($ mil.)
96	8/21/96	20	628	176,000	$329	$130.6
97	5/28/97	12	98	10,000	40	6.5
98	3/20/98	20	481	99,000	205	61.2
Total			1,207	285,000	$574	$198.3

Table 2: FPP Funds Awarded

Fiscal Year	States Awarded	Approved Easements	Acres to be acquired	Est. Easement Value ($ mil.)	FPP Funds Awarded ($ mil.)
96	17	203	76,756	$116	$14.30
97	10	29	4,969	18	1.92
98	19	228	45,658	96	17.28
Total		460	127,383	$230	$33.50

Tables 1 and 2 show that FPP funds requested were $130.6 million, $6.5 million, and $61.2 million while only $14.3 million, $1.9 million, and $17.3 million were available for fiscal years (FY) 1996, 1997, and 1998, respectively. Namely, respective FPP funds were available at 11, 30, and 28 percent of the funds requested in those years.

Since FPP's inception in 1996, 19 States have received $33.5 million for financial assistance from FPP funds. More than 127,000 acres on 460 farms, with an estimated easement value of more than $230 million, could be permanently protected from conversion to nonagricultural uses. For every Federal dollar, an additional $6 will be spent by the participating State and local government entities.

As of September 30, 1999, easements or other interests purchased in part with FPP funds were completed on 205 farms. Approximately 41,500 acres of mostly prime and unique farmland on urban fringe are permanently protected from conversion to nonagricultural uses. The total easement price of these 205

farms was approximately $72.8 million ($17.6 million from FPP and $55.2 million from partnerships), with an average price of $1,753 per acre. For the easements already acquired, the average Federal share accounts for 24 percent, and the average State and local government share accounts for 76 percent.

Table 3: FPP Cumulative Summary

State	Total Obligations For FPP Funding	Easements Acquired*		Pending Easements	
		Number	Acres	Number	Acres
CALIFORNIA	$3,400,000	2	778	11	2,902
COLORADO	2,000,000	3	1,982	4	2,473
CONNECTICUT	2,000,000	4	938	11	2,236
DELAWARE	2,330,000	13	4,805	8	993
FLORIDA	1,033,000	1	1,932	3	38,203
KENTUCKY	1,100,000	5	929	11	4,737
MASSACHUSETTS	2,400,000	26	2,700	10	1,327
MARYLAND	2,999,997	44	5,767	42	6,147
MAINE	360,000	–	–	3	3,650
MICHIGAN	2,400,000	5	761	28	3,337
NORTH CAROLINA	452,000	3	143	13	1,088
NEW HAMPSHIRE	325,000	–	–	6	384
NEW JERSEY	2,600,000	13	2,721	17	2,740
NEW YORK	1,900,000	4	409	47	5,311
PENNSYLVANIA	3,270,000	44	9,121	16	3,084
RHODE ISLAND	1,175,000	5	212	3	1,274
VERMONT	2,300,000	23	7,555	7	3,841
WASHINGTON	650,000	6	325	7	588
WISCONSIN	830,000	4	416	8	1,574
TOTAL	$33,524,997	205	41,494	255	85,889

* Easements acquired through September 30, 1999.

WEDNESDAY, MARCH 15, 2000.

MARKETING AND REGULATORY PROGRAMS

WITNESSES

MICHAEL V. DUNN, UNDER SECRETARY, MARKETING AND REGULATORY PROGRAMS

CRAIG A. REED, ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION SERVICE

KATHLEEN MERRIGAN, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, ACCOMPANIED BY KEN CLAYTON, ASSOCIATE ADMINISTRATOR

JAMES R. BAKER, ADMINISTRATOR, GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

DENNIS KAPLAN, BUDGET OFFICE, DEPARTMENT OF AGRICULTURE

OPENING REMARKS

Mr. SKEEN. The committee will come to order and we will go on the record.

Today we have with us Mike Dunn, the Under Secretary for Marketing and Regulatory Programs. Mr. Dunn is responsible for the Agricultural Marketing Service, the Grain Inspection, Packers and Stockyards Administration and the Animal and Plant Health Inspection Service. That is a pretty good plateful. Mr. Dunn's team has one new member who has not been before this subcommittee, and that is Ms. Kathleen Merrigan, who was appointed Administrator of the Agricultural Marketing Service last year. We welcome her here today.

Glad to have you here.

Ms. MERRIGAN. Thank you.

Mr. SKEEN. The Under Secretary and his Administrators manage a wide range of issues very important to the committee. This is a busy day with a lot of subcommittee hearings. I ask for cooperation from everyone so that Members can make maximum use of their time while we are here.

Before I ask Mr. Dunn for his statement, I would ask the distinguished gentlewoman from Ohio, Miss Kaptur, if she has any opening remarks.

Miss KAPTUR. Thank you, Mr. Chairman, very much. I apologize for being late. There were three things going on at once, including a competing subcommittee hearing. Someday when I become Chair of Appropriations, 50 years from now, I am going to computerize all meetings. So that they don't occur at the same time.

Mr. SKEEN. No apology necessary. We appreciate your time.

Miss KAPTUR. I want to welcome the Under Secretary and all of those very capable individuals that have come over this morning from USDA.

I just wanted to say that the world is a brighter place today, Mr. Chairman, because the staff director of this committee, Hank Moore is a new grandfather. We congratulate him and his family. His first grandchild. I think we ought to give that family some applause.

Mr. SKEEN. Just wait till you get a houseful of them.

Mr. Dunn, we will recognize you for your statement.

Mr. DUNN. Thank you, Mr. Chairman and members of the committee. I am indeed pleased to be here before you today to discuss the activities of the Marketing and Regulatory Programs. I have with me, besides the folks here at the table, Dr. Enriqué Figueroa, who is Deputy Under Secretary for Marketing and Regulatory Programs, in the audience; Mr. Jim Baker, who is the Administrator, Grain Inspection, Packers and Stockyards; Dr. Craig Reed, who is the Administrator of Animal and Plant Health Inspection Services.

You have already introduced Ms. Kathleen Merrigan, who is the new Administrator for the Agricultural Marketing Service. Then we have Dennis Kaplan with OBPA, who is here with us to round out the members at the table.

Mr. Chairman, I hope we are able to present our prepared statements for both myself and the administrators as part of the record.

Mr. SKEEN. Yes, we will do that.

Mr. DUNN. I would like to give the committee an overview of what we are facing in the programs today and the current situation in agriculture as we see it. Certainly agriculture, the agricultural economy, is in a state of change.

Concentration and consolidation is taking place in an unprecedented amount. That has increased the demand for marketing regulatory programs to have more oversight to ensure a level playing field for producers. It has increased the demand for more information that is transparent in price reporting. It has increased the demand for more knowledge about how large entities operate vis-a-vis small producers and family-size operators.

Methods of sales are changing very rapidly, moving away from the spot market towards contracting and vertical integrations. There are more alliances; more cooperatives and direct marketing alternatives are being explored by producers. New markets, such as organic and sustainable, are niches that we see for family farm operations to get into to remain viable.

Genetically Modified Organisms (GMOs) have raised concerns by consumers, environmentalists and by our foreign trade partners, which has had an effect on producers, handlers and processors. There is concern over our regulatory regime and how we regulate GMOs. There is demand for identity preserved and segregation of product in shipment. There is demand for validation of those who are certifying the content of a shipment to be either GMO or GMO-free.

Increased international trade and travel have also increased the demands on marketing and regulatory programs. Greater requirements for international information on price-setting of common standards have been requested.

The WTO and NAFTA have increased the need to provide technical knowledge transfer and foreign capacity building to convince our trading partners that our marketing and regulatory standards

are an efficient and effective means of assuring the quality and quantity of delivered products, and that the animal and plant health of our trading partners are assured.

Over 80 million passengers visited us last year. The volume of trade coming into this country is doubling every 6 years. This volume is producing a tremendous strain on our ability to protect our animal and plant resources.

On the plant side, in 1998, we detected 250 new plant pest infestations, and in 1999 that grew to 334 new finds, an increase of 84 in just 1 year. On the animal side, the National Veterinary Service Lab received and tested over 37,000 diagnostic submissions. They helped us to confirm the presence of West Nile virus. They assured us that Bovine Spongiform Encephalopathy and Classic Swine Fever was not yet on our shores. However, recent disturbing finds, such as horses being shipped into the United States that have been infested with screwworm, reminds us that we are only one slip-up away from having a disaster on the animal side. Outbreaks of Citrus Canker, Plum Pox Virus and Pierce's Disease are costly testimony to our need for early detection and new efficient and effective tools to protect our agricultural economy from such threats.

Ongoing eradication and prevention programs are striking successes, and they prove that we can reverse infestations when we demonstrate that we have the resolve to do so. However, the 100 million acres lost to invasive species, which is increasing at an alarming rate of 3 million acres a year, cry out for us to do more.

Citizens are very concerned about the administration of the Animal Welfare Act and the Horse Protection Act and this has been on the rise, a concern of citizens. Not a day goes by that I don't receive information in my office about alleged violations of the Act, stories of mistreatment, maiming and death of exhibit animals are all too frequent headlines in the nightly news and in the newspapers. And when an animal causes a human death, sometimes an unsuspecting spectator, I receive volumes of correspondence asking who's in charge and how could this happen.

The animal care unit of APHIS has done a tremendous job of reinvention, and in doing more with less by targeting resources at worst offenders. I have received thousands of congratulatory letters on their successes, but it is now time for us to catch up and provide the fiscal and human resources they need to do the job that I demand and that you have legislated them to do. To address these problems, Mr. Chairman, Marketing and Regulatory activities are funded both by taxpayers and beneficiaries of program services.

2001 BUDGET REQUEST

On the appropriations side, APHIS is requesting $512 million for salaries and expenses, $5 million for building and facilities; Agricultural Marketing Service is requesting $92 million for salaries and expenses, and Grain Inspection, Packers and Stockyards is requesting $33.5 million for salaries and expenses. Authorizing legislation was submitted in the first session of the 106th Congress that if it was enacted would recover $30 million more in user fees for fiscal 2001. GIPSA's budget request for 2001 is $33.5 million, salaries and expenses, and $42.6 million to be spent from industry user fees in our revolving fund for Grain Inspection. The appropriated

request for Packers and Stockyards is $19.3 million, an increase of $4 million. This includes $1.2 million to develop models which could be used to verify the existence of anticompetitive behavior, $1.3 million to expand the rapid response teams, $800,000 to examine the competitive structure of the poultry industry and $400,000 to establish a swine contract library to implement the Livestock Mandatory Reporting Act.

The request for Grain Inspection is $14.2 million, an increase of $2.1 million. Nearly $2 million requested for developing new biotechnology testing methods, analytical tests and greater quality assurance procedures in grain. This will enable the agency to begin the process of addressing the changes occurring due to biotechnology. Grain Inspection also requests $150,000 be used to address the emerging sanitary and phytosanitary standards required under the WTO and NAFTA.

A request of $100,000 to enhance GIPSA's civil rights commitment and a request of $350,000 for an information staff to improve communications with the livestock, meat, poultry and grain industries is included. Legislation has been proposed that, if enacted, would authorize the collection of $23.1 million in new license fees for administering the Packers and Stockyards programs and increasing Grain Inspection user fees to cover the cost of maintaining grain standards.

APHIS proposes $512 million for salaries and expenses, a $74.3 million increase above the fiscal year 2000 estimate. This large increase for 2001 largely reflects the decision to fund through appropriations several emergency programs that have been started with funds transferred from the Commodity Credit Corporation. There is also an increase of $8.8 million for the new Invasive Species Initiative. A $3.9 million increase for the AQI appropriated program would lower the threat of exotic agricultural pests and diseases entering the United States.

A $2 million increase for the international programs would help USDA officials and trading partners resolve pest and disease problems and sanitary/phytosanitary-related issues.

Our second line of defense is animal and plant monitoring whose ongoing emergency programs will identify small outbreaks before they have a chance to become major infestations. An increase of $9.3 million would provide a strong foundation for these efforts in monitoring plant and animal health. $5.2 million of the increase would allow APHIS to address several vulnerable areas in the emergency management program and will enable us to improve our response to animal disease threats.

Emerging plant pests remain a significant management issue for APHIS. An increase of $25 million would provide $20.5 million for an ongoing Citrus Canker eradication program in Florida and $4.6 million to ongoing Asian Long-Horned Beetle programs in Illinois and New York.

The Animal Welfare budget request is seeking $15.2 million, an increase of $5 million over the fiscal 2000 level. These funds would maintain the current activities, increase the number of inspections and improve follow-up to verify corrections of violations found during these inspections.

$5 million is proposed for general maintenance to the support and modernization of Plum Island Animal Disease Center facilities for 2001. In addition, APHIS is in collaboration with Ag Research Service in requesting $9 million to begin the modernization of the National Veterinary Service Lab in Ames, Iowa.

The Agricultural Marketing Service budget includes an increase of $18 million. A total of $92 million is requested and appropriated in Section 32 funding to support a number of activities that support our strategic goals. Additional fundings would be used to continue the Mandatory Price Reporting for livestock program begun in 2000. That request is for $5.9 million. We would ask $400,000 to expand voluntary market news reporting to include more data on international markets.

To implement the National Organic Standards program, we are requesting $703,000 for start-up costs, $600,000 to expand the market news program to include organic news, and $1 million in research on the impact that market orders have on organic producers.

To expand the data collection capacity of the Pesticide Data Program to accurately reflect the level of pesticide residue in drinking water, we are requesting an additional $1.1 million.

To conduct microbiological testing in fruits and vegetables, to support the Food Safety Initiative, we are requesting $6.2 million.

To develop small farm, export and sustainable agriculture activities that will assist small farmers to increase their marketing opportunities, $300,000 is requested for an increase in the Federal and State Marketing and Improvement Program.

And to improve the information system to support commodity purchase programs, we are requesting $1 million.

Mr. Chairman, that highlights the additional requests that we have in our budget. I and the administrators are willing to accept any questions that you might have.

[The prepared statement and biographies of Michael V. Dunn, Dr. Craig A. Reed, Kathleen Merrigan, James R. Baker, Enriqué E. Figueroa, and Kenneth C. Clayton follow:]

Statement by
Michael V. Dunn
Under Secretary of Agriculture
for Marketing and Regulatory Programs
before the House Subcommittee on Agriculture,
Rural Development, Food and Drug Administration and Related Agencies
March 15, 2000

Mr. Chairman and Members of the Committee, I am pleased to appear before you to discuss the activities of the Marketing and Regulatory Programs of the U.S. Department of Agriculture and to present our fiscal year (FY) 2001 budget proposals.

With me today are Dr. Enrique Figueroa, Deputy Under Secretary for Marketing and Regulatory Programs; Mr. James Baker, Administrator of the Grain Inspection, Packers and Stockyards Administration; Dr. Craig Reed, Administrator of the Animal and Plant Health Inspection Service; and Ms. Kathleen Merrigan, Administrator of the Agricultural Marketing Service. They have statements for the record and will answer questions regarding specific budget proposals.

STRATEGIC GOALS

The Marketing and Regulatory Programs contribute to the Department's three strategic goals which support the rural economy, assure food safety and sensibly manage the natural resources. Specifically, the Marketing and Regulatory Programs goals include:

- providing consumers access to safe, affordable, and high quality products and assuring producers access to fair and competitive markets;

- facilitating the global marketing of U.S. agricultural products;

- increasing customer awareness of our services;
- providing efficient, entrepreneurial, and cost effective services; and
- creating and maintaining a diverse and highly skilled workforce.

FUNDING SOURCES

The Marketing and Regulatory Program activities are funded by both the taxpayers and beneficiaries of program services.

On the appropriation side, the Animal and Plant Health Inspection Service is requesting $512 million for salaries and expenses and $5 million for buildings and facilities; the Agricultural Marketing Service is requesting $92 million for salaries and expenses; and the Grain Inspection, Packers and Stockyards Administration is requesting $33.5 million for salaries and expenses.

Authorizing legislation was submitted in the first session of the 106th Congress, which if enacted would recover $30 million more in user fees for FY 2001. The service provided by these activities offer specific benefits to clearly defined businesses. Paying for these services should be their responsibility rather than the responsibility of the taxpayer.

We, therefore, urge the Congress to enact this legislation. The legislation would authorize new license fees to recover the cost of administering the Packers and

Stockyards (P&S) Act, additional license fees for facilities regulated under the Animal Welfare Act, additional biotechnology permit fees, and additional grain inspection fees for developing grain standards.

I will use the remainder of my time to highlight the Department's budget requests for the Marketing and Regulatory Programs.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GIPSA's mission is to facilitate the marketing of livestock, meat, poultry, cereals, oilseeds, and related agricultural products and to promote fair and competitive trade for the benefit of consumers and American agriculture. GIPSA fulfills this through two programs: the Federal grain inspection service and the packers and stockyards program. The agency has both service and regulatory roles.

Packers and Stockyards Program

The strategic goal for the Packers and Stockyards Programs is to ensure fair business practices for livestock, meat, and poultry markets and provide financial protection for producers.

During FY 1999, GIPSA consolidated the activities of the Packers and Stockyards program and established three field offices to significantly improve their ability to provide financial protection and promote fair business practices in a competitive marketing environment for beef, pork, and poultry. This new structure significantly strengthens GIPSA's ability to use Rapid Response Teams to investigate

anticompetitive practices and provide greater flexibility and efficiency to enforce the trade practice and payment protection sections of the Packers and Stockyards Act (P&S Act).

The trends toward greater vertical integration of the meat packing industry are a continuing concern. Among other activities, GIPSA has authority to combat these trends in the following ways:

- survey packer procurement and regional markets to foster and maintain fair and open competition;
- investigate packer financial conditions and payment practices to assure financial obligations are met;
- maintain a trust for cash sellers of livestock and poultry to packers; and
- investigate poultry marketing practices and identify and take action against unfair trade practices that are injurious to producers and industry operators.

Packers and Stockyards Programs conducted over 1,200 investigations during FY 1999. Most violations were corrected on a voluntary basis with several resulting in livestock and poultry producers receiving additional funds for the sale of their product. During FY 1999, 12 administrative or justice complaints were issued to bring suspect firms into compliance with the provisions of the P&S Act. In addition, 18 decisions and orders were issued by USDA against 22 individuals or firms for violating the P&S Act.

Let me take this opportunity to highlight one example of GIPSA's oversight in this area. Contract poultry grower complaints often involve objections to grower payments based upon performance comparisons to other growers, inaccurate feed weights, and inaccurate weighing of live birds. During FY 1999, GIPSA investigated the operations of 99 live poultry dealers based largely upon complaints received from contract growers. GIPSA is conducting investigations of the various payment terms incorporated into poultry growing arrangements. These investigations seek to verify whether settlement terms of poultry dealers are deceptive or unfair to the poultry growers.

GIPSA continually conducts trade practice investigations of auction markets, livestock dealers and order buyers, slaughtering packers, poultry processors and dealers, and dealer brokers and distributors. One of GIPSA's chief enforcement concerns is monitoring scale tests, where 93.7 percent complied with performance standards. Those not in compliance were adjusted, repaired, replaced, or removed from service.

GIPSA's Rapid Response teams, comprised of GIPSA officials and attorneys in the Department's Office of the General Counsel, were dispatched to South Dakota and Missouri in 1999. These teams were assigned to respond to the growing concerns of cattle and hog producers, who had alleged that packer violations occurred when mandatory livestock reporting laws were enacted in each State. These high priority team investigations provide timely and effective results.

The teams are assigned to respond to the growing concerns of cattle and hog producers, where allegations of packer violations occurred since mandatory livestock

reporting laws were enacted in each State. These high priority team investigations provided expeditious examinations to prevent undue competitive effects or financial harm as a result of any violation of the P&S Act.

Deployment of the rapid response teams demonstrated that GIPSA is prepared and willing to take quick, decisive action when there is the potential for market failures to occur. As a result of the rapid response team visit to South Dakota, we found that, while evidence was insufficient to conclude that packers violated the P&S Act, some packers do not keep records in sufficient detail to comply with the P&S Act. GIPSA will pursue actions to ensure that current record keeping practices comply with the P&S Act.

Federal Grain Inspection Service

GIPSA's strategic goal for the Federal Grain Inspection Service is to provide the U.S. grain market with Federal quality standards and a uniform system for applying them. GIPSA plays a critically important role in facilitating the marketing of U.S. grain and related commodities for the benefit of American agriculture.

At the beginning of FY 1999, we had 14 cases involving alleged violations of the U.S. Grain Standards Act and the Agricultural Marketing Act pending further action. During FY 1999, GIPSA closed 20 cases and opened 16 new cases of alleged violations such as false weighing, deceptive loading and grain practices, altering official certificates, issuing false certificates, exporting grain without official inspection, performing official duties improperly, and employee misconduct. GIPSA worked with the Office of Inspector General and the Department of Justice on two criminal cases.

Exporters received USDA export certificates from GIPSA, for an average cost of 22 cents (adjusted for inflation to 1992 dollars) per metric ton of grain in FY 1999; down from the 1994 cost of 27 cents per metric ton. These certificates facilitated the marketing of over $20 billion worth of cereals and oilseeds. Likewise, here at home, buyers and handlers requested over 1.9 million domestic inspections that facilitated the trading of 127 million metric tons of cereals and oilseeds destined for domestic use.

Our commitment to reaching our customers does not end at our borders. In FY 1999, GIPSA representatives met in the United States with 89 teams from 50 countries to provide information, technical guidance, and educational seminars. These international outreach efforts help promote greater harmony between U.S. and international standards, and foster a better understanding of the U.S. grain marketing system, the official U.S. grain standards, and the national inspection system. By reducing the risk of new barriers in today's open and freer global marketplace, purchasers gain confidence in U.S. grain and buy more exports of U.S. agricultural products.

We also are implementing new testing services to keep pace with an increasingly sophisticated market that requires end-use quality information. In FY 1999, new testing services were offered for corn oil, protein, and starch that are used to determine value, establish premiums, and negotiate price.

GIPSA's FY 2001 Budget Request

To fund these important activities, GIPSA's budget request for FY 2001 is $33.5 million for Salaries and Expenses and $42.6 million to be spent from industry user fees in our revolving fund for grain inspection.

The appropriation request for the Packers and Stockyards Programs is $19.3 million, an increase of $4 million. This includes $1.2 million to develop sophisticated models which could be used to verify the existence of anti-competitive behavior, $1.3 million to expand the rapid response teams, $800,000 to examine the competitive structure of the poultry industry, and $400,000 to establish a swine contract library to implement the Livestock Mandatory Reporting Act.

The appropriation request for grain inspection is $14.2 million; an increase of $2.1 million. Nearly $2 million is requested for developing new biotechnology testing methods, analytical tests, and greater quality assurances procedures in grain. This will enable the Agency to begin the process of addressing the changes occurring due to biotechnology. Biotechnology has accelerated the rate of change in agriculture with new varieties meeting both the agronomic needs of the farmer and the specific quality attributes of the end user. As the commercialization of bio-engineered crops has expanded, consumers worldwide have expressed an interest in having access to better and more reliable information about foods that do not contain biotech ingredients. In addition, U.S. producers and industry representatives are seeking to ensure that claims by competitors as to the biotech-free nature of their products are not false and misleading.

As American agriculture works to address these complex and difficult issues involving the production and marketing of bio-engineered crops, it is vital that USDA establish the framework to ensure the reliability of biotech crop detection methods. Measuring the traits of newly engineered grains is of critical importance in keeping grain

markets open and fair. Of greater importance is the U.S. Government's ability to provide leadership in establishing consistency in test methods to measure bioengineered grain and oilseeds.

In response, GIPSA has initiated action to establish a biotech reference facility. Our laboratory will meet the market's need for reliable and accurate analytical techniques that differentiate non-biotech from biotech grains and oilseeds by evaluating and verifying the validity of analytical procedures used to detect and quantify genetically enhanced traits in grains and oilseeds. It also will be used to establish sampling procedures for use in testing genetically enhanced grains and oilseeds. These standardized sampling and testing methods will be implemented through GIPSA's inspection program. The laboratory will meet a market need to ensure reliability of biotech crop detection methods and to facilitate information exchange, which, in turn, will decrease transaction costs and increase overall market efficiency.

Grain Inspection also requests $150,000 which would be used to address emerging sanitary and phytosanitary standards required by the WTO and NAFTA.

There is a request of $100,000 to enhance GIPSA's civil rights commitment and diversify its workforce. There is also a request of $350,000 for an Information Staff to improve communication with the livestock, meat, poultry and grain industries.

As discussed earlier legislation has been proposed, that if enacted, would authorize the collection of $23.1 million in new license fees for administering the packers and stockyards programs and increases grain inspection user fees to cover the costs of maintaining grain standards.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The fundamental mission of APHIS is to anticipate and respond to issues involving animal and plant health, conflicts with wildlife, environmental stewardship, and animal well-being. Together with their customers and stakeholders, they promote the health of animal and plant resources to facilitate their movement in the global marketplace and to ensure abundant agricultural products and services for U.S. customers. The APHIS mission satisfies 5 strategic goals. They include:

- safeguarding plant and animal resources from foreign pests and diseases;
- quickly detecting outbreaks of foreign agricultural pests and diseases;
- control of plant and animal pests and diseases and wildlife damages;
- ensuring the humane care and treatment of animals; and
- developing safe and effective scientific pest and disease control methods.

APHIS accomplishes this mission in concert with its stakeholders – States, industry, and the public. By maintaining and expanding market opportunities and by preventing and/or responding to new threats of plant and animal pest and diseases, APHIS supports the Department's goal of opening, expanding, and maintaining global market opportunities for agricultural producers.

Safeguarding Animals and Plants

Several APHIS programs are in place to safeguard plant and animal resources

from foreign pests and diseases. By excluding animal and plant pests and diseases, agricultural producers can obtain the benefits of global trade without undergoing the risks and costs for pest and disease control.

For example, the Agricultural Quarantine Inspection (AQI) program has inspectors assigned to ports of entry and land borders to scrutinize passengers and cargo to prevent pest and disease introduction into the United States. In 1999 AQI inspectors processed an all-time high of 83 million international air, maritime, and land border passengers/pedestrians. They also inspected 70,968 ships and 837,931 related cargo shipments. Inspections also intercepted 1.3 million shipments in contraband upon arrival to the United States. Most of this activity is funded through user fees which were increased in January. We expect to use an additional 293 staff years in FY 2001. More inspectors will be stationed at ports of entry and more emphasis will be placed on X-ray machines and the beagle brigade.

The sterile Mediterranean fruit fly (Medfly) preventive release program in California and Florida shields our agricultural resources. APHIS works with State and Federal agriculture officials to administer the release of several billion sterile Medflies annually. This joint sterile release program has reduced the number of outbreaks and associated aerial Malathion applications. If Medfly would become established on American soil, U.S. producers could lose an estimated $1.5 billion annually.

The APHIS import/export inspection program protects U.S. livestock, poultry, and wildlife populations from restricted diseases, including those transmissible to humans. APHIS regulates animal and animal product imports and promotes the American export of these products by ensuring foreign animals and animal products meet health and

welfare requirements of recipient countries. In FY 1999 APHIS issued point of origin export certificates for 1 million head of livestock, 97 million in live poultry, 75 million hatching eggs, 10 million doses of semen, and 15 million head of other animals, including cervids and camelids. It also supervised the importation of 4 million animals, 7 million poultry, 2 million doses of semen, and 594 embryos.

The Sanitary and Phytosanitary (SPS) Management efforts are key to ensuring fair trade of all agricultural products. APHIS employs 73 Foreign Service Officers in 27 countries to defend and promote American agriculture. APHIS staff help resolve trade issues which enhance American commerce. These staff negotiate SPS standards, resolve SPS issues, and provide clarity on regulating imports and certifying exports. APHIS works with WTO and NAFTA to explore new agricultural trading opportunities by opening markets through the application of science based sanitary and phytosanitary standards. APHIS continues to receive an increasing number of import requests to assess whether its regulations can be changed to allow for lower cost mitigation or regionalization approaches. The increases in U.S. global trade rely heavily upon APHIS to certify exports as meeting foreign country animal and plant health import requirements, to negotiate science-based import standards, and to protect against the introduction of exotic pests and diseases.

APHIS is also acting in the best interests of American agriculture by normalizing trade relations with China as part of its safeguarding endeavors. APHIS now oversees a 98 percent compliance rate from Chinese exporters under the recent solid wood packing rule. Indeed many exporters are no longer using solid wood packing materials.

This rule was designed to protect the U.S. from Asian Long-horned Beetle. Also, Chinese scientists are conducting pesticide testing and attractant research for greater detection and trapping methods.

The APHIS screwworm program is another example of the safeguarding system in place to exclude plant and animal pests and diseases. Screwworm is a common pest native to North, South, and Central America that causes extensive damage to domestic livestock and other warm blooded animals. Animals can contract this disease when the screwworm larvae enter through wounds. If left untreated, animals with screwworm infestations may die in 7 to 14 days. The program, eventually to be located in Panama, will be used to prevent screwworm re-introduction. The program provides a land barrier between North America and South America.

The screwworm program has also made significant progress in achieving a permanent barrier. In October 1999 Nicaragua was declared free of screwworm. Costa Rica has reported only 19 infestations, with complete eradication expected in July 2000. This leaves Panama as the last state for complete eradication. Construction for a new facility is ready to begin this year, if we could obtain financing. A private financial institution is ready to provide funds if the government would guarantee the loan. Unfortunately, the Department lacks authority to guarantee such a loan. Assuming construction could commence, the facility could be fully operational by early 2003. The joint U.S. - Panama Commission would use cooperative funding and amortize this facility over 10 to 15 years. After they recouped their costs, the investors would donate the facility to the Commission.

While this facility will provide an adequate buffer against screwworm infestation, the recent shipments from South America reminds us all that barriers are vulnerable and the need for vigilance and safeguarding remain one of our highest priorities.

Monitoring Agricultural Pests and Diseases

APHIS must quickly detect outbreaks of foreign agricultural pests and diseases to provide a strong interior line of defense against pests and diseases. APHIS accomplishes its monitoring functions in a cooperative effort with Federal and State governments and industry. Specifically, the monitoring program has four components: surveillance, regulatory enforcement, emergency management, and pest detection.

Surveillance investigations are accomplished through the APHIS National Animal Health Monitoring System (NAHMS). They conducted 336 investigations in 1999 and analyzed the results for the benefit of policy makers, producers, and consumers. The program provides objective animal health information pertaining to trade, productivity, public health, and farm quality assurance. The collaboration of these efforts has created a partnership that is cost-effective, while minimizing duplication of effort.

The APHIS regulatory enforcement activity ensures uniform compliance with Federal statutes and regulations that govern animal and plant health. For example, in FY 1999 APHIS conducted 313 animal health investigations, resulting in 188 formal submissions for administrative action. The 469 animal health investigations resulted in $50,000 in civil penalties. Violations of plant quarantine restrictions resulted in over $220,000 in civil penalties.

The APHIS emergency management system is developing a world-class operations center in Riverdale, Maryland to monitor daily incidents, ensure preparedness, and coordinate a rapid response, if or when, a national animal health emergency occurs. In addition, APHIS is working with the Department's Disaster Management and Coordination Staff, the Federal Emergency Management Agency, and existing State emergency management agencies to unify its response on behalf of animal health.

The APHIS pest detection program identifies incipient infestations of exotic pests that have the potential to cause significant economic damage, such as gypsy moth, imported fire ant, medfly, and pink bollworm. This program supports the global competitiveness of U.S. agriculture. With these monitoring systems in place, APHIS can quickly detect potential animal and plant health pests and minimize their possible damage to American agriculture.

Controlling Losses

Pest and disease control techniques are employed by APHIS to minimize plant and animal losses, and wildlife damage. APHIS collaborates with States to detect, prevent, and eradicate pests and diseases harmful to American agriculture. The agency regulates various shipments of plants, livestock, and related products to prevent the spread of diseases. For example, APHIS has efforts as the cooperative boll weevil program, the cooperative brucellosis program, the Asian long-horned beetle eradication program, the Accelerated Pseudorabies Program, the Bovine Tuberculosis program, and the scrapie eradication program. Their management techniques continue to address pest and disease risk posed to agricultural and human health. Another component of APHIS pest management is found in Wildlife Services Operations.

American wildlife is an active trans-boundary resource, which in some situations poses a risk to human health and safety, as well as natural resources. APHIS, in partnership with the Fish and Wildlife Service and industry representatives, manages the increase in wolf activity due to reintroduction initiatives throughout the U.S. APHIS also protects the sunflower industry from Blackbird predation in the Dakotas, by reducing cattail densities as habitat for migrating blackbirds. The Agency also assists in rabies mitigation in racoons, which continues to spread north throughout the eastern seaboard.

Animal Care

APHIS ensures the humane care and treatment of animals by enforcing uniform compliance with Federal laws and regulations. It performs this function through sound enforcement and strong educational outreach efforts to all regulated entities. The Agency uses risk assessments to target inspection resources at the facilities where animal welfare concerns are the greatest. All field personnel will have direct access to the databases and increased training to improving the care. Our success in tracing animals back through dealer records to the original sources increased from less than 40 percent in 1993 to nearly 95 percent in 1999. APHIS continues to incorporate and improve animal care and welfare regulations by integrating the regulated entities and other concerned stakeholders in the rule-making process to assure greater communication and collaboration.

APHIS will use funds to maintain current programs and enhance the enforcement of the Horse Protection Act by increasing routine audits of horse industry records and attending additional horse shows. Through a cooperative enforcement partnership with the Horse Industry Organizations (HIOs), the Agency is placing primary

enforcement responsibility upon the horse industry Designated Qualified Person (DQP) inspection program. While APHIS will not relinquish its authority under the HPA or regulations, it is redefining its oversight of the horse industry through increased advisory, audit and evaluation roles. APHIS continues to meet with representatives of the unsigned HIOs to clarify issues in the operating plan. APHIS is optimistic all the HIOs will sign the operating plan for the 2000 horse show season. This funding increase will allow APHIS inspectors to attend 8 additional horse shows that utilize DQPs and 2 more shows not affiliated with one of the certified HIOs. In addition, more follow-up audits will be conducted on DQPs.

Scientific and Technical Services

APHIS must also develop safe and effective scientific pest and disease control methods. The volume of transgenic plants tested in the field and entering the marketplace has increased the demand for biotechnology permits by more than 20 percent. In spite of this, APHIS has streamlined and expedited notification procedures to address this demand. Moreover, APHIS continues to foster regulations which harmonize international standards for genetically-engineered plants and micro-organisms.

The APHIS veterinary biologics program prevents the importation, production, and distribution of impure, ineffective, unsafe, or impotent veterinary biological products in the U.S. This activity includes licensing, inspection, testing statistically-based samples, and issuing permits for product importation. APHIS issued 139 new product licenses, so that veterinarians can now diagnose, treat, and prevent animal diseases with 34 new market products. Animal drug producers requested approval to market over 16,000 veterinary biological products in FY 1999. APHIS withheld 19 for failing to

meet these requirements and conducted 5 investigations and 13 regulatory actions for possible violations. APHIS shipped 5,142 vials of reagents to facilitate testing consistency and quality biologics, and developed 20 new tests and reagents.

The APHIS National Veterinary Services Laboratories (NVSL) in Ames, Iowa tested 37,282 submissions in FY 1999, including 7,678 for import/export testing. Our Foreign Animal Disease Diagnostic Laboratory tested 354 submissions from 188 suspect foreign animal disease investigations including the testing of zoo animals. During FY 1999 NVSL continued to provide support for Classic Swine Fever and African Swine Fever. It continues to test for Bovine Spongiform Encephalopathy (BSE) to confirm that the U.S. remains free of this transmissible animal disease. NVSL also plays a major role in the identification and isolation of prospective emerging diseases. They participated in the discovery of West Nile Virus, a contagion previously unknown to exist in the Western Hemisphere. They isolated this virus from Long Island equines and identified it as an arbovirus. Once identified, the public and animal health officials could assess and coordinate their efforts to address the issue.

The Wildlife Services Methods Development program addresses the research needs to reduce bird damage to the agriculture, aquaculture, and aviation industries; mammal damage to the timber industry and to rangeland; coyote damage to the livestock industry; and predation of threatened and endangered species. The National Wildlife Research Center develops traditional, nonlethal methods such as improved traps and snares, maintenance of registered uses for particular chemical pesticides, repellants and attractants, as well as novel approaches such as reproduction inhibitors/immunocontraceptives.

The goal of the scrapie program is to control and ultimately eradicate scrapie from the U.S. APHIS has initiated an accelerated eradication program to eliminate scrapie from the sheep population of the U.S. over a 7 year period. The increased FY 2001 funding would allow APHIS to continue the eradication program with intensive slaughter surveillance. A proposed rule was published in November 1999 as a framework to accelerate the eradication program. It requires sheep and goat identification moving through interstate commerce. It also requires reporting and quarantining as well as indemnification for high-risk animals that test positive for scrapie. APHIS currently is working with ARS on the validation of a third eyelid test to enhance its detection methods. The proposed funding increase would also support the small farm initiative, thereby providing an economically viable means by which small farmers can eliminate scrapie from their flocks.

Invasive Species

In February of 1999, President Clinton issued an Executive Order to coordinate efforts to combat invasive species. Invasive organisms pose a significant environmental and economic threat and compromise the integrity of our Nation's lands and waters. The National Invasive Species Council, with members from more than 20 Federal agencies, will encourage regional participation by State, local, and Tribal governments. APHIS is the lead agency among these Federal agencies. Because APHIS ensures U.S. agriculture can feed its population, compete in domestic and foreign markets, and protect ecological and natural resources, it can leverage this mission on behalf of the entire Federal Government. Without these efforts, the unintentional importation of foreign plant and animal pests and diseases would go on unabated, with an estimated $123 billion in economic damage each year. Recent examples of such invasive incidents include Asian long-horned beetle, zebra mussels,

leafy spurge, plum pox, citrus canker, and pierce's disease. APHIS will spearhead analyses to determine how these organisms enter the U.S., coordinate agreements, including cost-share arrangements with entities managing ecosystems, and provide public outreach to enhance these efforts. As recent events indicate, more efforts may be needed.

APHIS' 2001 Budget Request

The budget request proposes $512 million for salaries and expenses, a $74.3 million increase above the current FY 2000 estimate. This large increase for 2001 largely reflects a decision to fund through appropriations several emergency programs that had been started with funds transferred from the Commodity Credit Corporation. These include fruit fly exclusion efforts, emerging plant infestations, and scrapie eradication. Also, there is an increase of $8.8 million for the new Invasive Species initiative.

Our first line of defense against foreign infestations are the Plant Protection and Quarantine (PPQ) programs. A $3.9 million increase for the AQI appropriated program would lower the threat of exotic agricultural pests and diseases entering the United States along the Mexican and Canadian borders and from reaching the mainland from Hawaii and Puerto Rico. This increase is commensurate with the established increases in user fee supported activities. As a result, we would add 293 staff years to the inspection workforce; a 10 percent increase above FY 2000. A $1.9 million increase for other international programs would help USDA officials and trading partners resolve pest and disease problems and Sanitary/Phytosanitary related issues.

Our second line of defense is Animal and Plant Monitoring, whose ongoing and emergency programs will identify small outbreaks before they have the chance to become major infestations. An increase of $9.3 million would provide a strong foundation in these efforts in monitoring plant and animal health. It would be used to fill gaps in the Federal, State and industry partnerships that would investigate and respond to emerging disease issues, including bio-terrorism. Also, a $5.2 million of the above increase will allow APHIS to address several vulnerable areas in its emergency management program and will enable us to improve our response to animal disease threats to the economic viability of the U.S. animal health industries and national security.

Emerging plant pests remain a significant management issue for APHIS. An increase of $25 million would provide $20.5 million to the ongoing citrus canker eradication program in Florida and $4.6 million to ongoing Asian Long-Horned Beetle (ALB) programs in Illinois and New York. Citrus Canker is a devastating bacterial disease that severely threatens Florida's $6 billion citrus production for the past 10 years. Trade with China has grown from $5 billion to $80 billion since 1983. Shipments from China have contained numerous wood-boring pests, such as ALB, in solid wood packing material. If left unchecked, ALB could severely impact the forest products, nursery, tourist, and maple syrup industries, which generate combined revenues of $47 billion annually in the northeastern U.S. alone.

The budget request also includes reductions in several control programs, such as boll weevil, brucellosis, and wildlife services. These reductions, which have been proposed in the past, have not been well received. However, we hope that the Committee will reconsider them, this year, not only on their worth, but because of the

need to fund high priority animal and plant protection programs. For boll weevil, APHIS is transferring full operational authority to the growers in eradicated and non-infested regions. While APHIS will retain oversight activities, we believe that there is no longer any need to provide cost-sharing in areas where boll weevil no longer exists. In addition, we are making $100 million in loans from the Farm Service Agency available for use. Finally, APHIS still expects that the cooperative program will achieve the eradication of the boll weevil from all cotton growing areas of the U.S. and northern Mexico by 2003. For brucellosis, the success of the current program will allow some reductions and all production areas are expected to be "Class Free" by the end of FY 2000. For Wildlife Services, while the budget makes no specific program recommendations, we expect that cooperators, who are the primary beneficiary of this program, will increase their share of costs in order to support the current program level. Legislation is proposed, which if enacted, would recover $10.7 million of the costs of providing certain animal welfare and biotechnology services through user fees.

For Animal Care, the budget request also seeks a $15.1 million, an increase of $5 million over the FY 2000 level. These funds would maintain all current activities, increase the number of inspections, and improve follow-up to verify correction of violations found during these inspections. APHIS would handle animal care complaints more quickly and would make complete follow-up inspections.

An appropriation of $5 million is proposed for general maintenance and to support continued modernization of Plum Island Animal Disease Center facilities in 2001. Additionally, APHIS will collaborate with ARS, which is requesting $9 million to

begin modernization of the NVSL in Ames, Iowa. These facilities are critical to supporting the Department's efforts on addressing bio-terrorism. We are actively engaged in Administration efforts to meet those challenges.

AGRICULTURAL MARKETING SERVICE

The fundamental mission of AMS is to facilitate the strategic marketing of agricultural products, ensure fair trading practices, and promote a competitive and efficient marketplace. The AMS programs enable the private sector marketing system to provide food and other agricultural products more efficiently, with greater dependability, and with assurance of equitable treatment among the participants.

AMS disseminates market information, develops grade standards, protects producers from unfair marketing practices, conducts random testing of commodities for pesticide residues, provides oversight of industry funded programs to promote agricultural products, and promotes research and technical assistance aimed at improving efficiency of food marketing and distribution. AMS also administers marketing agreements and orders at the national level and purchases commodities that support domestic feeding programs.

AMS Funding

For 2001, the budget includes an increase of $18 million. A total of $92 million is requested in appropriated and Section 32 funds to support a number of activities that support our strategic goals. The additional funding would be used to:

- continue the Mandatory Price Reporting for livestock begun in 2000;

- expand voluntary market news reporting to include more data from international markets;

- implement the National Organic Standards Program;

- expand the data collection capacity of the Pesticide Data Program (PDP) to accurately measure the level of pesticide residues in drinking water;

- conduct microbiological testing of fruits and vegetables to support the President's Food Safety initiative;

- develop small farm, export, and sustainable agriculture activities that will assist small farmers to increase their marketing opportunities; and

- improve the information systems used to support commodity purchasing programs.

Mandatory Price Reporting

Concern over the potentially harmful effects of industry concentration on competition resulted in passage of the Livestock Mandatory Price Reporting Act of 1999. Consolidation in the red meat industry has resulted in the growth of private marketing agreements and declining participation in public markets. Voluntary price reports do not reflect transactions from marketing agreements. Thus, it is difficult for producers to determine prevailing market prices or to evaluate contract offers from packers. We estimate that under the current market news reporting program, 35-40 percent of cattle transactions, 75 percent of hog transactions and 40 percent of

lamb transactions are **not** being reported. It also makes it difficult to administer programs that address economic stress in the livestock industries. The benefits of mandatory price reporting will come from increasing the transparency of market price signals for producers and others in the marketing chain. These mandatory price reports will cover 90 percent of the beef, 96 percent of the hogs, 84 percent of the lambs slaughtered, and 80 percent of the lambs imported.

Congress authorized the Secretary to initiate mandatory reporting by the industry in the FY 2000 and provided start-up funding of $4.7 million in a one-time transfer from CCC funds. The budget requests $5.9 million to finance the annual cost of continuing the mandatory reporting program in FY 2001. As mandatory price reporting is implemented, the AMS Market News program will be dealing with a dramatically expanded volume of data. At the same time, the agency has been encouraged to continue all of its voluntary reporting that falls outside the coverage of the mandated program. Also, because of the mandatory nature of the new program, a significant monitoring and review system must be established to ensure that the information provided is accurate and timely.

Several States have enacted legislation mandating, to various degrees, the reporting of market information on transaction of cattle, swine, and lambs conducted within a particular State. Currently, this includes the States of Iowa, Minnesota, Missouri, Nebraska, and South Dakota. Of these, only Minnesota and South Dakota are collecting mandated market information. When the USDA Livestock Mandatory Reporting Program becomes effective, States are preempted from imposing mandatory

reporting requirements that are in addition to or inconsistent with the USDA program. A proposed rule for mandatory reporting will be published in this week, and the program will be implemented by the end of this summer.

Another area that AMS is playing a key role in is contracting. AMS is coordinating an interagency team looking at ways to enhance producer understanding of contracting and empower them to make sound financial decisions. Producer-education materials are under development and, currently, a comment period is open on a proposed rule establishing a pilot program on forward dairy contracting. As proposed, the pilot program would stipulate several right-to-know contract stipulations.

International Market News

Agricultural exports are playing an increasingly important role in the U.S. agricultural economy. In 1998, agricultural exports increased by $1.2 billion to a total of $58.5 billion. Industry feedback received by AMS has indicated a great demand for international information. These needs include country specific price, quality, and sales information as the industry meets its competition in the post-GATT and NAFTA global economy. The 2001 budget includes an increase of $400,000 to gain greater access to foreign markets by incorporating the international price and trade volume data into existing market news reports. Improving AMS' ability to gather overseas market information will have a significant, positive impact on the ability of the dairy, meat, poultry, and fruit and vegetable industries to compete successfully in the international marketplace.

Market Information and Grading Systems with China

The Agricultural Marketing Service has an ongoing project with China aimed at providing technical assistance to the Chinese Ministry of Agriculture and the State Administration of Grain Reserve to improve their market information systems as well as assist in the development of quality standards for agricultural commodities – specifically beef quality standards and a related grading program. The projects are being conducted in cooperation with ERS, and NASS, who have ongoing programs in China.

National Organic Standards

We expect to publish a final rule for the National Organic Program this year. The revised proposed organic standards have been published and we are awaiting comments. The AMS budget proposes increases designed to better serve producers, certifying agents and consumers of organic products. The budget includes a net increase of $703,000 that will allow us to "jump-start" the certification program and provide outreach to new customers.

We will develop an international certification program, accredit State departments of agriculture and private persons for certifying that producers meet the requirements of the regulation, establish a system to prevent fraudulent labeling, and conduct extensive customer outreach.

In addition, we are proposing a increase of $600,000 to expand market news reporting of organically-grown fruit and vegetables. At this time, the rapidly growing market for organically-grown commodities is operating with scant and inconsistent market information.

Small producers will especially benefit by having more timely market information. Statistics show that small producers are the majority of organic farmers. With improved market information they will be in a better position to compete with large producers and handlers.

Finally, the budget requests an increase of $1 million of Section 32 Administrative funding to develop our expertise and provide research on the economic impact of marketing order programs on the organic sector. The growing market for organic products presents conflicts in virtually all of the 36 active fruit and vegetable marketing agreement and order programs, as they will soon include some organically produced commodities.

Marketing agreements and orders are designed to help stabilize market conditions for fruit and vegetable products for the benefit of producers and consumers. Marketing order programs assist farmers by allowing them to collectively work to solve marketing problems.

AMS oversees the activities of the industry committees and they need additional data on organic production, marketing and distribution channels, as well as production projections for future organic fruit and vegetable marketing plans.

Without supporting data and market studies, it is difficult for AMS to make informed regulatory decisions on the interrelationship between organic and conventionally grown commodities.

Pesticide Data Program

Meeting the demands for pesticide residue data generated by the Food Quality Protection Act continues to be a high priority for AMS. The Pesticide Data Program (PDP) will ensure that American agriculture is protected from the unnecessary loss of pesticides. PDP data plays a crucial role in EPA's evaluations, because it provides information concerning the actual presence of pesticides in foods. For 2001 $1.1 million of additional funds are needed to begin testing pesticide residue exposure from drinking water. EPA's current reliance on models for predicting this exposure may significantly overstate the residue levels in drinking water and threatens the continued availability of several agricultural pesticides. Due to the complexity of testing water, AMS cannot redirect current PDP activities to begin a water testing program without seriously compromising the statistical reliability of the program's findings on other commodities.

President's Food Safety Initiative

For the President's Food Safety Initiative, we are reproposing $6.2 million to build on the Federal-State infrastructure of PDP to include microbiological testing of fruits and vegetables. Scientifically-sound estimates of pathogenic contamination will be used to assess the food safety risk posed by microbiological pathogens on fruits and vegetables and target resources to the highest risk areas. There is no other statistically valid Federal or State program that can give a complete microbiological picture of fruits and vegetables nationwide. By using the existing PDP infrastructure, including state samplers and laboratories, AMS is able to minimize costs for this program.

Assistance to Small Farmers

To assist small farmers, AMS is requesting an additional $300,000 for its "Payments to States" matching grants. This highly popular program operates through State departments of agriculture. AMS routinely receives requests for three to four times the funds available for local and regional product development and marketing initiatives that will assist small farmers to identify and develop marketing opportunities. New projects would focus on marketing opportunities emphasizing local or direct marketing; technical assistance to small, limited resource producers and marketing organizations; and sustainable systems of agricultural production and marketing.

Commodity Purchase Program

The budget also includes an increase of $1 million to improve service to our customers and enhance the overall efficiency of the Commodity Purchase Services program. Commodity purchase decisions, regulatory impact analyses, and decision-making by industry marketing order committees all depend on access to comprehensive, readily available information. For many of the commodities involved, information must be drawn from a variety of sources and constantly updated. The Economic Database Information Network begun in FY 2000 provides an interactive repository of commodity data that supports several hundred million dollars of annual Government purchases for Federal feeding program outlets, as well as regulatory analyses that can have financial impacts on thousands of private sector firms. With this database, government decision-making will be supported by more timely and comprehensive analyses.

Additional funding would also be used to develop a publicly-accessible information system for the Food Quality Assurance Program and support a heightened outreach effort for current and potential users of this information. The Food Quality

Assurance Program is responsible for Government-wide food purchase specifications. These include Commercial Item Descriptions, Institutional Meat Purchase Specifications, and other food product descriptions. In addition to the Federal Government food purchases that are guided by these product specifications, the standards are in wide-spread use by many private sector institutional buyers. To better facilitate their application, a user friendly electronic information system will be developed and maintained by the Food Quality Assurance Program. In addition, substantial outreach is planned to assist other potential public sector users, including local schools and State Governments, in their application of these specifications to their purchases of food products.

This concludes my statement. I am looking forward to working with the Committee on the 2001 budget for the Marketing and Regulatory Programs. We believe the proposed funding amounts and sources of funding are vital to providing the level of service expected by our customers -- the farmers and ranchers, the agricultural marketing industry, and consumers. We are happy to answer any questions.



Michael V. Dunn

Under Secretary
Marketing and Regulatory Programs
United States Department of Agriculture

Michael V. Dunn was sworn in as Assistant Secretary of Agriculture for Marketing and Regulatory Programs on Decembe 28, 1995, after being confirmed by the full Senate on December 7 as assistant secretary and member of the Commodity Credit Corporation board of directors. Language in the Omnibus Appropriations Bill for FY 1999 (P.S. 105-277) created the offic of Under Secretary for Marketing and Regulatory Programs. Dun was elevated to the position on October 27, 1998.

Dunn manages the three U.S. Department of Agriculture agencie responsible for many aspects of the marketing, protection, quality and transportation of the nation's food, feed, and fiber supply. Those agencies are the Agricultural Marketing Service, the Anim and Plant Health Inspection Service, and the Grain Inspection, Packers and Stockyards Administration.

Prior to this appointment, Dunn served as Acting Under Secretar for Rural Economic and Community Development at USDA. He was also Administrator of USDA's Farmers Home Administratio

Before joining USDA in November 1993, Dunn was vice preside of the National Farmers Union in charge of its Washington operations. Prior to that, he worked for Senator Patrick Leahy on the Senate Agriculture Committee. He was vice president of the Farm Credit Bank of Omaha, and is a former commissioner of th Iowa Development Commission and was executive director of a regional planning and economic development district. He also served as a city official in his hometown of Keokuk, Iowa. He ho a master's degree in public administration and undergraduate degrees in history and political science.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The statement of Dr. Craig A. Reed, Administrator, Animal and Plant Health Inspection Service, before the Senate Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

Mr. Chairman and members of the Committee, on behalf of all of the men and women who work in APHIS, I am pleased to appear before you to discuss APHIS' programs, accomplishments, challenges, and the Fiscal Year (FY) 2001 budget request. Since last appearing before you, Bobby Acord has left the position of Deputy Administrator for Wildlife Services to become Associate Administrator. I welcome his support as we work diligently to help ensure a wholesome, affordable food supply while stimulating global economies, safeguarding agricultural resources, and protecting ecological systems. These are all important in helping American farmers achieve greater security and a fair share of our nation's economic success. I also welcome your advice and guidance. We look forward to working with you to enhance and strengthen APHIS.

OUR MISSION

APHIS leads the way in anticipating and responding to issues involving animal and plant health, conflicts with wildlife, environmental stewardship, and animal well-being. Together with our customers and stakeholders, we promote the health of animal and plant resources to facilitate

their movement in the global marketplace and to ensure abundant agricultural products and services for U.S. customers.

OUR COMPONENTS, GOALS, PROGRAMS, AND ACCOMPLISHMENTS

APHIS is comprised of five major functional areas: (1) Pest and Disease Exclusion, (2) Plant and Animal Health Monitoring, (3) Pest and Disease Management, (4) Animal Care, and (5) Scientific and Technical Services.

Pest and Disease Exclusion: Through its exclusion efforts, APHIS safeguards U.S. plant and animal resources from exotic pests and diseases, while meeting agricultural trade obligations. APHIS begins its safeguarding efforts outside U.S. borders by working in other countries to help control foreign agricultural pests or diseases that pose significant biological risks to U.S. agriculture. Another component of APHIS' safeguarding system takes place at U.S. ports-of-entry, where inspectors ensure that international travelers and cargo companies comply with animal and plant health regulations. For certain commodities, APHIS also extends its inspection activity to other exporting countries, where APHIS inspectors conduct preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture and to reduce the need for inspections at U.S. ports-of-entry. APHIS scientists and technical experts play a major role in facilitating trade by carrying out the requirements of the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures. This includes negotiating trade protocols, resolving animal and plant health disputes, and certifying agricultural products for export.

Agricultural Quarantine Inspection is the largest program in our exclusion component. In 1999, APHIS inspected approximately 83 million international air, maritime, and land border passengers/pedestrians, 70,968 ships and 837,931 regulated and miscellaneous cargo shipments arriving in the United States. As a result of these inspections, we were able to intercept over 1.3 million pieces of contraband. We also pre-cleared 2,915,217 passengers and intercepted 73,061 pieces of contraband at the Bahamas and Bermuda airports. Through trust fund agreements with major exporting groups, APHIS conducted preclearance inspections of fruits, vegetables, and propagative material in 28 countries.

Recognizing the need to enhance safeguarding procedures, APHIS requested that the National Plant Board (NPB) conduct a stakeholder review of our safeguarding system. Along with the NPB, APHIS assembled a panel of external stakeholders representing academe, government, industry, and non-governmental organizations. The NPB published a 132-page report recommending more collaborative approaches to risk analysis and other functions supporting the safeguarding mission. APHIS assembled several implementation teams to address these recommendations and work toward enhancing the Agency's ability to effectively safeguard American plant resources in a global marketplace.

Our fruit fly exclusion and detection program works to control and eradicate fruit flies, primarily the Mediterranean fruit fly and Mexican fruit fly, in foreign countries where they may pose a serious threat to U.S. agriculture and to conduct detection and prevention activities in the U.S.

Through a cooperative cost-sharing program with Mexico and Guatemala - Program Moscamed-APHIS eliminated Medfly outbreaks from northern Guatemala, Belize, and all but one State in Mexico. The Mexico emergency program performs detection and control activities to eliminate the pest there and reduce the risk of its entrance into the United States. In Florida, the emergency program eradicated outbreaks that were discovered in 1998 by trapping, Malathion applications, and sterile fly releases. This action effectively protected Florida's $8 billion agricultural market. In California, APHIS and the California Department of Food and Agriculture continued a sterile Medfly Preventive Release Program over a 2,155 square mile area of Los Angeles, Orange, Riverside, and San Bernadino Counties to prevent infestations and limit the size of any that may occur.

Our import/export inspection program protects U.S. livestock, poultry, and wildlife populations from restricted diseases including those transmissible from animals to humans. APHIS regulates the importation of animals and animal products and promotes markets abroad by ensuring that U.S. origin animals and animal products meet health and welfare requirements of recipient countries. In FY 1999 APHIS oversaw the importation of 4.1 million animals; 7.3 million poultry; 2.2 million doses of semen; and 594 embryos. The program issued point of origin certificates for the export of approximately 1 million head of livestock; 15.1 million head of other animals including cervids, camelids, etc.; 97 million live poultry; 75 million hatching eggs; and 10.2 million doses of semen.

Through sanitary/phytosanitary (SPS) management, APHIS both safeguards the United States' domestic bounty and supports marketing opportunities for our agricultural products worldwide. SPS Management safeguards U.S. animal and plant resources by monitoring and responding quickly to emerging foreign pest and disease threats at their origin rather than waiting for them to reach U.S. ports-of-entry. Since our access to foreign markets depends largely upon our trading partners' application of scientifically-based sanitary and phytosanitary standards, APHIS serves a critical function in ensuring that these standards are based on science and not protectionism. APHIS has 73 Foreign Service Officers stationed in 27 countries in 6 continents serving in both the safeguarding and market access function. For example, they are often called upon to resolve problems and allay concerns associated with shipments of U.S. commodities, enabling them to be released at the border to enter into commerce. As a result of World Trade Organization (WTO) agricultural trade liberalization, APHIS personnel are vital in negotiating SPS standards and resolving SPS issues, as well as regulating imports and certifying exports. On September 6, 1999, Japan announced that it would accept all varieties of tomatoes grown in North America. For years, Japan had banned imports of tomatoes because of concerns about tobacco blue mold. In this context, the importance of AHPIS' role has increased dramatically, as has the accompanying workload.

Retaining foreign markets often involves protocols that must be approved and signed each year. In June 1999, the Philippines approved a protocol to allow the entry of Florida citrus after two years of work by APHIS, the Foreign Agricultural Service, and the Florida citrus industry. Industry sources estimate that grapefruit sales to the Philippines could reach $3 million in the

short term. APHIS and Canadian authorities agreed on a pilot systems approach to permit the export of California peaches, nectarines, and apricots without fumigation. This is a significant accomplishment involving the largest market for U.S. stone fruit, which accounts for almost half the volume of U.S. peach and nectarine exports annually. In addition, the U.S. successfully challenged a restrictive Japanese phytosanitary measure before a WTO Disputes Settlement Panel. This ruling in favor of the U.S. reflects USDA's extraordinary effort in gathering and interpreting the scientific and technical information that we used to support the case. APHIS continues to assess and make regulatory decisions on an increasing number of import requests. These regulatory decisions, which must comply with WTO rules, require greater documentation, scientific analysis, and transparency.

In FY 1999, APHIS made significant progress in its efforts to ensure that screwworm reintroduction into the United States does not occur. The Central American programs are close to achieving the goal of establishing a permanent sterile screwworm barrier on the Darien Peninsula in Panama. Establishing the barrier at Central America's narrowest point will save material and staff costs. Pushing the barrier zone more than 2,000 miles and seven countries away from the U.S. will also provide ever increasing protection for American livestock producers and thereby prevent economic loss to the U.S. livestock industry. We declared Nicaragua free of screwworms in October 1999. Costa Rica has also made tremendous progress; field surveillance reported only 19 screwworm infestations, most of which occurred in the extreme southern part of the country near the Panama border. We expect complete eradication here by July 2000. With regard to the new sterile screwworm facility in Panama, the master plan, including schematics

and a program of requirements was completed in August 1999. Construction for a new facility is ready to begin this year, if we could obtain financing. A private financial institution is ready to provide funds if the government would guarantee the loan. Unfortunately, the Department lacks authority to guarantee such a loan. Assuming construction could commence, the facility could be operational in early 2003. The Joint U.S. - Panama Commission would use cooperative program funding and amortize the cost of the new plant over 10 to 15 years. After they recoup their costs, the investors would donate the building to the Commission.

Plant and Animal Health Monitoring: The plant and animal health monitoring programs are largely cooperative efforts involving the Federal and State governments, and industry. While APHIS conducts exclusion activities to provide a strong line of defense against the entry of exotic pests and diseases, it also conducts monitoring and surveillance programs to quickly detect any pests and diseases which avoid the Agency's exclusion efforts. These monitoring and surveillance programs help prevent the costly establishment of exotic pests and diseases. The Agency also carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to establish new pest or disease eradication programs.

In our animal health monitoring and surveillance program, we conducted 336 investigations for suspected foreign animal diseases. The Agency's proactive animal health monitoring and disease surveillance program produced and interpreted scientifically valid information used by policy makers, producers, and consumers. The National Animal Health Monitoring System (NAHMS)

delivered objective information addressing animal health as it pertains to U.S. trade, agricultural productivity, public health, and on-farm quality assurance. Collaborative information sharing and producer confidentiality are cornerstones of the program. Through effective partnerships with animal commodity producer groups -- and with State governments, university researchers, and other Federal Agencies -- the program met producers' and the U.S. public's information demands in a cost-effective, collaborative manner while minimizing duplication of effort.

Analysis of the on-farm data and biologic sample collection for Beef '97 continued into 1999. We published an Information Sheet in February 1999, titled "Bovine Leukosis Virus in U.S. Beef Cattle." The NAHMS Equine '98 study provided both participants and the industry with information on the nation's equine population for education and research. We conducted the NAHMS Layers '99 Study and released a highlight Information Sheet and "Part I: Reference of 1999 Table Egg Layer Management in the U.S." in October 1999.

Our animal and plant health regulatory enforcement program ensures uniform compliance with Federal laws and regulations through a combination of sound enforcement and strong educational efforts. In FY 1999, we conducted 313 animal care investigations, resulting in 143 warnings, 78 civil penalty stipulations, 74 administrative law judge decisions, and over $660,000 in fines. We also conducted 469 investigations involving animal health programs resulting in 137 warnings, 32 civil penalty stipulations. 19 administrative Law Judge Decisions and over $50,000 in fines. In addition, APHIS conducted 800 investigations involving potential plant quarantine violations,

resulting in 71 warnings, 357 civil penalty stipulations, 18 Administrative Law Judge decisions, and over $220,000 in fines.

We are never far from the menaces posed by emergency disease situations and introductions of foreign pest and pathogens -- either accidentally or intentionally by bioterrorists. With the $81 billion U.S. livestock and poultry commodity market at risk, we must be prepared to act quickly and effectively in the event of an emergency. An exotic foreign animal disease, like bovine spongiform encephalopathy or the recent outbreak of classical swine fever in Haiti and the Dominican Republic, could have a devastating impact on U.S. agriculture. Federal and State veterinary health officials and producer groups have been discussing the need for a nation-wide emergency animal disease response system. APHIS has responded with a strategy to address possible emergency disease outbreaks that emphasizes prevention, preparedness, response, and recovery. APHIS routinely prepares for emergency animal disease introductions by gathering and studying data on exotic animal diseases and their potential pathways of introduction. From this information, we develop contingency plans for those diseases that pose a major threat - like classical swine fever. Through our emergency management system program, APHIS is developing a world-class emergency management operations center to monitor daily incidents and ensure preparedness and rapid response in the face of any national animal health emergency. This center will have the latest technology for gathering data, making decisions, and disseminating information. We are also working with the Department of Agriculture's Disaster Management and Coordination Staff and the Federal Emergency Management Agency to amend the Federal Response Plan to include a written agreement for Federal Agencies to respond to

animal disease emergencies. In addition, we are working with States to take advantage of the State emergency management agencies that are already in existence.

The pest detection program conducts detection surveys for incipient infestations of exotic pests that could cause economic damage if spread in the United States. In FY 1999 the Agency detected 334 new infestations of plant pests compared to 250 in FY 1998. The program managed data for other species including gypsy moth, imported fire ant, Mediterranean Fruit Fly, pink bollworm, and other cooperative program pests. Surveys for these and other pests or diseases support the global competitiveness of U.S. agriculture. These surveys discovered Plum Pox Virus (PPV) in Adams County Pennsylvania. This was the first discovery of the virus in the United States. PPV is a very serious threat to our $1.8 billion stone fruit industry.

Pest and Disease Management: In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. The Agency monitors and regulates interstate shipments of plants, livestock, and related materials to prevent the spread of disease and the distribution of impure, unsafe, and non-efficacious materials and products. Through the Wildlife Services program, APHIS protects agriculture from detrimental wildlife damage through identification, demonstration, and application of the most appropriate methods of control.

APHIS conducts programs that have made considerable inroads in eradicating animal and plant pests and diseases that pose significant risks to U.S. agricultural and natural resources, as well as

the public health. For example, the cooperative boll weevil eradication program has successfully eliminated this destructive insect -- which arrived in the United States from Mexico in 1892 and has cost the U.S. cotton industry an estimated $14 billion in yield losses and control costs since then -- from nearly 5 million acres in Virginia, the Carolinas, Georgia, Alabama, California, and Arizona. By 2003, the program hopes to enroll the rest of the infested acreage in Tennessee, Mississippi, Arkansas, Louisiana, Texas, Oklahoma, and New Mexico, as well as in northern Mexico. We could eradicate the remaining infestations by 2005 or 2006.

The State-Federal-cooperative brucellosis program protects cattle and swine industries valued at more than $71 billion. After 65 years of hard work, USDA and its State and industry cooperators stand on the brink of completely eradicating bovine brucellosis from domestic livestock herds. In FY 1999, the number of newly disclosed infected herds under quarantine continued to decline. APHIS found 27 newly infected herds in FY 1999, down from 49 in FY 1998, a decrease of almost 45 percent. There were 9 herds quarantined at the end of FY 1999, compared to 8 at the end of the prior year. Mississippi and Kansas attained Class Free status in FY 1999 while no States lost their Class Free status. As of December 31, 1999, 44 States, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands had Class Free status. Six States: Florida, Louisiana, Missouri, Oklahoma, South Dakota, and Texas, had Class A status and are in the qualifying stage for Class Free status. By contrast, when we launched the cooperative eradication program in 1934, nearly one of every eight cattle herds in the United States was infected! Ranchers and dairy farmers routinely suffered losses and Americans regularly incurred undulant fever by drinking brucellosis infected milk.

While our brucellosis activities are winding down in most States, we continue to cooperate with other Federal and State agencies to reduce the potential for transmission of brucellosis in the Greater Yellowstone Area, while simultaneously protecting the viability of the Yellowstone bison herd. The involved agencies have worked to establish management procedures to significantly reduce the need for lethal control of bison that migrate outside the Park. To determine a long-term strategy for managing the bison, a draft environmental impact statement was published in June 1998 with U.S. Department of the Interior's National Park Service, USDA's Forest Service, APHIS, and the State of Montana as signatories. Based on the review of numerous comments submitted during the document's public comment period, the involved agencies are developing a modified preferred alternative intended to accomplish the dual goals of protecting Montana's cattle and minimizing the need for the lethal control of bison as we move toward eradication of brucellosis from the greater Yellowstone area. A major component of this alternative would be a proposed wildlife vaccination program.

The Secretary has used emergency authority for us to address the Asian longhorned beetle, including survey, eradication, and education programs to contain the pest to limited areas in Chicago and New York. We have collaborated with the Forest Service and other Agencies and established a rule designed to halt the introduction of these destructive wood-boring pests from China and Hong Kong. A key issue is the estimated $73 billion worth of annual trade with China.

Citrus canker is a disease that greatly reduces production in citrus trees. Its presence threatens Florida's $6 billion citrus industry, which supports 85,000 jobs and has represented three-fourths of U.S. citrus production for the past 10 years. APHIS officials have worked with Florida officials since 1995 to conduct an eradication program in six separate quarantine areas, now totaling about 600 square miles. To date, the program has destroyed more than 158,000 infected trees on more than 74,000 residential properties and more than 31,000 additional non-residential trees exposed to the disease.

Pseudorabies costs U.S. pork producers over $30 million annually in testing, quarantine, and eradication activities. The swine industry, which has a production value of $11 billion, generates $66 billion of economic output, 764,000 jobs each year, and $23 billion in personal income to those employed in various swine-related industries. Thanks to the Accelerated Pseudorabies Eradication Program (APEP), APHIS has made significant progress in just a few months toward the goal of eliminating this disease. At the beginning of FY 1999, the United States had 1,305 Pseudorabies quarantined premises. By the end of FY 1999, the number was 430, and we have eradicated the disease in large portions of the United States. Currently, the 224 Pseudorabies quarantined premises are in Florida, Indiana, Iowa, Nebraska, New Jersey, and Minnesota. The goal is to eliminate the disease in FY 2000 by continuing the APEP, whole herd testing and removal of positives, and whole herd testing and phased removal of positives after farrowing.

On another domestic disease, scrapie, the Agency is proposing an eradication program similar in scope to the APEP. We could implement such a program after publication of a proposed rule

that would change APHIS' regulations concerning the interstate movement of sheep and goats to control and limit the spread of scrapie. We are currently drafting the proposed rule. APHIS already conducts a Voluntary Scrapie Flock Certification Program, which provides participating producers the opportunity to protect their sheep from scrapie and enhance the marketability of their animals by certifying their origin in scrapie-free flocks. As of September 25, 1999, there were 459 flocks enrolled in the program.

APHIS has also made major strides toward eradicating bovine tuberculosis in this country. As of February 2000, 47 States and the U.S. Virgin Islands and Puerto Rico are accredited free of bovine tuberculosis. In the past, the primary barriers to eradicating this disease were tuberculosis in captive cervids, large dairy herds, and cattle from Mexico. Today, we can address these barriers. We know of only two captive cervid herds infected with bovine tuberculosis and have observed a decline in cases in Mexico-origin cattle. In addition, we are beginning to understand the dynamics of tuberculosis in large dairy herds. Now, the most serious barrier to the program's success is tuberculosis in wildlife and in susceptible species that could transmit disease to domestic livestock. Since 1991, we have confirmed tuberculosis in 36 cervid herds. We depopulated 24, released 10 from quarantine, and kept 2 under quarantine.

APHIS, in its Wildlife Services Operations program, recognizes that wildlife is an important public resource greatly valued by the American people. By its very nature, however, wildlife is a highly-dynamic and mobile resource that can damage agricultural and industrial resources, pose risks to human health and safety, and affect other natural resources. APHIS, in cooperation with

the U.S. Department of Interior's Fish and Wildlife Service, is assisting livestock producers and farmers in Wyoming, Idaho, and Montana by managing damage resulting from increased wolf activity in those areas. This increased activity is due to the Fish and Wildlife Service's recent efforts to reintroduce wolves into the northern Rockies area of Wyoming, Idaho, and Montana, as well as the natural migration of wolves to northern Montana, Idaho, and Washington from Canada. In addition, Wildlife Services has an ongoing wolf damage management program in Minnesota. In all these areas, requests for Wildlife Services assistance have greatly increased as wolf populations increase.

APHIS' Wildlife Services continues to protect sunflowers from damage caused by blackbirds in North Dakota and South Dakota. APHIS treats marshes to reduce the density of cattails, thereby decreasing their attractiveness to migrating blackbirds to mitigate $5 million in losses to producers. Rabies in raccoons has spread up the East Coast and now threatens to move northward into Canada and westward across Ohio. In addition, coyote and fox rabies remain a threat to people, pets, and livestock in south Texas. APHIS is participating in joint efforts with States to establish rabies-free barriers to prevent the continuing movement of this infectious disease.

Animal Care: The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare Act (AWA) of 1966 as amended and the Horse Protection Act of 1970 as amended. These activities include inspection

of certain establishments which handle animals intended for research, exhibition, and sale as pets, and monitoring of certain horse shows.

APHIS continues to focus resources on conducting quality inspections at USDA licensed and registered facilities through its animal welfare program. The program's risk-based inspection system concentrates activities on facilities where animal welfare concerns are the greatest. APHIS has provided all field personnel with laptop computers, including related training, and has introduced a computer-generated, easy to understand inspection report. In addition, we purchased digital cameras for field personnel to use in documenting incidents of noncompliance. In FY 2000, APHIS will begin using a newly developed software program that will allow field inspectors direct access to the centralized database and enable them to transmit inspection results instantly.

In FY 1999, 45 inspectors completed a series of specialized training courses on elephant care and handling. Recognized experts presented materials, including hands-on instruction. APHIS also organized a training session for employees who inspect dog dealers to achieve more comprehensive, uniform inspections which result in an appropriate level of care for the animals. In light of all the animals lost in Hurricane Floyd, USDA has begun meeting with disaster planners from humane and veterinary organizations to discuss how best to secure the well-being of pets in disasters. USDA also issued a press release reminding pet owners to use APHIS' Missing Pet Network to help reunite them with their pets.

Our work on the Safe Pet Travel Campaign continues. In addition to distributing thousands of copies of "Traveling With Your Pet," APHIS began production of a public service announcement we expect to release in FY 2000. We finalized several policies, including: Necropsy Requirements; Criteria for Licensing Hoofstock Dealers; Adequate Enclosures for Flying Species and Aquatic Species; Proper Diets for Large Felids; Regulations of Agricultural Animals; Capture Methods of Prairie Dogs; and Licensing Sales of Dead Animals. We published a proposed rule on acclimation certification of dogs and cats for transport. The proposed rule would remove the requirement that a veterinarian make the certification and allow the owner to make the verification. A final rule was published on perimeter fencing requirements for animals covered under the AWA, particularly exotic animals.

Throughout 1999, APHIS attended Horse Industry Organization (HIO) horse shows to evaluate the effectiveness of the Horse Protection Act 1999 Operating Plan and assure HIO compliance. Overall the plan was successful. We are considering changes for 2000 that should improve the effectiveness of the plan, and expect to publish it before the horse show season.

Scientific and Technical Services: APHIS develops methods to control animals and pests that are detrimental to agriculture, wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. The Agency also provides and directs technology development in

coordination with other groups in APHIS to support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

In FY 1999, our biotechnology/environmental protection program saw the volume of transgenic plants tested in the field and entering the marketplace continue to increase. APHIS issued 1,264 movement notifications/permits and 1,010 release notifications/permits, compared to 1,132 and 994 respectively in FY 1998. Also, biotechnology-derived products release sites increased from 4,544 in FY 1998 to 5,259 in FY 1999. APHIS' streamlined, expedited notification procedures significantly increased field testing. APHIS simplified regulatory requirements for certain field trials involving certain modified crops saving procedure time and money. APHIS encouraged innovative research and assured appropriate regulatory oversight at the same time. Since the program's inception in 1987, APHIS has regulated 54 field tests of genetically engineered crop varieties, with six new tests occurring in FY 1999. Corn is the commodity with the highest genetically engineered application.

APHIS manages and coordinates the preparation of environmental assessments (EA), environmental impact statements (EIS), environmental analyses, biological consultations, and related technical documents for APHIS programs. In FY 1999, we completed 34 EAs, 30 biological consultations, and 3 EIS', in compliance with the requirements of the National Environmental Policy Act and other Federal environmental laws, regulations, and executive orders. We also completed numerous background documents, such as human health risk

assessments and ecological risk assessments, to provide the required analysis in the environmental documents.

Our veterinary biologics program prevents the importation, production, and distribution of impure, ineffective, unsafe, or impotent veterinary biological products in the United States. Program activities included licensing veterinary biological products, inspecting licensed manufacturing facilities, testing statistically based samplings of licensed products, and issuing permits for the product importation. In FY 1999, APHIS issued 139 product licenses. Veterinarians and animal owners now have 34 new products for the diagnosis, prevention, or treatment of animal diseases. The Agency also terminated 56 product licenses at licensee requests for products no longer produced, as compared to 60 in FY 1998 and 102 in FY 1997. There were 2,529 active licensed or permitted products in FY 1999. APHIS approved 16,644 serials of veterinary biologics in FY 1999, while rejecting 19 serials for failing to meet Agency requirements. APHIS shipped 5,142 vials of reagents to facilitate testing consistency and quality of biologics manufacturers and other regulatory authorities. In addition, APHIS developed 20 new tests and reagents.

Our veterinary diagnostics program develops and maintains national and international laboratory diagnostic support for our animal disease eradication and control programs. In FY 1999, we played a strong role in the identification of emerging diseases by making the first isolation of West Nile Virus (WNV) in the Western Hemisphere from Bronx Zoo birds and New York City area crows. Our National Veterinary Services Laboratories (NVSL) isolated the WNV from

Long Island horses with neurologic signs. WNV is an arbovirus caused by blood sucking arthropods such as mosquitoes. This virus has human health implications and threatens U.S. animal export markets. In October 1999, Hong Kong stopped issuing permits for the importation of live poultry and hatching eggs from the United States due to the presence of this virus. NVSL also identified an isolate of goose parvovirus from Pennsylvania. This virus was previously thought not to be present in the United States.

During FY 1999, NVSL continued to implement an internationally recognized quality assurance program. NVSL developed and validated a series of serological tests to improve the diagnostic capabilities for testing horses imported into the United States for equine piroplasmosis, dourine, and glanders. The new tests are competitive enzyme linked immunosorbent assays that replace the complement fixation tests used for many years to exclude these foreign animal diseases from the United States. The new tests are better because reagents can be produced using *in vitro* methods, decreasing the use of live animals for reagent production. Trading partners in Asia, Europe, and South America have expressed an interest in acquiring this new test technology.

NVSL continued to support animal disease prevention, detection, control, and eradication programs and to provide diagnostic assistance to the livestock and poultry industries. NVSL received and tested 37,282 diagnostic submissions in FY 1999, including 7,678 for import/export testing. Also in FY 1999, NVSL continued to provide support for classical swine fever and African swine fever surveillance for Puerto Rico and avian influenza surveillance.

In our Wildlife Services Methods Development program, the National Wildlife Research Center (NWRC) provides scientific information for the development and implementation of effective, practical, and socially-acceptable methods for wildlife damage management. This helps ensure that high-quality, technical and scientific information on wildlife damage management is available for the protection of crops, livestock, natural resources, property, and public health and safety. APHIS researchers conduct numerous activities, including the improvement and maintenance of current pesticide registrations, and researching new or improved methods for more effective management of wildlife damage to agricultural, industrial, and natural resources.

For example, we continue to make progress toward development of contraceptive agents for non-lethal wildlife damage management. We tested Zona pellucida vaccine and gonadotropin releasing hormone vaccine on deer in small field trials under Investigational New Animal Drug applications approved by the FDA. APHIS is continuing to evaluate non-lethal chemical products to repel blackbirds and other bird species from consuming rice and other agricultural commodities. We have cooperated with a private company in the development and registration of anthraquinone as a new bird repellent. We are also continuing to develop and evaluate non-lethal methods for managing blackbird damage to sunflowers by using an aquatic herbicide to reduce blackbird roosting habitat in cattail wetlands. We will test new delivery techniques for the herbicide for efficacy, environmental effects, and cost effectiveness. Similarly, research is continuing on developing dispersal methods to reduce cormorant depredations at aquaculture facilities.

APHIS, through an agreement with the General Services Administration, is continuing construction of its state-of-the-art wildlife management research facility, to complement the NWRC Animal Research Building on the Foothills Research Campus of Colorado State University in Fort Collins, Colorado. In FY 1999, NWRC completed and moved into an 82,000 square foot Wildlife Science Building in Fort Collins. Planning for the Animal Research Support Building and the outdoor pen/warehouse projects continued; we expect to break ground in late FY 2000.

OUR BUDGET REQUEST

With the tremendous expansion of international trade, APHIS must be more vigilant in preventing exotic agricultural pests and diseases from entering the United States. Our budget request strengthens our pest and disease exclusion and plant and animal health monitoring efforts. By improving our ability to monitor the agricultural health of our country's farm resources, we are able to respond more swiftly and effectively in the event of a pest or disease outbreak. We can provide our foreign trading partners with reliable data about the health of U.S. agricultural products and the animal and plant health infrastructure to facilitate trade for American farmers. We can also ensure high levels of compliance with the humane care and treatment standards for all warm-blooded animals covered by the Animal Welfare Act.

We are also seeking to strengthen our scientific and technical services. As a science-based regulatory Agency, it is critical that we constantly utilize the most state-of-the-art scientific and technological methods available in support of our pest and disease exclusion, monitoring, and

management activities. These services are also critical to our wildlife services methods development efforts. Without proper scientific and technological support, our Agency would certainly be unable to safeguard the health of our country's agricultural resources. For FY 2001, APHIS requests $512 million under current law for salaries and expenses, an increase of $74.3 million over the FY 2000 enacted level of $437.8 million.

The FY 2001 budget requests increases to address safeguarding and the current high risk of exotic plant pest entry into this country. In our AQI appropriated program, an increase of $3.9 million would support increased border activity at high-risk locations in Texas along the Mexican border and at high-risk locations at the Canadian border. It would also fund X-ray machines in Puerto Rico and inspection activities in Hawaii. The funds would also enhance APHIS' pest exclusion capability by improving our ability to respond to threats from various exotic pests and to examine emerging pest pathways. The $30 million increase in the fruit fly exclusion and detection program will continue our program begun with Commodity Credit Corporation emergency funds to eradicate serious Medfly outbreaks in Mexico and for a Medfly Preventative Release Program in Florida along with enhanced detection trapping. By 2001, we will have completed the second year of a 6 year joint effort with Mexico and Guatemala to eradicate Medfly infestations in Mexico and re-establish an effective and sustainable Medfly barrier in Guatemala. Fruit fly experts predict that if the pest is allowed to spread, the Medfly will naturally migrate to the U.S. border by 2005. Should that occur, American farmers would lose billions of dollars in lost export markets and increased production costs. To help keep U.S. agricultural products competing in the global marketplace, we request an increase of $2 million

for the sanitary/phytosanitary management program. This will allow us to meet growing demands for increasing commodity pest risk assessments, to leverage scientific research for U.S. export requests, and influence international standards development.

APHIS requests an increase of $3.6 million in its animal health monitoring and surveillance program to increase surveillance for two diseases. One is classical swine fever, which we must be able to detect immediately if it crosses our borders. The other is pseudorabies, where constant vigilance is key to ensuring the success of the accelerated pseudorabies eradication program. We request an increase of $5.2 million for the emergency management systems program to create a national animal health emergency management system which meets the highest world standards for prevention, preparedness, response, and recovery. APHIS would be able to better respond to animal disease events that threaten the U.S. food supply, farmers, the economic viability of the U.S. animal health industries, and National security.

The $25.1 million increase request for the emerging plant pests program would allow us to address the ongoing citrus canker eradication program in Florida and the ALB eradication program in New York and Illinois. Both of these programs currently receive funds transferred under the Secretary's emergency authority from the Commodity Credit Corporation. Now that both programs face several more years of activity, it is proper to use regular appropriated funds. The trade impact in both programs is significant; Florida has a $6 billion citrus industry and China's trade with the U.S. is about $80 billion annually. With these pests present, both markets are in jeopardy. APHIS requests an additional $1.7 million for the noxious weed program to begin developing a national rapid assessment and response system for invasive alien plants in the

United States in support of the Presidential Executive Order on Invasive Alien Species. We request an increase of $5 million for the scrapie program to continue an effort begun with Commodity Credit Corporation emergency funds. APHIS intends to initiate an accelerated eradication program in FY 2000 to eliminate scrapie from the sheep populations of the United States over a 7-year period thus making the U.S. sheep industry more competitive in the global market.

The budget requests an increase of $5 million for the animal welfare program to increase inspections and improve follow-up to verify violation corrections found during these inspections. The additional funds will give us a start toward regaining our FY 1992 inspection level of 17,000 inspections per year. The increase will enhance the enforcement of the AWA and ensure the humane care and treatment of animals at facilities covered by the AWA.

In our biotechnology/environmental protection program, we request an increase of $1.8 million to meet the increasing demands for biotechnology permits/notifications, petitions for deregulation, licensing of international activities, and needs for environmental review and compliance. Nearly 20 percent of biotechnology authorizations for plant movement, field testing, and deregulation in the 1990's occurred in FY 1999. APHIS will address environmental impacts affecting trade, invasive species, and the ecosystem. We request an increase of $2.1 million for the veterinary diagnostics program to support new testing requirements and improved reagent production. This includes increased diagnostic testing for pseudorabies, classical swine fever, avian influenza, and chronic wasting disease. We also request $8.8 million for a new

initiative, the invasive species program. In February 1999, President Clinton signed an Executive Order to coordinate a Federal strategy to address the growing environmental and economic threat posed by invasive species. APHIS is one of over 20 Federal agencies involved with managing these species. By protecting ecosystems from harmful, invasive species, APHIS can ensure that U.S. agriculture can feed its population, successfully compete in national and international markets, and protect the productivity of ecological biomes and natural resources.

In the buildings and facilities area, $9 million has been requested in the ARS budget to begin design of facilities at our National Veterinary Services Laboratories (NVSL), our Center for Veterinary Biologicals (CVB) and ARS' National Animal Disease Center (NADC) in Ames, Iowa. NVSL is responsible for diagnostic services for animal diseases occurring within the U.S., and CVB is responsible for assuring that production and distribution of pure, effective, safe, or potent veterinary biological products in the United States. An effective NVSL that meets internationally recognized standards is not merely desirable; it is an absolute requirement if we are to quickly diagnose and control diseases like bovine spongiform encephalopathy, highly pathogenic avian influenza, and hog cholera. The delivery of CVB programs and services also supports the health of our livestock and poultry and the marketability of U.S. animals, animal products, and biological products. Other countries have literally lost their entire cattle, swine, or poultry industries when these diseases appeared, escaped quick detection and diagnosis, and spread.

The FY 2001 budget proposes that new user fees be established for animal welfare to recover the cost for licensing dealers and for biotechnology to recover the costs to issue permits, reviews, and notifications for field tests, movements, and importation of biotecnologically derived products.

Conclusion

While world events may erupt and new policies and technology may alter our way of doing business, one of the most enduring and sustaining aspects of this country is its agriculture. Today, as we face the 21st century, agriculture is still America's number one industry. Those of us charged with safeguarding the bounty and healthfulness of our food supply are proud of the part we play. The reality of today's global marketplace has presented a new set of challenges that stress our disease exclusion, monitoring, and management mandates. As we reap the rewards of increased trade, we are at risk now more than ever before from incursions of foreign animal and poultry diseases. Accordingly, we must remain vigilant in protecting our agricultural resources. The importance of this work cannot be overestimated. We are very proud of our achievements.

Mr. Chairman, we appreciate the Committee's strong support of our programs and look forward to meeting the challenge of safeguarding against pest and disease, protecting U.S. agricultural resources, and strengthening export markets for American agriculture. Also, I appreciate this opportunity to share with you my thoughts about APHIS programs and our budget request. We will be happy to answer any questions.



Craig A. Reed

Administrator
Animal and Plant Health Inspection Service
Marketing and Regulatory Programs
United States Department of Agriculture

Dr. Craig A. Reed is Administrator for the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS). In this position he provides executive leadership and policy guidance to th agency's diverse programs involved with animal and plant health, anim well-being, environmental stewardship, and wildlife services. APHIS i complex organization charged not only with conducting domestic disea programs but also with protecting the Nation's agriculture from dangerous foreign animal and plant pests and diseases.

Before coming to APHIS, Dr. Reed was Deputy Administrator of the Office of Field Operations for USDA's Food Safety and Inspection Service. In this position, he was responsible for Federal inspection of domestic meat, poultry, and egg products plants. Dr. Reed was also Director of the Agricultural Marketing Service's (AMS) Science Division, which represented AMS in food safety matters.

Dr. Reed grew up on a farm in Michigan and obtained a Doctor of Veterinary Medicine degree from Michigan State University. He was i private practice prior to joining USDA in 1973.

For release only by the
House Committee
on Appropriations

AGRICULTURAL MARKETING SERVICE

Statement of
Kathleen Merrigan, Administrator
before the
House Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to represent the Agricultural Marketing service in presenting our fiscal year 2001 budget proposals.

MISSION

AMS' mission is to facilitate the marketing of agricultural products in the domestic and international marketplace, ensure fair trading practices, and promote a competitive and efficient marketplace so that producers, traders, and consumers all benefit. We accomplish this mission through a variety of activities funded from appropriations and from fees charged for services. Since most of our user-funded services are voluntary, we must be responsive to customer needs while remaining conscious of the cost. Through our services such as market reporting and grading, we maintain close contact with our customers, who help to keep us informed about their concerns. We also recognize and support USDA-wide efforts to assist the agricultural industry.

CHANGES IN AGRICULTURAL MARKETING

American agriculture is confronting rapid changes in industry structure, decreasing government price supports, new trade agreements and market outlets, evolving consumer

expectations, and new production methods. Industry concentration in certain agricultural industries threatens to inhibit competition. While global trade agreements open new markets, they often set new market requirements and restrictions such as the hormone testing of beef required by the European Union, and new questions on the labeling of genetically engineered food. Furthermore, since price supports are no longer available for producers to "fall-back" on, agricultural producers, particularly smaller producers, must increasingly depend on marketing to maintain their profitability. Small and medium-sized farmers have the fewest resources to compete in this evolving marketplace. USDA policy recognizes the importance of small farms to the nation's economy, resources, and social fabric. In fact, small farms lead the development of organic production systems in the U.S. We propose to make available the information, tools, and expertise all agricultural producers need to market their products. Furthermore, AMS' international marketing efforts assist all sectors of the agricultural industry to maintain their foreign sales, which are critical to our nation's farm economy. Our budget proposals reflect, in priority order, AMS' response to the current needs of our customers.

MANDATORY MARKET NEWS

Concern over the potential harmful effects of industry concentration on competition resulted in the Livestock Mandatory Price Reporting Act of 1999. Consolidation in the red meat industry has resulted in the growth of private marketing agreements and declining participation in public markets. Since voluntary price reports do not reflect transactions from marketing agreements, it is difficult for producers to determine prevailing market prices or to evaluate contract offers from packers. The lack of price information also makes it difficult to administer programs that address economic stress in the livestock industries. Mandatory price reporting will

increase the transparency of market price signals for producers and others in the marketing chain. These mandatory reports will include 90 percent of the beef, 96 percent of the hogs, 84 percent of the lambs slaughtered and 80 percent of the lambs imported. Congress authorized the Secretary to initiate mandatory reporting by the industry in the fiscal year 2000 thousand budget and provided start-up funding of $4.7 million from CCC funds allotted to AMS in fiscal year 2000. Since these funds will not be available to AMS in fiscal year 2001, we are requesting an increase of $5.9 million to finance the annual cost of the mandatory reporting program. As we implement mandatory reporting, Market News reporters will expand their contacts throughout the industry--with producers, processors, wholesalers, retailers, importers, and exporters of livestock, meat, and related products. At the same time, the agency has been encouraged to continue all of its voluntary reporting that falls outside the coverage of the mandated program. Because of the mandatory nature of the new program, an extensive monitoring and review system will ensure that the information is accurate and timely. During fiscal year 2000, AMS must hire additional reporters and support staff to analyze and edit the dramatically expanded volume of data to be collected, and compliance personnel to audit packer records to ensure that packers are accurately reporting the required information. We will also begin development of a computer system to manage the data, and establish outreach programs to educate producers about the new information. The fiscal year 2001 request reflects a full year of program activity at fully staffed levels, and continuing development and maintenance of the computer system. We expect to publish the proposed rule for mandatory reporting in the near future, and hope to have the program implemented before the end of this summer.

ORGANIC CERTIFICATION

A segment of the agricultural industry that is continuing to grow is organic products. American consumers are embracing organic foods at a rate of 20% a year. Congress determined that there should be a nationwide minimum standard and a system to certify that products meet that standard. AMS' organic certification program, now in the final stages of development, will assist producers by facilitating interstate commerce of organically produced food, and assure consumers that organically produced products meet a consistent standard.

AMS is proposing budget increases that are designed to better serve consumers and our customers in the organic industry. These increases are for organic certification, market news, and marketing agreements and orders.

We are requesting a net increase of $703 thousand for the organic certification program, of which $639 thousand is needed only for one year. These funds will allow us to "jump-start" the certification program and provide outreach to new customers. As we begin implementing the program, we will educate producers, consumers, processors, certifiers and traders about the program while accrediting at least 49 certifying agents and monitoring their activities. We will monitor State programs' compliance with national regulations and develop a system to prevent fraudulent labeling. In addition, we will implement an international program component to develop standards and accredit international certifying agents, and will participate in the development of international agreements for organic products and production. The additional funding requested will enable us to begin full operation of the certification program.

ORGANIC MARKET NEWS

AMS is requesting $614 thousand to expand market reporting on organically-grown

fruits and vegetables so that producers can find the best markets for their products and maximize their returns. Producers of organically-grown fruits and vegetables need timely, reliable, consistent, and unbiased marketing information on factors such as prices, supply, demand, and trends. Such information is scarce, especially for smaller producers with fewer resources, which places the larger participants in the market at an advantage. Efficient markets can help consumers by keeping prices reasonable.

MARKETING ORDERS AND ORGANIC PRODUCTION

The growing market for organic products is becoming an issue facing industry fruit and vegetable marketing agreements and orders committees. Virtually all of the 36 active fruit and vegetable marketing agreement and order programs could soon include some organically produced commodities. We are requesting $1 million of Section 32 Administrative funding to develop our expertise and provide research on the economic impact of marketing order programs on the organic sector. Marketing agreements and orders are designed to help stabilize market conditions for fruit and vegetable products for the benefit of producers and consumers. Marketing order programs assist farmers by allowing them to collectively work to solve marketing problems. AMS oversees the activities of the industry committees. AMS and the marketing order committees need additional data on organic production, marketing and distribution channels, as well as a projection of future organic fruit and vegetable production in order to resolve the issues raised. Without supporting data, it is difficult for AMS to make informed decisions on the interrelationship between organic and conventionally-grown commodities.

SMALL FARMERS AND FSMIP

To assist small farmers on a local scale, AMS is requesting an additional $300 thousand in "Payments to States" matching grants funding. These funds will be made available to the States for local and regional product development and marketing initiatives that will assist small farmers to identify and develop marketing opportunities. The new projects would focus on: marketing opportunities emphasizing local or direct marketing; export-oriented market research and technical assistance targeting small, limited resource producers and marketing organizations; and encouraging sustainable agricultural production and marketing. By providing matching funds, we are able to compound the benefits received by small farmers. In conjunction with these new grants funds, we are requesting $31 thousand in appropriated funds to administer the additional grants and conduct outreach efforts. We will assist cooperators to develop their submissions, monitor the projects in progress, and ensure that the results are made widely available to potential beneficiaries.

FOREIGN MARKET NEWS

Our request for $453 thousand to expand agricultural market reporting on foreign markets will assist all agricultural producers and traders interested in international trading, but particularly the small and medium-sized farmer with limited resources who is interested in export markets. Rapid changes in international markets are largely due to shifts in global partnerships and trade agreements, production methods, and customer preferences. The U.S. agriculture industry must maintain its market share and expand sales in international markets in order to maintain its profitability. Expanded market data will help U.S. commercial interests gain access to foreign markets by supplying a greater quantity of data on more foreign markets. Farming and

ranching operations of all sizes are increasingly dependent on market expansion and exports for their growth in income. Overproduction of many commodities makes it particularly necessary to increase exports to maintain farm revenues. Trade agreements can provide improved access to foreign markets; however, traders need information to determine the most favorable markets. AMS is the only publicly available source for centralized, consistent, and timely information on international prices and trade volume. The dairy, meat, poultry, and fruit and vegetable industries have asked AMS to expand its international market coverage so that they can take advantage of business opportunities available around the world. Foreign market information is especially important to small and medium sized producers who would otherwise have no access to the data.

PDP - WATER TESTING PROGRAM

Foreign buyers and U.S. consumers are concerned about pesticide residue levels in food. We are asking for $1.1 million to plan and implement a new water testing program within the Pesticide Data Program, or PDP. AMS, under the provisions of the Food Quality Protection Act, or FQPA, samples, tests, and compiles pesticide residue levels on fresh and processed foods. EPA uses AMS pesticide data findings to develop consumption risk data and to determine whether pesticides should be re-registered for continued use. The FQPA requires EPA to consider all routes of pesticide residue exposure, including drinking water. EPA's current reliance on models may significantly overstate the residue levels in drinking water and threatens the continued availability of several agricultural pesticides. EPA continues to require the type of data being collected on food commodities under the current program. Due to the complexity of testing water, AMS cannot redirect current PDP funds to begin a water testing program without

seriously compromising the statistical reliability of the program's findings on other commodities. Pesticide residue analysis provides the data needed by EPA for informed decisions on the safety of agricultural pesticides, and reassures foreign and domestic buyers that the pesticide residues on U.S. foods meet safety standards.

MICROBIOLOGY DATA PROGRAM

In the area of food safety, we are requesting $6.2 million to initiate a microbiological data program as part of the President's Food Safety Initiative. This program responds to concerns generated by the sporadic cases of microbiological contamination resulting from food-borne disease outbreaks in recent years. The requested funds will allow AMS to build on the framework of the Pesticide Data Program to design a scientifically-sound program to collect data related to microbiological contamination that causes food-borne outbreaks. The program will collect data pertaining food-borne pathogens and spoilage microflora on domestic and imported fruits and vegetables that can be used to identify and avoid potentially dangerous situations that can cause loss of life. Under this program, AMS will perform almost 30 thousand analyses a year on a maximum of 11 commodities in 10 participating states that represent approximately 50% of the population. Samples will be collected at terminal markets and chain store distribution centers, from commodities selected based on per capita consumption from those that are usually eaten raw. There is no other statistically valid Federal or State program that can give a complete microbiological picture of fruits and vegetables nationwide. By using the existing Pesticide Data Program infrastructure for sampling, participating State laboratories, and data reporting, AMS is able to minimize costs for this program.

COMMODITY PURCHASE SERVICES

Our two final budget increases will allow AMS to improve service to our customers and enhance the overall efficiency of the Commodity Purchase Services program. We are requesting $795 thousand of Section 32 Administrative funding to customize our Economic Database Information Network, or EDIN, for use in purchase decisions, and $225 thousand to develop a Management Information System for the Food Quality Assurance Program and initiate an outreach effort toward new customers.

Increased funding will allow us to expand the EDIN database so that it can be used to administer surplus commodity and Federal feeding program food purchases. The database was begun in fiscal year 2000 to house information on fruits and vegetables for decision-making by industry marketing order committees and for government regulatory impact analyses. Commodity purchase decisions also depend on access to comprehensive, readily accessible information. For many of the commodities involved, information must be drawn from a variety of sources and constantly updated. The database will provide an interactive repository of commodity data that supports several hundred million dollars of annual government purchases for federal feeding program outlets. We will add meat and fish, poultry, and specialty commodities, current and historical data sets on commodity prices, shipments, production, inventories, and other information that will support decision-making. The database will streamline purchase activities by eliminating duplication and improving the scope and timeliness of data for more comprehensive analyses on commodity purchases. AMS will make the database information available via a Web page and CD-ROMs, to the public--including farmers, processors, wholesalers, brokers, retailers, and researchers--and to other government agencies.

Additional funding will also be used to develop a publicly-accessible information system for the Food Quality Assurance Program and support a heightened outreach effort for current and potential users of this information. The Food Quality Assurance Program develops government-wide food purchase specifications, including Commercial Item Descriptions, or CIDs, Institutional Meat Purchase Specifications, and other product descriptions. These purchase specifications allow for product standardization and increased competition within the market, and ultimately, a more uniform product and lower price for the buyer. Purchase specifications find widespread use by many private sector institutional buyers. Public sector purchasers such as schools are also finding these specifications to be of tremendous value. Current and potential customers have requested that AMS expand the product variety and customer base for CIDs. To better facilitate their use by all interested parties, we will develop a centralized database that will contain information on all CIDs and other product specifications, quality assurance results, and inspection plant surveys to verify quality and safety. The database will allow AMS to expand the range of CIDs on products not covered by U.S. grade standards and provide electronic access to the various product specifications maintained and developed by the Food Quality Assurance Program. This increase will allow us to better serve our current customers such as Federal and State food purchasers, and expand the program to include school districts that buy food for their child feeding programs. Through substantial outreach, we will assist other potential public sector users, including local schools and state governments, in the application of these specifications to their purchases of food products.

BUDGET REQUEST SUMMARY

That concludes our list of budget increases proposed for fiscal year 2001. By fund, our

increase requests total $15 million for "Marketing Services," $300 thousand for FSMIP grants under "Payments to States," and $2 million in "Section 32 Administrative funds."

I hope you agree with me that these requests will allow AMS to move forward in assisting the agricultural industry by facilitating domestic and international marketing, particularly for the small and medium-sized farmer.

Thank you for this opportunity to present our budget proposals.

USDA

Biography

United States Department of Agriculture

Agricultural Marketing Service

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Kathleen Merrigan
Administrator



Kathleen Merrigan was appointed as the administrator of the Agricultural Marketing Service in June 1999. As administrator, she is responsible for over 50 Federal programs and she has responsibility for facilitating the strategic marketing of agricultural products in domestic and international markets. AMS' mission is to facilitate the marketing and distribution of agricultural products, ensure fair trading practices, and assure consumers of an abundant, high-quality food supply. AMS gathers and disseminates market news reports on commodities and grades, and certifies products based upon nationally recognized AMS standards, improves market facilities and transportation systems, purchases various commodities for Federal feeding programs, and oversees industry efforts to expand consumption of their products

From 1994 until her appointment with USDA in June 1999, Merrigan worked as a senior analyst for the Henry A. Wallace Institute for Alternative Agriculture, a Washington, DC-based organization which promotes research and education in sustainable agriculture. From 1987-92 she was a senior staff member of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry, where she worked as the chief science and technology advisor to [then] Chairman Patrick Leahy (D-Vt.).

Merrigan worked on pesticide issues as a special assistant to the chief of regulatory affairs for the Texas Department of Agriculture, based in Austin, from 1986-87. From 1983-85 she served as chief of staff to [then] Massachusetts State Senator John Olver. She also worked as a research analyst for the Joint Committee on Taxation in the Massachusetts Legislature during 1983.

Merrigan served on USDA's National Organic Standards Board from 1995-99, and on the Department's Facilities Reform Commission from 1997-99.

A native of Greenfield, Mass., Merrigan holds a B.A. degree in English and political science from Williams College in Williamstown, Mass., and a master of public affairs degree from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin.

Be Resourceful. Recycle!

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Statement of James R. Baker, Administrator of the Grain Inspection, Packers and Stockyards Administration, before the House Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

Mr. Chairman and members of the Committee, I am pleased to submit the fiscal year (FY) 2001 budget proposal for the Grain Inspection, Packers and Stockyards Administration (GIPSA).

GIPSA is part of USDA's Marketing and Regulatory Programs, which works to ensure a productive and competitive global marketplace for U.S. agricultural products. GIPSA's mission is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

GIPSA has both regulatory and service roles. GIPSA's Packers and Stockyards Programs (P&S) ensure fair business practices for livestock, meat, and poultry while providing financial protection to livestock producers. The Agency's Federal Grain Inspection Service (FGIS) provides the U.S. grain market with Federal quality standards and a uniform system for applying them. It also provides impartial, accurate measurements of grain quality to create an environment that promotes fairness and efficiency in the U.S. grain marketing system.

GIPSA, an unbiased, third-party entity in the marketplace, helps ensure fair and competitive marketing systems for all involved in the merchandising of livestock, meat, and poultry, and grain and related products.

Organization

During FY 1999, GIPSA completed its consolidation of headquarters activities and established three field offices for the Packers and Stockyards (P&S) Programs to replace the previous 11 offices. Each office is responsible for the major issues in a particular commodity -- beef, pork, or poultry -- and has investigative units to focus on the core activities of competition, trade practices, and financial responsibility. Funding to complete the reorganization was provided for in FY 1999, which allowed GIPSA to step up staffing efforts in the regional offices and to fill resident agent positions that provide routine services to areas not proximate to the three main offices. The reorganization has significantly improved P&S Programs' ability to focus program resources on providing financial protection and promoting fair business practices and a competitive marketing environment for livestock, meat, and poultry. The new structure and the addition of economic, statistical and legal expertise to the investigation staff of the field offices significantly strengthens GIPSA's ability to investigate anticompetitive practices, and provides greater flexibility and efficiency in enforcing the trade practices and payment protection provisions of the P&S Act. This, in turn, enables GIPSA to rapidly respond to high priority investigations that require fast action.

Federal grain personnel work with over 2,000 State and private inspectors to provide high-quality inspection and weighing services on a user-fee basis. Federal inspectors service 37

export elevators located in Georgia, Illinois, Indiana, Louisiana, Maryland, New York, Ohio, Oregon, and Texas. Under a cooperative agreement with GIPSA, the Canadian Grain Commission provides official services, with GIPSA oversight, at 6 locations in Canada for U.S. grain transshipped through Canadian ports. Eight delegated States provide service at an additional 19 export elevators located in Alabama, California, Minnesota, Mississippi, South Carolina, Virginia, Washington, and Wisconsin. Fifty-nine (59) designated agencies service the domestic market under GIPSA supervision. In 1999, this unique mix of Federal, State, and private inspection agencies provided nearly 2 million inspections on over 228 million metric tons of grains and oilseeds; weighed over 106.5 million metric tons of grain; and issued over 90,000 official weight certificates.

GIPSA's Packers and Stockyards Programs (P&S)

GIPSA's P&S Programs provides financial protection and promotes fair business practices and a competitive marketing environment for livestock, meat, and poultry. Our programs foster fair competition, and guard against deceptive and fraudulent practices affecting the movement and price of meat animals and their products. The production and marketing of livestock, meat, and poultry are important to American agriculture and significantly impact the Nation's economy. The Commerce Department estimates the annual wholesale value of livestock, meat, and poultry products produced in FY 1999 by firms subject to the P&S Act to be $109 billion. At the close of FY 1999, there were 1,287 stockyards; 6,434 market agencies/dealers; 2,000 packer buyers registered with GIPSA to engage in the livestock marketing business. In addition, there are 377 slaughtering packers who purchased over $500,000 of livestock annually that are required to be

bonded, 205 poultry firms, and a significant number of meat distributors, brokers, and dealers subject to the P&S Act.

P&S Programs conducted over 1,200 investigations during the 1999 fiscal year. Most violations were corrected on a voluntary basis with several resulting in livestock and poultry producers receiving additional funds for the sale of their product. During FY 1999, 12 administrative or justice complaints were issued to bring subject firms into compliance with the provisions of the P&S Act. In addition, 18 decisions and orders were issued by USDA against 22 individuals or firms for violating the P&S Act.

GIPSA closely monitors anticompetitive practices which may impede the free trade of livestock, meat, and poultry. A high priority is placed on investigating all complaints and further developing information received concerning the failure of firms and individuals in the livestock, meat, and poultry industries to operate in a fair and competitive manner. Appropriate corrective action is initiated when evidence of anticompetitive practices is discovered.

USDA has committed to conducting peer reviews of major investigations to ensure that the investigators asked the right questions, collected the right data, and conducted appropriate analyses. Peer reviews by objective, qualified reviewers may contribute to GIPSA's plans to strengthen enforcement of anticompetitive behavior in the livestock, meat, and poultry industries. GIPSA initiated the peer review process for the current Texas fed-cattle investigation. A panel of seven outside peer reviewers was assembled in January 1999; the group reported their findings to GIPSA in May 1999. Their comments were used by the analysts who conducted econometric analyses as part of the Texas investigation as they prepared their final

report.

GIPSA has received information that some livestock transactions are conditioned on an agreement that the transaction price not be reported to public or private reporting services. GIPSA is concerned that the non-reporting of price as a condition of the purchase or sale of livestock may result in inaccurate and incomplete price information, thereby adversely affecting the price discovery process. On September 10, 1998, GIPSA published in the *Federal Register* an Advance Notice of Proposed Rulemaking (ANPRM) concerning the practice of non-reporting of price as a condition of purchase or sale of livestock. The comment period for the ANPRM closed on December 9, 1998. Eighteen comments were received and have been analyzed by GIPSA.

USDA's FY 2000 appropriation mandates, subject to funding, creation of a swine marketing-agreement library and monthly reporting of types of contracts in use, provisions providing for expansion in the number of swine to be delivered in 6 months and 12 months, estimated number of swine committed for delivery to packers in 6 months and 12 months, and the estimated maximum number of swine that could be delivered to packers in 6 months and 12 months. GIPSA is preparing a regulation to implement the provisions.

As part of its responsibility to strengthen investigations and assess competitive implications of structural changes in the livestock, meatpacking, and poultry industries, GIPSA entered into five cooperative research agreements. Two of the projects will examine competitive conditions in beef markets. Two projects will examine competitiveness issues and compensation methods used in broiler production. The final project will examine bidding behavior in a laboratory

auction setting in order to gain insights into expected behavior in actual markets. GIPSA obtains special procurement information for the Nation's top 15 steer and heifer slaughter firms annually. This information is related to livestock purchased through contracts, packer feeding arrangements, or marketing agreement/formula-priced transactions. Much more work must be done to determine the effects of these captive supplies in both the beef and pork industries. Additional resources are critical to provide for data collection, and economic and statistical analyses in this very important and sensitive area.

GIPSA's P&S Programs continues to provide payment protection to livestock and poultry producers. Financial investigations, during FY 1999, resulted in $2.7 million being restored to custodial accounts established and maintained for the benefit of livestock sellers. Since the 1976 amendments to the P&S Act, livestock sellers have been paid $53.8 million under the statutory trust provisions. In 1999, no poultry trust complaints were received by GIPSA. During FY 1999, 169 insolvent dealers and market agencies corrected or reduced their insolvencies by $4.5 million. Insolvent packers corrected or reduced their insolvencies by $4.6 million.

GIPSA continues to receive complaints from contract growers that integrators use their dominant positions to impose unfair or unjustly discriminatory terms or conditions on contract growers. GIPSA published an Advance Notice of Proposed Rulemaking in the *Federal Register* to solicit input on the need for regulations to protect growers. Subsequently, GIPSA proposed amending regulations pertaining to scales and weighing in regard to feed weights. These amendments to the regulations are in the clearance process. Specifically, GIPSA is proposing to include requirements regarding the weighing of feed whenever the weight of feed is a factor in

determining payment or settlement to a livestock grower or poultry grower when that livestock or poultry is produced under a contract growing arrangement.

Concentration in the poultry processing industry and its effects on contract growers is an area that needs attention to determine whether the processors are using their dominant positions to impose unfair or unjustly discriminatory terms or conditions on contract growers. Grower complaints continue to highlight the need to address concerns about their relative bargaining position. If GIPSA is to effectively address this issue, it must obtain the resources needed to fully staff both the Trade Practices and Competition Units in its Atlanta office, which are responsible for major issues in the poultry industry across the Nation.

GIPSA's Federal Grain Inspection Service

GIPSA's grain inspection program plays a critically important role in facilitating the marketing of U.S. grain and related commodities for the benefit of American agriculture. We provide the U.S. grain market with Federal quality standards and a uniform system to apply these standards. Through this program, GIPSA provides descriptions (grades) and testing methodologies for measuring the quality and quantity of grain, rice, edible beans, and related commodities, and, provides an array of inspection and weighing services, on a fee basis, through a unique partnership of Federal, State, and private laboratories.

By serving as an impartial third party, GIPSA ensures that the standards are applied and the weights recorded in a fair and accurate manner. Our presence in the market advances the orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities

from the Nation's farms to domestic and international buyers.

Our guidance in carrying out these important tasks is provided by the U.S. Grain Standards Act (USGSA) and the Agricultural Marketing Act of 1946 (AMA) as it relates to the inspection of rice, pulses, lentils, and processed grain products. Through voluntary and mandatory programs, GIPSA promotes the efficient and effective marketing of U.S. grain and other commodities from farmers to end users.

For an average cost of 22 cents (adjusted for inflation to 1992 dollars) per metric ton of grain in FY 1999, exporters received USDA export certificates from GIPSA on which they relied to facilitate the marketing of over $20 billion worth of cereals and oilseeds. Likewise, here at home, buyers and handlers requested over 1.9 million domestic inspections that facilitated the trading of 127 million metric tons of cereals and oilseeds destined for domestic use.

While current services are effective and efficient, GIPSA recognizes that to remain relevant in today's marketplace, continuous efficiency enhancements and service improvement are essential. To that end, GIPSA is focusing on improving our efficiency and service delivery through the introduction of new technology; preparing to enter the world of e-commerce; and responding to new market needs being driven by technology and global market demands. The grain program has made a number of enhancements to its operations and structure to improve the efficiency and productivity, not only of the inspection and weighing process and GIPSA's service delivery, but, more importantly, to the actual handling and marketing of grain.

Structurally, GIPSA has, over the years, continuously realigned to optimize its staffing levels

and organization. Since 1994, the grain program reduced staffing levels by 8 percent and streamlined its field structure from 31 to 21 offices, thereby allowing for more flexible staff utilization and more consistent policy implementation. Our Commodity Testing Laboratory, formerly in Beltsville, Maryland, was merged into our Technical Center in Kansas City, MO. The Technical Center is now a model of how streamlining and cross-functional teams can result in cost efficiencies and a sharpened customer service focus.

We also are reengineering to provide more efficient and effective programs and services. We reengineered our quality assurance program, already known worldwide for ensuring consistent and accurate inspection and weighing results. By automating to a PC-driven system and decentralizing the process to the local level, our reengineered quality assurance program provides for proactive problem solving and immediate quality control feedback. Automation is also the key to improving our inspection services. To integrate our export inspection process with the export industry's technological advances, GIPSA is automating the export inspection statistical shiploading plan, also known as Cu-Sum Plan. Automating Cu-Sum allows for direct data sharing with our export grain customers, thereby eliminating manual data entry and reducing administrative costs both for GIPSA and our customers. We are working closely with export elevators to automate their scales and material systems to official requirements. This automation reduces official oversight personnel, which produces a considerable cost savings for our customers, and provides for superior supervision and greatly improved efficiency for GIPSA. To date, five export elevators are operating approved systems; 6 more are in the process of automating. To improve the efficiency and productivity of U.S. grain handling, GIPSA established a public/private partnership to automate inspection processes. This effort reduced

the agency's operating costs and improved the speed, productivity, and efficiency of export operations - essential factors in today's competitive global market. A prototype system currently is being installed at an export elevator in Destrehan, Louisiana. These are only some of the ways that GIPSA is seeking to enhance the efficiency of our operations. Future technological advances and customer needs will drive even further improvements.

Our efforts are paying off for our customers, both in terms of their bottom lines and in greater customer satisfaction. GIPSA's service delivery costs decreased from $0.27 per metric ton in fiscal year 1994 to $0.22 per metric ton in fiscal year 1999, saving American agriculture over $5 million in fiscal year 1999 alone.

These savings in inspection service costs pale in comparison to the savings achieved by the industry thorough improved productivity. GIPSA is proud to be a partner with the industry in realizing that productivity enhancement. Last year, at a single facility in Iowa, GIPSA fostered a unique and unprecedented cooperative partnership to provide service and made rules more flexible in order to implement a new, on-site rapid inspection program that saved one the customer more than $250,000 per year.

Applying technology to our inspection and weighing services is only one part of our continuous improvement process. We also are implementing new services to keep pace with an increasingly sophisticated market that requires end-use quality information. In FY 1999, GIPSA approved two new deoxynivalenol (DON) test kits for use in the official grain inspection and weighing system. These test kits expand the availability and choice of test kits for the official system. In FY 1999, GIPSA also approved a new instrument for use in conjunction with an approved

mycotoxin test kit -- this flourometer provides the official system alternative equipment at approximately half the cost of the original equipment.

In FY 1999, GIPSA also developed a reference method for fumonisins in grain. This method reduces direct costs and improves efficiency through use of robotics technology. In the spring of 2000, the Food and Drug Administration is expected to establish advisory levels which will specifically address fumonsins levels in grains destined for human, cattle, swine or poultry consumption. The reference method will be used to evaluate the performance of rapid fumonisin tests submitted to GIPSA to for approval and use in the official system. GIPSA plans to evaluate and approve fumonisin rapid tests for the official inspection system prior to the fall corn harvest.

Our efforts to harness technology, improve service delivery, and meet new market needs are diverging most clearly in our work to address American agriculture's needs in the area of biotechnology.

Biotechnology has accelerated the rate of change in agriculture with new varieties meeting both the agronomic needs of the farmer and the specific quality attributes of the end user. It also has created new market challenges as a result of increased consumer demand for non-biotech foods. The entire infrastructure of agriculture including production, transportation, storage, handling, processing, distribution, and marketing is being influenced.

When markets around the world reject or limit imports of biotech crops, it has enormous implications for all of America's farmers. In 1999, one third of the U.S. corn crop and over half of the soybean crop were biotech varieties. U.S. corn growers lost approximately $400 million in

potential export sales since 1998, and face similar losses this year.

As local markets around the world began to demand a distinction between conventional and biotech crops, GIPSA provided a letterhead statement indicating that for certain crops, the United States was not producing any biotech varieties. Specific statements to facilitate trade involved dry edible beans, sorghum, wheat, and barley.

GIPSA also initiated action to establish a biotech reference facility. Our laboratory will meet the market's need for reliable and accurate analytical techniques that differentiate non-biotech from biotech grains and oilseeds by evaluating and verifying the validity of analytical procedures used to detect and quantify genetically enhanced traits in grains and oilseeds. It also will be used to establish sampling procedures for use in testing genetically enhanced grains and oilseeds. These standardized sampling and testing methods will be implemented through GIPSA's inspection program. The laboratory will meet a market need to ensure reliability of biotech crop detection methods and to facilitate information exchange, which, in turn, will decrease transaction costs and increase overall market efficiency. GIPSA's FY 2001 budget request includes funding that will enable GIPSA to complete establishment of the laboratory.

GIPSA has developed and will continue to develop the standardized testing methods needed by the market to measure the true value of the new enhanced quality attributes being introduced through biotechnology. This is a formidable challenge as more and more traits are introduced. New soybean traits alone include high content levels of oleic and stearate fatty acids, low linolenic acid content, and high sucrose content.

GIPSA has traditionally taken this role in the marketplace. We facilitate the marketing of grain by providing accurate and cost-effective measures of grain quality. We have been viewed as an independent, third party in providing grades and standards, establishing procedures, and in the actual provision of inspection and weighing services.

We are an integral part of America's grain handling infrastructure -- a superior infrastructure of storage facilities, rail lines, and waterways that makes American agriculture preeminently successful in the global marketplace. We recognize our role and will continue to provide all members of the U.S. grain handling system with the innovative, high-quality official inspection services they need to efficiently and effectively meet the challenges of a changing marketing environment.

Our commitment to reaching our customers does not end at our borders. Exporters, importers, and end users of U.S. grains and oilseeds, as well as other USDA agencies, USDA cooperator organizations, and other governments, frequently ask for GIPSA personnel to travel overseas. These activities include representing the Agency at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures. In FY 1999, GIPSA saw a dramatic increase in the number of requests for technical assistance overseas. During the fiscal year, GIPSA helped other USDA agencies and USDA cooperators conduct destination sampling, provide technical assistance, give grain inspection seminars overseas, lead a U.S. delegation to

review several receiver's grain scale operations, and investigate quality discrepancies, on a cost recovery basis.

At home, GIPSA regularly holds seminars and meetings to educate our worldwide customers about the quality and value of U.S. grain exports. In FY 1999, GIPSA representatives met in the United States with 89 teams from 50 countries to provide information, technical guidance, and educational seminars. These international outreach efforts help promote greater harmony between U.S. and international standards, and foster a better understanding of the U.S. grain marketing system, the official U.S. grain standards, the national inspection system. This, in turn, reduces the risk of new barriers in today's open and freer global marketplace, enhances purchasers' confidence in U.S. grain, and facilitates the export of U.S. agricultural products.

The grain program will continue to work to ensure our relevance and value to American agriculture. We are reaffirming our commitment to facilitating the marketing of U.S. grain by responding to our customers' needs and providing the highest quality grain inspection and weighing services to all whom we serve -- from farmer to domestic and international end users, and all those in between.

Our efforts in FY 2001 will focus on working with our customers to identify how we can apply automation to reengineer our administrative and inspection processes to achieve greater efficiency and productivity, and on helping American agriculture maximize the opportunities presented by biotechnology by providing the information the market needs to effectively and equitably market value-added products. In FY 2001, our commitment to improved efficiency and effectiveness will continue to serve American agriculture well, as U.S. agricultural exports

are expected to total $49 billion.

GIPSA accomplished a great deal in FY 1999 and much is planned for FY 2000. Our efforts to continuously improve our programs and services were further guided by the Agency's Strategic Plan, developed under the provisions of the Government Performance and Results Act.

Civil Rights

In addition to improving our services and programs in FY 1999, GIPSA also accomplished a great deal in the area of civil rights. In accordance with USDA's efforts to change and improve the way we do business; and to ensure that every employee and customer is treated fairly, equitably, and with dignity and respect, GIPSA is working to improve all areas of Civil Rights. Accordingly, we have taken a number of actions.

In FY 1999, GIPSA implemented a strengthened Alternative Dispute Resolution (ADR) Program that reflects GIPSA's commitment to operate more efficiently and effectively, and to encourage, where possible, consensual resolution of disputes. Under this program, GIPSA is promoting greater use of mediation, arbitration, early neutral evaluation, agency ombuds, and other alternative dispute resolution (ADR) techniques.

GIPSA continued to seek early resolution of employee complaints. The Agency targeted several formal cases for resolution and worked closely with the USDA's Employee Complaints and Adjudication Division to reduce the Agency's caseload by 25 percent by the end of FY 1999.

In addition, GIPSA strengthened its support for educational initiatives, Land Grant and other

minority institutions, the USDA summer intern program, and the college recruitment initiative Ag-HOPE, Agriculture Helps Our People Earn, at Alcorn State University, Lorman, Mississippi. The Agency also strengthened its relationships with small and disadvantaged businesses by entering into agreements with these contractors where possible.

These are only some of the steps GIPSA has taken in the EEO/CR area. The Department of Agriculture has made Civil Rights a major priority and GIPSA is completely committed to supporting the Department's efforts.

Fiscal Year 2001 Budget Request

To fund these important initiatives and to enable GIPSA to remain a valuable part of American agriculture, GIPSA's budget request for FY 2001 is $33.5 million under current law for salaries and expenses and $42.6 million for our Inspection and Weighing Services. GIPSA also is submitting legislation to collect $23.1 million in new user and license fees in FY 2001.

The President's FY 2001 budget proposes a current law request for grain inspection of $14.2 million. There are proposed increases of $150,000 to support GIPSA's increased role in international trade services and trade activities, and $1,980,000 for methods development activities. Proposed legislation to authorize the collection of $3.7 million in new user fees to cover the costs of grain standardization activities also is being submitted.

The budget proposes a current law request of $19.3 million for the Agency's P&S Programs. There are proposed increases of $1,200,000 to develop sophisticated models to help identify anti-competitive behavior and examine causes and competitive implications of contract livestock

production; $800,000 to examine the competitive structure of the poultry industry; $1,300,000 for rapid response teams within GIPSA; and $400,000 to establish a swine contract library. Additionally, proposed legislation is being submitted to authorize the collection of $19.3 million in new license fees to cover the cost of the P&S Programs.

There are additional increases in the budget of $100,000 for Civil Rights activities and $350,000 for an Information Staff that will benefit both the grain inspection program and the P&S program.

The $150,000 increase to support GIPSA's increased role in international trade services and trade activities would allow GIPSA to increase international travel. GIPSA has become increasingly involved in addressing international grain trade issues, including emerging sanitary and phytosanitary (SPS) issues and other technical barriers to trade, as well as trade issues with the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA). For example, compelled to adhere to the requirements of WTO and NAFTA, some grain and oilseed importing countries have created other barriers to limit or restrict unencumbered trade.

GIPSA works cooperatively with associated agencies to resolve critical issues that limit or restrict trade; assist individual governments and organizations in developing and/or enhancing their grain inspection and weighing capabilities; and enhance the international market's understanding of the U.S. inspection and weighing system.

The increase of $1,980,000 for methods development activities will enable the Agency to begin

the process of addressing the changes occurring due to biotechnology. As the commercialization of bioengineered crops has expanded, consumers worldwide have expressed an interest in having access to better and more reliable information about foods that do not contain biotech ingredients. In addition, U.S. producers and industry representatives are seeking to ensure that claims by competitors as to the biotech-free nature of their products are not false and misleading. As American agriculture works to address these complex and difficult issues involving the production and marketing of bioengineered crops, it is vital that USDA establish the framework to ensure the reliability of biotech crop detection methods. Measuring the traits of newly engineered grains is of critical importance in keeping grain markets open and fair. Of greater importance is the United States government's ability to provide leadership in establishing consistency in test methods to measure bioengineered grain and oilseeds. Producers, grain handlers, processing facilities, life science companies, and foreign buyers have all expressed their full support of USDA-GIPSA providing this leadership.

The $1,200;000 increase to develop sophisticated models to help identify anti-competitive behavior, and to examine the causes and competitive implications of contract livestock production will allow the Agency to look closely at potential anti-competitive behavior and its effects. The increase will be used to (1) develop econometric models to help identify collusion, predatory behavior, price leadership, market allocation, failure to compete, price and non-price discrimination, and other restraints in the procurement of cattle, hogs, and lambs by meatpackers; and (2) examine economic variables associated with production and marketing contracts for livestock, and the effects of contracting on the structure of livestock production and slaughter, and on competition in meatpacking and processing. This initiative addresses complex

issues that are important in examining the competitiveness of firms and markets in the meatpacking industry. An ongoing effort will be needed to develop methodology, databases, and analyses to effectively monitor competitive behavior and the competitive effects of structural changes in the meatpacking industry.

The increase of $800,000 to examine the competitive structure of the poultry industry will assess the characteristics of markets for poultry grower services and develop basic information about the structure and competitive conditions associated with the market for grower services. It will examine geographic distributions of growers around integrators' facilities; production and transportation costs; entry and exit conditions; contract terms; general grower-integrator relationships; and how contract terms are implemented; such as which chicks are assigned to which growers, feed weighing arrangements, and measurement of factors used in settlements.

This project will provide fundamental information about the relevant markets for grower services and address questions such as whether treatment of growers varies among integrators and among growers of a particular integrator. We have long focused our attention on contract disputes. This project will begin to examine underlying competitive conditions in the market for grower services.

The $1,300,000 increase will allow the Agency to designate a special investigation rapid response team for each of the three regional offices to handle the complex, high priority investigations. These investigations are time sensitive that require expeditious examination and analysis to protect constituent interests, and to prevent or minimize major competitive or financial harm caused by ongoing violations of the P&S Act. These teams will be comprise of

an economist/marketing specialist, legal specialist, auditor, and computer specialist, all of whom are experts in their area and experienced in P&S investigations. Full utilization of the team is anticipated within in the respective region, however, multi-teams will be used for investigations, when required.

The increase of $400,000 to establish a swine contract library will allow the Agency to comply with Section 222 of the FY 2000 Agriculture Appropriation Bill that mandates that GIPSA implement a "library or catalog of each type of contract offered by packers to swine producers." GIPSA is required to collect, compile, and publish a monthly report on the estimated number of swine expected to be delivered within the 6-month or 12-month periods following the date of the report. This mandate is "subject to the availability of appropriations to carry out this section"; GIPSA was not provided funding for this project.

Additional staff will be required to collect swine contracts on an ongoing basis from all packers slaughtering over 100,000 head of swine yearly. Contracts must be reviewed; all proprietary information redacted from the contracts; and then assembled and cataloged. We anticipate that the library or catalog to be accessible by the general public through the Internet.

Conclusion

Mr. Chairman, this concludes my statement. I appreciate the opportunity to testify on behalf of the Grain Inspection, Packers and Stockyards Administration (GIPSA). I will be happy to answer any questions the Committee may have.



James R. Baker

Administrator
Grain Inspection, Packers and Stockyards Administration
Marketing and Regulatory Programs
United States Department of Agriculture

James Baker is the administrator of the U.S. Department of Agricultur Grain Inspection, Packers and Stockyard Administration (GIPSA). As administrator, he oversees the USDA agency charged with facilitating marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promoting fair and competitive trading practices for the overall benefit of consumers and American agricultur Specifically, Mr. Baker administers the Federal Grain Inspection Servi a program which provides services and oversight that facilitate the marketing of grain, rice, oilseeds, pulses, and related commodities; an the Packers and Stockyards Programs, which carry out regulatory programs that promote fair business practices and a competitive marketing environment for livestock, meat, and poultry.

From 1983 until joining GIPSA in November 1994, Mr. Baker was the manager of Lewis Livestock Company in Conway, Arkansas, the large auction in the Southeastern United States. In addition, in 1989, Mr. Ba served as chairman of the Arkansas Livestock and Poultry Commissio

Mr. Baker has a distinguished record of service to agriculture and his community. He served on the board of directors of the Faulkner Count Farm Bureau from 1973 until 1995 and was president in 1986; was a State board member of the Arkansas Farm Bureau from 1989 through 1994 and was a national voting delegate in 1981 and 1986; was a member of the Faulkner County Extension Advisory Board for 20 yea has been a Charter Board Member of the Faulkner County 4-H Foundation Board since 1985, and served as president in 1979 and 198 and is an advisor to the Future Farmers of America.

His service and dedication to agriculture have been widely recognized. Mr. Baker is the recipient of two Silver Awards and one Gold Award from the Arkansas Production Credit Association; a Four-State Proclamation for service to agriculture; and an Agriculture Alumni Award from Southern State College. In 1997, Mr. Baker was appointe to the Department of Agriculture's Hispanic Advisory Council.

Mr. Baker, a native of Glenwood, Arkansas, received a degree in agribusiness from Southern State College in Magnolia, Arkansas. He i married to the former Linda Nelson and has two children, Monica and

Biographical Sketch
of
Enrique E. Figueroa, Ph.D.

Dr. Enrique E. Figueroa comes to USDA from Cornell University where he was an associate professor in the Department of Agricultural, Resource and Managerial Economics since November 1992. His initial appointment began in November 1996 as an assistant professor. Throughout his stay at Cornell, Dr. Figueroa's work focused on horticultural product marketing issues. Prior to that he was a post-graduate research agricultural economist and a research assistant in the Department of Agricultural Economics at the University of California at Davis.

His experience also includes work as a staff assistant to the House Committee on Agriculture for the U.S. Congress in 1982 and 1984. He spent four years with the California Conservation Corps from 1976 to 1980. He has an M.S. and Ph.D. in agricultural economics from the University of California at Davis, along with a M.S. in horticulture. His B.S. degree in agricultural education is from California State University in Fresno.

Dr. Figueroa has extensive experience in both research, extension, and teaching. He has worked on a number of projects in many parts of the world and has trained a number of graduate students.

BIOGRAPHY OF
KENNETH C. CLAYTON, PH.D.

Kenneth C. Clayton is Associate Administrator, Agricultural Marketing Service, U.S. Department of Agriculture. He is responsible for a wide range of programs that facilitate the domestic and global marketing of U.S. agricultural products.

Programs under Dr. Clayton's direction include voluntary, fee-for-service certifications of product quality; daily commodity price reporting for U.S. and foreign markets; oversight of industry-funded research and promotion programs; regulatory programs that ensure fair trade practices, including the Perishable Agricultural Commodities Act program; and procurement of commodities for federal feeding programs.

Dr. Clayton has served as Acting Assistant Secretary and Acting Deputy Assistant Secretary for Marketing and Inspection Programs at USDA. In addition, he has served as Senior Economist, Office of the U.S. Trade Representative. Prior to joining the Agricultural Marketing Service, he held several leadership positions with USDA's Economic Research Service.

Earlier in his career, Dr. Clayton served on the faculty of the University of Florida. He received his undergraduate training at Rutgers University, and his Masters and Ph.D. degrees in agricultural economics from Purdue University.

USER FEE LEGISLATION

Mr. SKEEN. Thank you, Mr. Dunn. Let's start the questioning.

If you would, in your testimony, you urge Congress to enact the proposed user fee legislation. Has that legislation been submitted yet?

Mr. DUNN. I would defer to Mr. Kaplan on that.

Mr. KAPLAN. The legislation was actually submitted last year. It is the same legislation. So it is up here on the Hill.

Mr. SKEEN. No retread?

Mr. KAPLAN. No retread, no, sir.

Mr. SKEEN. Thank you.

ASIAN LONG-HORNED BEETLE

Mr. Dunn, the administration has made a strong case for increased trade with China. You mentioned in your testimony the situation with the Asian Long-Horned Beetle which came into the United States in wooden packing crates from China. This insect is costing Federal and local government millions of dollars in damage to trees in New York and Illinois.

Are the Chinese doing all they can to eliminate this problem? What is the status?

Mr. DUNN. Mr. Chairman, I am very, very pleased to report that China has been a model trade partner in this instance on Asian Long-Horned Beetle and packing crates. We went to them with our emergency program when we introduced it because of the infestation that we were getting from the packing crates.

They have exceeded 97 percent in compliance with what we have asked them to do. That is remarkable that they were able to mobilize and to be able to be so responsive to our regulations in such a short time.

SCREWWORM

Mr. SKEEN. That is very interesting. You mentioned, too, the reinfestation with Screwworm.

Mr. DUNN. Mr. Chairman, I am very sad to report that just recently, within the last month, we have had a number of finds of Screwworm in horses that are being brought into the United States. At our center in Miami we have found that a number of the horses have been infested with Screwworms. Unfortunately, one shipment had gone out. We are in the process of doing trace-back on that to ensure that there has been no infestation.

We are gearing up to ensure that if we have to, we would be able to release sterile flies in the United States if we found the need to do so. But it illustrates, Mr. Chairman, the need to finish up our program and to talk with South America about them beginning, initiating a program for eradication of Screwworm as well.

Mr. SKEEN. I was around the headquarters in Texas when we started that program. It was tremendously successful. We used to spend most of our time in the summertime clearing up Screwworm problems. Surely we don't want to see it start in again. We are trying to move the laboratory down to Panama, so they can control it in both Hemispheres. I have great interest in keeping that exercise going for us, because it has been very well done.

I was surprised that we had some infestation coming across the border on horses.

Mr. DUNN. It demonstrates, Mr. Chairman, that we have to keep our vigilance up, that we need to find a way to finance that facility in Panama as well.

Mr. SKEEN. We are working on it.

Mr. DUNN. Yes, sir.

Mr. SKEEN. Miss Kaptur.

Miss KAPTUR. Thank you, Mr. Chairman.

INTERNATIONAL TRADE

Mr. Dunn, in your excellent testimony, you talked about the rising level of imports into our country and you used, what was the figure you used, every 6 years the volume doubles coming in?

Mr. DUNN. Every 6 years, the volume of what we inspect doubles.

Miss KAPTUR. You are talking about agricultural imports?

Mr. DUNN. This would be all imports that are coming in that our inspectors handle—the shipments that come into our airports and our seaports, that volume is doubling every 6 years. We are supposed to inspect everything.

Miss KAPTUR. What percent do we actually inspect?

Mr. DUNN. Our goal is to inspect 2 percent. Unfortunately, we fall short of that.

What we are in the process of doing is conducting an individual risk assessment of each port to determine what the pathways are in that port and where pest and disease may be coming in. Instead of treating them as "one size fits all," we are trying to target our resources at those particular ports. It is something that the Secretary and I have talked at great length about in recent times, and he has a great deal of concern about this, as do I.

EXOTIC PESTS AND DISEASES

Miss KAPTUR. What is the total amount that the Asian Long-Horned Beetle has now cost the people of this country, counting the funds that are in your budget, the funds that the State of New York and the cities of New York and Chicago, et cetera—I am interested in looking at that.

I am looking at Citrus Canker. You are asking for an increase in the budget you submitted to us. What we tend to do is we look at this in terms of individual outbreaks, problems. Can you provide for the record the total cost to the people of the United States for all of these various invasive species that are coming in here and pests that are coming in on imported products or animals?

I have never seen that figure submitted by anybody at USDA. Are you able to put that together for us?

Mr. DUNN. We will do that for the record, Miss Kaptur. I could not do it from the hip here.

Miss KAPTUR. Right. You have some numbers there perhaps on the cost of the Asian Long-Horned Beetle increasing?

Mr. DUNN. The amount that we have put in, Federal side, is $7.3 million in fiscal 1999 and $13.6 million for fiscal 2000.

Miss KAPTUR. So it is rising?

Mr. DUNN. Yes, ma'am.

Ms. KAPTUR. What is happening with Citrus Canker? Has that not also been rising as I recall? That wasn't even in the budget a couple of years ago. Now we have that problem.

Your budget this year proposes over $20 million, $20 to $30 million?

Mr. DUNN. Yes, Ms. Kaptur. We are requesting $20 million in Citrus Canker. Two years ago, the Director of Agriculture for Florida, Bob Crawford, and I sat down with the industry to try to get our arms around the problem of Citrus Canker. We asked our staffs to put together a multiyear plan to address this particular problem that we had. They came up with a multiyear plan to address Citrus Canker problem.

What we found is that that plan was not adequate, that we didn't have enough buffer zone around trees that were actually infected, and it has been exacerbated by hurricanes and other weather-related situations.

So what has happened is, the State of Florida has come back to us and asked that we join them in doing a single year, all-out attack on Citrus Canker to try to eradicate this. This unfortunately is a situation where we simply—the only tool we have in our tool box to address this is to remove the trees. This is very, very costly. Our proposal for just simply eradication and surveying, operating that program is $175 million for completion. We have already spent about $44 million on the eradication program.

Ms. KAPTUR. This counts both State and Federal money?

Mr. DUNN. Yes, ma'am, that would be both State and Federal.

Ms. KAPTUR. That is significant money. I know Congressman Boyd has been a leader on this subcommittee in trying to address that situation. I have very little time in this first round, or any round, but I wanted to just really urge you for the record, step back from any one infestation, one can list them. I would like to know as these imports double every 6 years, if those are the correct numbers, what this is costing us inside our economy to correct the mistakes, to correct the problems, and we haven't even talked about some of the other costs that I am sure are hidden in your various budgets for various outbreaks that we are experiencing.

I would really like to know what the cost, Federal cost, is for international trade in your budget. You probably can't speak to some of the other agencies, and I know it is growing and I don't want to get off into some sidetrack on just one infestation. I would like you to provide us with a summary of that.

Mr. DUNN. We certainly wouldn't hide anything in our budget. I will get you that.

[The information follows:]

APHIS spent $42.1 million to combat emergency outbreaks of various invasive species in FY 1999, as follows (dollars in thousands):

Pest/Disease:	*Amount Spent*
Asian gypsy moth	$128
Asian long horned beetle	5,104
Brown tree snake	265
Citrus canker	19,710
Classical swine fever	982
European gypsy moth	490
Karnal bunt	2,433
Medfly	12,425
Olive fruit fly	429

Pest/Disease:	*Amount Spent*
Pink hibiscus mealybug	137
Total, FY 1999	42,103

INVASIVE SPECIES

Mr. DUNN. There is an economist that has projected what invasive species cost the United States, and it is somewhere in the neighborhood of $123 billion annually. I will get that report and send it to you, because that would include forest and streams and everything else over and above what we do in Animal and Plant Health Inspection Service.

Ms. KAPTUR. I know my time is up. Mr. Chairman, I would also ask the Under Secretary if he would be able in his reply to my question to also suggest other mechanisms that we might have available legally to place some of this cost on those who have actually created the difficulty, and how one might go about doing that—not only in this subcommittee, perhaps in other places in this Congress. But it seems to me that the importer has a lot of responsibility here, and I am very interested in looking upstream, how this actually got here and how we might move some of these costs to the perpetrators.

Mr. DUNN. There is legislation in front of Congress, the Plant Protection Act, which would increase the fines for us on folks that we find that have smuggled in or brought in purposely products that pose a threat to us. I think that is one of the steps that we ought to take. But we will get you that additional information.

[The information follows:]

HR 1504 IH

106th CONGRESS

1st Session

H. R. 1504

To streamline, modernize, and enhance the authority of the Secretary of Agriculture relating to plant protection and quarantine, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

April 21, 1999

Mr. CANADY of Florida (for himself, Mr. EWING, Mr. EHRLICH, Mr. ETHERIDGE, Mr. CONDIT, Mr. FOLEY, Mr. BLUMENAUER, Mrs. THURMAN, Mr. BOYD, and Mr. HAYES) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on the Judiciary, Resources, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To streamline, modernize, and enhance the authority of the Secretary of Agriculture relating to plant protection and quarantine, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the 'Plant Protection Act'.

(b) TABLE OF CONTENTS- The table of contents of this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

TITLE I--PLANT PROTECTION

Sec. 101. Regulation of movement of plant pests.

Sec. 102. Regulation of movement of plants, plant products, biological control organisms, articles, noxious weeds, and means of conveyance.

Sec. 103. Notification and holding requirements upon arrival.

Sec. 104. General remedial measures for new plant pests and noxious weeds.

Sec. 105. Declaration of extraordinary emergency and resulting authorities.

Sec. 106. Recovery of compensation for unauthorized activities.

Sec. 107. Control of grasshoppers and Mormon crickets.

Sec. 108. Certification for exports.

TITLE II--INSPECTION AND ENFORCEMENT

Sec. 201. Inspections, seizures, and warrants.

Sec. 202. Collection of information.

Sec. 203. Subpoena authority.

Sec. 204. Penalties for violation.

Sec. 205. Enforcement actions of Attorney General.

Sec. 206. Court jurisdiction.

TITLE III--MISCELLANEOUS PROVISIONS

Sec. 301. Cooperation.

Sec. 302. Buildings, land, people, claims, and agreements.

Sec. 303. Reimbursable agreements.

Sec. 304. Regulations and orders.

Sec. 305. Protection for mail handlers.

Sec. 306. Preemption.

Sec. 307. Severability.

Sec. 308. Repeal of superseded laws.

TITLE IV--AUTHORIZATION OF APPROPRIATIONS

Sec. 401. Authorization of appropriations.

Sec. 402. Transfer authority.

SEC. 2. FINDINGS.

The Congress finds that--

(1) the detection, control, eradication, suppression, prevention, or retardation of the spread of plant pests or noxious weeds is necessary for the protection of the agriculture, environment, and economy of the United States;

(2) biological control is often a desirable, low-risk means of ridding crops and other plants of plant pests and noxious weeds, and its use should be facilitated by the Department of Agriculture, other Federal agencies, and States whenever feasible;

(3) the smooth movement of enterable plants, plant products, biological control organisms, or other articles into, out of, or within the United States is vital to the Nation's economy and should be facilitated to the extent possible;

(4) export markets could be severely impacted by the introduction or spread of plant pests or noxious weeds into or within the United States;

(5) the unregulated movement of plant pests, noxious weeds, plants, certain biological control organisms, plant products, and articles capable of harboring plant pests or noxious weeds could present an unacceptable risk of introducing or spreading plant pests or noxious weeds;

(6) the existence on any premises in the United States of a plant pest or noxious weed new to or not known to be widely prevalent in or distributed within and throughout the United States could constitute a threat to crops and other plants or plant products of the United States and burden interstate commerce or foreign commerce; and

(7) all plant pests, noxious weeds, plants, plant products, articles capable of harboring plant pests or noxious weeds regulated under this Act are in or affect interstate commerce or foreign commerce.

SEC. 3. DEFINITIONS.

For the purposes of this Act:

(1) ARTICLE- The term 'article' means any material or tangible object that could harbor plant pests or noxious weeds.

(2) BIOLOGICAL CONTROL ORGANISM- The term 'biological control organism' means any enemy, antagonist, or competitor used to control a plant pest or noxious weed.

(3) ENTER AND ENTRY- The terms 'enter' and 'entry' mean to move into, or the act of movement into, the commerce of the United States.

(4) EXPORT AND EXPORTATION- The terms 'export' and 'exportation' mean to move from, or the act of movement from, the United States to any place outside of the United States.

(5) IMPORT AND IMPORTATION- The terms 'import' and 'importation' mean to move into,

or

the act of movement into, the territorial limits of the United States.

(6) INTERSTATE- The term 'interstate' means--

(A) from one State into or through any other State; or

(B) within the District of Columbia, Guam, the Virgin Islands of the United States, or any other territory or possession of the United States.

(7) INTERSTATE COMMERCE- The term 'interstate commerce' means trade, traffic, or other commerce--

(A) between a place in a State and a point in another State, or between points within the same State but through any place outside that State; or

(B) within the District of Columbia, Guam, the Virgin Islands of the United States, or any other territory or possession of the United States.

(8) MEANS OF CONVEYANCE- The term 'means of conveyance' means any personal property used for or intended for use for the movement of any other personal property.

(9) MOVE AND RELATED TERMS- The terms 'move', 'moving', and 'movement' mean--

(A) to carry, enter, import, mail, ship, or transport;

(B) to aid, abet, cause, or induce the carrying, entering, importing, mailing, shipping, or transporting;

(C) to offer to carry, enter, import, mail, ship, or transport;

(D) to receive to carry, enter, import, mail, ship, or transport;

(E) to release into the environment; or

(F) to allow any of the activities described in a preceding clause.

(10) NOXIOUS WEED- The term 'noxious weed' means any plant or plant product that can directly or indirectly injure or cause damage to crops (including nursery stock or plant products), livestock, poultry, or other interests of agriculture, irrigation, navigation, the natural resources of the United States, the public health, or the environment.

(11) PERMIT- The term 'permit' means a written or oral authorization, including by electronic methods, by the Secretary to move plants, plant products, biological control organisms, plant pests, noxious weeds, or articles under conditions prescribed by the Secretary.

(12) PERSON- The term 'person' means any individual, partnership, corporation, association, joint venture, or other legal entity.

(13) PLANT- The term 'plant' means any plant (including any plant part) for or capable of propagation, including trees, tissue cultures, plantlet cultures, pollen, shrubs, vines, cuttings, grafts, scions, buds, bulbs, roots, and seeds.

(14) PLANT PEST- The term 'plant pest' means any living stage of any of the following that can directly or indirectly injure, cause damage to, or cause disease in any plant or plant product:

(A) A protozoan.

(B) A nonhuman animal.

(C) A parasitic plant.

(D) A bacteria.

(E) A fungus.

(F) A virus or viroid.

(G) An infectious agent or other pathogen.

(H) Any article similar to or allied with any of the articles specified in the preceding subparagraphs.

(15) PLANT PRODUCT- The term 'plant product' means--

(A) any flower, fruit, vegetable, root, bulb, seed, or other plant part that is not included in the definition of plant; or

(B) any manufactured or processed plant or plant part.

(16) SECRETARY- The term 'Secretary' means the Secretary of Agriculture.

(17) STATE- The term 'State' means any of the several States of the United States, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Virgin Islands of the United States, or any other territory or possession of the United States.

(18) THIS ACT- Except when used in this section, the term 'this Act' includes any regulation or order issued by the Secretary under the authority of this Act.

(19) UNITED STATES- The term 'United States' means all of the States.

TITLE I--PLANT PROTECTION

SEC. 101. REGULATION OF MOVEMENT OF PLANT PESTS.

(a) PROHIBITION OF UNAUTHORIZED MOVEMENT OF PLANT PESTS- Except as provided in subsection (b), no person shall import, enter, export, or move in interstate commerce any plant

pest, unless the importation, entry, exportation, or movement is authorized under general or specific permit and is in accordance with such regulations as the Secretary may issue to prevent the introduction of plant pests into the United States or the dissemination of plant pests within the United States.

(b) AUTHORIZATION OF MOVEMENT OF PLANT PESTS BY REGULATION-

(1) EXCEPTION TO PERMIT REQUIREMENT- The Secretary may issue regulations to allow the importation, entry, exportation, or movement in interstate commerce of specified plant pests without further restriction if the Secretary finds that a permit under subsection (a) is not necessary.

(2) PETITION TO ADD OR REMOVE PLANT PESTS FROM REGULATION- Any person may petition the Secretary to add a plant pest to, or remove a plant pest from, the regulations issued by the Secretary under paragraph (1).

(3) RESPONSE TO PETITION BY THE SECRETARY- In the case of a petition submitted under paragraph (2), the Secretary shall act on the petition within a reasonable time and notify the petitioner of the final action the Secretary takes on the petition. The Secretary's determination on the petition shall be based on sound science.

(c) PROHIBITION OF UNAUTHORIZED MAILING OF PLANT PESTS-

(1) IN GENERAL- Any letter, parcel, box, or other package containing any plant pest, whether sealed as letter-rate postal matter or not, is nonmailable and shall not knowingly be conveyed in the mail or delivered from any post office or by any mail carrier, unless the letter, parcel, box, or other package is mailed in compliance with such regulations as the Secretary may issue to prevent the dissemination of plant pests into the United States or interstate.

(2) APPLICATION OF POSTAL LAWS AND REGULATIONS- Nothing in this subsection authorizes any person to open any mailed letter or other mailed sealed matter except in accordance with the postal laws and regulations.

(d) REGULATIONS- Regulations issued by the Secretary to implement subsections (a), (b), and (c) may include provisions requiring that any plant pest imported, entered, to be exported, moved in interstate commerce, mailed, or delivered from any post office--

(1) be accompanied by a permit issued by the Secretary prior to the importation, entry, exportation, movement in interstate commerce, mailing, or delivery of the plant pest;

(2) be accompanied by a certificate of inspection issued (in a manner and form required by the Secretary) by appropriate officials of the country or State from which the plant pest is to be moved;

(3) be raised under post-entry quarantine conditions by or under the supervision of the Secretary for the purposes of determining whether the plant pest may be infested with other plant pests, may pose a significant risk of causing injury to, damage to, or disease in any plant or plant product, or may be a noxious weed; and

(4) be subject to remedial measures the Secretary determines necessary to prevent the spread

of plant pests.

SEC. 102. REGULATION OF MOVEMENT OF PLANTS, PLANT PRODUCTS, BIOLOGICAL CONTROL ORGANISMS, ARTICLES, NOXIOUS WEEDS, AND MEANS OF CONVEYANCE.

(a) IN GENERAL- The Secretary may prohibit or restrict the importation, entry, exportation, or movement in interstate commerce of any plant, plant product, biological control organism, noxious weed, article, or any means of conveyance, if the Secretary determines that the prohibition or restriction is necessary to prevent the introduction into the United States or the dissemination of a plant pest or noxious weed within the United States.

(b) REGULATIONS- The Secretary may issue regulations to implement subsection (a), including regulations requiring that any plant, plant product, biological control organism, noxious weed, article, or any means of conveyance imported, entered, to be exported, or moved in interstate commerce--

(1) be accompanied by a permit issued by the Secretary prior to the importation, entry, exportation, or movement in interstate commerce;

(2) be accompanied by a certificate of inspection issued (in a manner and form required by the Secretary) by appropriate officials of the country or State from which the plant, plant product, biological

control organism, noxious weed, article, or means of conveyance is to be moved;

(3) be subject to remedial measures the Secretary determines to be necessary to prevent the spread of plant pests or noxious weeds; and

(4) with respect to plants or biological control organisms, be grown or handled under post-entry quarantine conditions by or under the supervision of the Secretary for the purposes of determining whether the plant or biological control organism may be infested with plant pests or may be a plant pest or noxious weed.

(c) Noxious Weeds-

(1) REGULATIONS- In the case of noxious weeds, the Secretary may publish, by regulation, a list of noxious weeds that are prohibited or restricted from entering the United States or that are subject to restrictions on interstate movement within the United States.

(2) PETITION TO ADD OR REMOVE PLANTS FROM REGULATION- Any person may petition the Secretary to add a plant species to, or remove a plant species from, the regulations issued by the Secretary under this subsection.

(3) DUTIES OF THE SECRETARY- In the case of a petition submitted under paragraph (2), the Secretary shall act on the petition within a reasonable time and notify the petitioner of the final action the Secretary takes on the petition. The Secretary's determination on the petition shall be based on sound science.

(d) Biological Control Organisms-

(1) REGULATIONS- In the case of biological control organisms, the Secretary may publish, by regulation, a list of organisms whose movement in interstate commerce is not prohibited or restricted. Any listing may take into account distinctions between organisms such as indigenous, non-indigenous, newly introduced, or commercially raised.

(2) PETITION TO ADD OR REMOVE BIOLOGICAL CONTROL ORGANISMS FROM THE REGULATIONS- Any person may petition the Secretary to add a biological control organism to, or remove a biological control organism from, the regulations issued by the Secretary under this subsection.

(3) DUTIES OF THE SECRETARY- In the case of a petition submitted under paragraph (2), the Secretary shall act on the petition within a reasonable time and notify the petitioner of the final action the Secretary takes on the petition. The Secretary's determination on the petition shall be based on sound science.

SEC. 103. NOTIFICATION AND HOLDING REQUIREMENTS UPON ARRIVAL.

(a) DUTY OF SECRETARY OF THE TREASURY-

(1) NOTIFICATION- The Secretary of the Treasury shall promptly notify the Secretary of Agriculture of the arrival of any plant, plant product, biological control organism, plant pest, or noxious weed at a port of entry.

(2) HOLDING- The Secretary of the Treasury shall hold a plant, plant product, biological control organism, plant pest, or noxious weed for which notification is made under paragraph (1) at the port of entry until the plant, plant product, biological control organism, plant pest, or noxious weed is--

(A) inspected and authorized for entry into or transit movement through the United States; or

(B) otherwise released by the Secretary of Agriculture.

(3) EXCEPTIONS- Paragraphs (1) and (2) shall not apply to any plant, plant product, biological control organism, plant pest, or noxious weed that is imported from a country or region of a country designated by the Secretary of Agriculture, pursuant to regulations, as exempt from the requirements of such paragraphs.

(b) DUTY OF RESPONSIBLE PARTIES-

(1) NOTIFICATION- The person responsible for any plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance required to have a permit under section 101 or 102 shall provide the notification described in paragraph (3) as soon as possible after the arrival of the plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance at a port of entry and before the plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance is moved from the port of entry.

(2) SUBMISSION- The notification shall be provided to the Secretary, or at the Secretary's

direction, the proper official of the State to which the plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance is destined, or both, as the Secretary may prescribe.

(3) ELEMENTS OF NOTIFICATION- The notification shall consist of the following:

(A) The name and address of the consignee.

(B) The nature and quantity of the plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance proposed to be moved.

(C) The country and locality where the plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance was grown, produced, or located.

(c) PROHIBITION ON MOVEMENT OF ITEMS WITHOUT AUTHORIZATION- No person shall move from a port of entry or interstate any imported plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance unless the imported plant, plant product, biological control organism, plant pest, noxious weed, article, or means of conveyance--

(1) is inspected and authorized for entry into or transit movement through the United States; or

(2) is otherwise released by the Secretary.

SEC. 104. GENERAL REMEDIAL MEASURES FOR NEW PLANT PESTS AND NOXIOUS WEEDS.

(a) AUTHORITY TO HOLD, TREAT, OR DESTROY ITEMS- If the Secretary considers it necessary in order to prevent the dissemination of a plant pest or noxious weed that is new to or not known to be widely prevalent or distributed within and throughout the United States, the Secretary may hold, seize, quarantine, treat, apply other remedial measures to, destroy, or otherwise dispose of any plant, plant pest, noxious weed, biological control organism, plant product, article, or means of conveyance that--

(1) is moving into or through the United States or interstate, or has moved into or through the United States or interstate, and--

(A) the Secretary has reason to believe is a plant pest or noxious weed or is infested with a plant pest or noxious weed at the time of the movement; or

(B) is or has been otherwise in violation of this Act;

(2) has not been maintained in compliance with a post-entry quarantine requirement; or

(3) is the progeny of any plant, biological control organism, plant product, plant pest, or noxious weed that is moving into or through the United States or interstate, or has moved into the United States or interstate, in violation of this Act.

(b) AUTHORITY TO ORDER AN OWNER TO TREAT OR DESTROY-

(1) IN GENERAL- The Secretary may order the owner of any plant, biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance subject to action under subsection (a), or the owner's agent, to treat, apply other remedial measures to, destroy, or otherwise dispose of the plant, biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance, without cost to the Federal Government and in the manner the Secretary considers appropriate.

(2) FAILURE TO COMPLY- If the owner or agent of the owner fails to comply with the Secretary's order under this subsection, the Secretary may take an action authorized by subsection (a) and recover from the owner or agent of the owner the costs of any care, handling, application of remedial measures or disposal incurred by the Secretary in connection with actions taken under subsection (a).

(c) CLASSIFICATION SYSTEM-

(1) DEVELOPMENT REQUIRED- To facilitate control of noxious weeds, the Secretary may develop a classification system to describe the status and action levels for noxious weeds. The classification system may include the current geographic distribution, relative threat, and actions initiated to prevent introduction or distribution.

(2) MANAGEMENT PLANS- In conjunction with the classification system, the Secretary may develop integrated management plans for noxious weeds for the geographic region or ecological range where the noxious weed is found in the United States.

(d) APPLICATION OF LEAST DRASTIC ACTION- No plant, biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance shall be destroyed, exported, or returned to the shipping point of origin, or ordered to be destroyed, exported, or returned to the shipping point of origin under this section unless, in the opinion of the Secretary, there is no less drastic action that is feasible and that would be adequate to prevent the dissemination of any plant pest or noxious weed new to or not known to be widely prevalent or distributed within and throughout the United States.

SEC. 105. DECLARATION OF EXTRAORDINARY EMERGENCY AND RESULTING AUTHORITIES.

(a) AUTHORITY TO DECLARE- If the Secretary determines that an extraordinary emergency exists because of the presence of a plant pest or noxious weed that is new to or not known to be widely prevalent in or distributed within and throughout the United States and that the presence of the plant pest or noxious weed threatens plants or plant products of the United States, the Secretary may--

(1) hold, seize, quarantine, treat, apply other remedial measures to, destroy, or otherwise dispose of, any plant, biological control organism, plant product, article, or means of conveyance that the Secretary has reason to believe is infested with the plant pest or noxious weed;

(2) quarantine, treat, or apply other remedial measures to any premises, including any plants, biological control organisms, plant products, articles, or means of conveyance on the premises, that the Secretary has reason to believe is infested with the plant pest or noxious weed;

(3) quarantine any State or portion of a State in which the Secretary finds the plant pest or noxious weed or any plant, biological control organism, plant product, article, or means of conveyance that the Secretary has reason to believe is infested with the plant pest or noxious weed; and

(4) prohibit or restrict the movement within a State of any plant, biological control organism, plant product, article, or means of conveyance when the Secretary determines that the prohibition or restriction is necessary to prevent the dissemination of the plant pest or noxious weed or to eradicate the plant pest or noxious weed.

(b) REQUIRED FINDING OF EMERGENCY- The Secretary may take action under this section only upon finding, after review and consultation with the Governor or other appropriate official of the State affected, that the measures being taken by the State are inadequate to eradicate the plant pest or noxious weed.

(c) NOTIFICATION PROCEDURES-

(1) IN GENERAL- Except as provided in paragraph (2), before any action is taken in any State under this section, the Secretary shall notify the Governor or other appropriate official of the State affected, issue a public announcement, and file for publication in the Federal Register a statement of the Secretary's findings, the action the Secretary intends to take, the reasons for the intended action, and, where practicable, an estimate of the anticipated duration of the extraordinary emergency.

(2) TIME SENSITIVE ACTIONS- If it is not possible to file for publication in the Federal Register prior to taking action, the filing shall be made within a reasonable time, not to exceed 10 business days, after commencement of the action.

(d) APPLICATION OF LEAST DRASTIC ACTION- No plant, biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance shall be destroyed, exported, or returned to the shipping point of origin, or ordered to be destroyed, exported, or returned to the shipping point of origin under this section unless, in the opinion of the Secretary, there is no less drastic action that is feasible and that would be adequate to prevent the dissemination of any plant pest or noxious weed new to or not known to be widely prevalent or distributed within and throughout the United States.

(e) PAYMENT OF COMPENSATION- The Secretary may pay compensation to any person for economic losses incurred by them as a result of action taken by the Secretary under this section. The determination by the Secretary of the amount of any compensation to be paid under this subsection shall be final and shall not be subject to judicial review.

SEC. 106. RECOVERY OF COMPENSATION FOR UNAUTHORIZED ACTIVITIES.

(a) RECOVERY ACTION- The owner of any plant, plant biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance destroyed or otherwise disposed of by the Secretary under section 104 or 105 may bring an action against the United States to recover just compensation for the destruction or disposal of the plant, plant biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance (not including

compensation for loss due to delays incident to determining eligibility for importation, entry, exportation, movement in interstate commerce, or release into the environment), but only if the owner establishes that the destruction or disposal was not authorized under this Act.

(b) TIME FOR ACTION; LOCATION- An action under this section shall be brought not later than one year after the destruction or disposal of the plant, plant biological control organism, plant product, plant pest, noxious weed, article, or means of conveyance involved. The action may be brought in any United States District Court where the owner is found, resides, transacts business, is licensed to do business, or is incorporated.

(c) PAYMENT OF JUDGMENTS- Any judgment rendered in favor of the owner shall be paid out of the money

in the Treasury appropriated for plant pest control activities of the Department of Agriculture.

SEC. 107. CONTROL OF GRASSHOPPERS AND MORMON CRICKETS.

(a) IN GENERAL- Subject to the availability of funds pursuant to this section, the Secretary of Agriculture shall carry out a program to control grasshoppers and Mormon Crickets on all Federal lands to protect rangeland.

(b) TRANSFER AUTHORITY-

(1) IN GENERAL- Subject to paragraph (3), upon the request of the Secretary of Agriculture, the Secretary of the Interior shall transfer to the Secretary of Agriculture, from any no-year appropriations, funds for the prevention, suppression, and control of actual or potential grasshopper and Mormon Cricket outbreaks on Federal lands under the jurisdiction of the Secretary of the Interior. The transferred funds shall be available only for the payment of obligations incurred on such Federal lands.

(2) TRANSFER REQUESTS- Requests for the transfer of funds pursuant to this subsection shall be made as promptly as possible by the Secretary of Agriculture.

(3) LIMITATION- Funds transferred pursuant to this subsection may not be used by the Secretary of Agriculture until funds specifically appropriated to the Secretary of Agriculture for grasshopper control have been exhausted.

(4) REPLENISHMENT OF TRANSFERRED FUNDS- Funds transferred pursuant to this section shall be replenished by supplemental or regular appropriations, which shall be requested as promptly as possible.

(c) TREATMENT FOR GRASSHOPPERS AND MORMON CRICKETS-

(1) IN GENERAL- Subject to the availability of funds pursuant to this section, on request of the administering agency or the agriculture department of an affected State, the Secretary of Agriculture, to protect rangeland, shall immediately treat Federal, State, or private lands that are infested with grasshoppers or Mormon Crickets at levels of economic infestation, unless the Secretary determines that delaying treatment will not cause greater economic damage to adjacent owners of rangeland.

(2) OTHER PROGRAMS- In carrying out this section, the Secretary of Agriculture shall work in conjunction with other Federal, State, and private prevention, control, or suppression efforts to protect rangeland.

(d) FEDERAL COST SHARE OF TREATMENT-

(1) CONTROL ON FEDERAL LANDS- Out of funds made available or transferred under this section, the Secretary of Agriculture shall pay 100 percent of the cost of grasshopper or Mormon Cricket control on Federal lands to protect rangeland.

(2) CONTROL ON STATE LANDS- Out of funds made available under this section, the Secretary of Agriculture shall pay 50 percent of the cost of grasshopper or Mormon Cricket control on State lands.

(3) CONTROL ON PRIVATE LANDS- Out of funds made available under this section, the Secretary of Agriculture shall pay 33.3 percent of the cost of grasshopper or Mormon Cricket control on private lands.

(e) TRAINING- From appropriated funds made available or transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes, the Secretary of Agriculture shall provide adequate funding for a program to train personnel to accomplish effectively the objective of this section.

SEC. 108. CERTIFICATION FOR EXPORTS.

The Secretary may certify as to the freedom of plants, plant products, or biological control organisms from plant pests or noxious weeds or exposure of plants, plant products, or biological control organisms to plant pests or noxious weeds according to the phytosanitary or other requirements of the countries to which the plants, plant products, or biological control organisms may be exported.

TITLE II--INSPECTION AND ENFORCEMENT

SEC. 201. INSPECTIONS, SEIZURES, AND WARRANTS.

(a) ROLE OF ATTORNEY GENERAL- The activities authorized by this section shall be carried out consistent with guidelines approved by the Attorney General.

(b) WARRANTLESS INSPECTIONS- The Secretary may stop and inspect, without a warrant, any person or means of conveyance moving--

(1) into the United States to determine whether the person or means of conveyance is carrying any plant, plant product, biological control organism, plant pest, noxious weed, or article subject to this Act;

(2) in interstate commerce upon probable cause to believe that the person or means of conveyance is carrying any plant, plant product, biological control

organism, plant pest, noxious weed, or article subject to this Act; and

(3) in intrastate commerce from or within any State, portion of a State, or premises

quarantined as part of a extraordinary emergency declared under section 105 upon probable cause to believe that the person or means of conveyance is carrying any plant, plant product, biological control organism, plant pest, noxious weed, or article regulated under such section or is moving subject to such section.

(c) INSPECTIONS WITH A WARRANT-

(1) GENERAL AUTHORITY- The Secretary may enter, with a warrant, any premises in the United States for the purpose of conducting investigations or making inspections and seizures under this Act.

(2) APPLICATION AND ISSUANCE OF A WARRANT- Upon proper oath or affirmation showing probable cause to believe that there is on certain premises any plant, plant product, biological control organism, plant pest, noxious weed, article, facility, or means of conveyance regulated under this Act, a United States judge, a judge of a court of record in the United States, or a United States magistrate judge may, within the judge's or magistrate's jurisdiction, issue a warrant for the entry upon the premises to conduct any investigation or make any inspection or seizure under this Act. The warrant may be applied for and executed by the Secretary or any United States Marshal.

SEC. 202. COLLECTION OF INFORMATION.

The Secretary may gather and compile information and conduct any investigations the Secretary considers necessary for the administration and enforcement of this Act.

SEC. 203. SUBPOENA AUTHORITY.

(a) AUTHORITY TO ISSUE- The Secretary shall have power to subpoena the attendance and testimony of any witness, and the production of all documentary evidence relating to the administration or enforcement of this Act or any matter under investigation in connection with this Act.

(b) LOCATION OF PRODUCTION- The attendance of any witness and production of documentary evidence may be required from any place in the United States at any designated place of hearing.

(c) ENFORCEMENT OF SUBPOENA- In case of disobedience to a subpoena by any person, the Secretary may request the Attorney General to invoke the aid of any court of the United States within the jurisdiction in which the investigation is conducted, or where the person resides, is found, transacts business, is licensed to do business, or is incorporated, in requiring the attendance and testimony of any witness and the production of documentary evidence. In case of a refusal to obey a subpoena issued to any person, a court may order the person to appear before the Secretary and give evidence concerning the matter in question or to produce documentary evidence. Any failure to obey the court's order may be punished by the court as a contempt of the court.

(d) COMPENSATION- Witnesses summoned by the Secretary shall be paid the same fees and mileage that are paid to witnesses in courts of the United States, and witnesses whose depositions are taken and the persons taking the depositions shall be entitled to the same fees that are paid for similar services in the courts of the United States.

(e) PROCEDURES- The Secretary shall publish procedures for the issuance of subpoenas under this

section. Such procedures shall include a requirement that subpoenas be reviewed for legal sufficiency and signed by the Secretary. If the authority to sign a subpoena is delegated, the agency receiving the delegation shall seek review for legal sufficiency outside that agency.

(f) SCOPE OF SUBPOENA- Subpoenas for witnesses to attend court in any judicial district or to testify or produce evidence at an administrative hearing in any judicial district in any action or proceeding arising under this Act may run to any other judicial district.

SEC. 204. PENALTIES FOR VIOLATION.

(a) CRIMINAL PENALTIES- Any person who knowingly violates this Act, or who knowingly forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document provided for in this Act shall be guilty of a misdemeanor, and, upon conviction, shall be fined in accordance with the provisions of title 18, United States Code, imprisoned for a period not exceeding one year, or fined and imprisoned.

(b) CIVIL PENALTIES-

(1) IN GENERAL- Any person who violates this Act, or who forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document provided for in this Act may, after notice and opportunity for a hearing on the record, be assessed a civil penalty by the Secretary which does not exceed the greater of--

(A) $50,000 in the case of any individual (except that the civil penalty may not exceed $1,000 in the case of an initial violation of this

Act by an individual moving regulated articles not for monetary gain), $250,000 in the case of any other person for each violation, and $500,000 for all violations adjudicated in a single proceeding; or

(B) twice the gross gain or gross loss for any violation or forgery, counterfeiting, or unauthorized use, defacing or destruction of a certificate, permit, or other document provided for in this Act that results in the person deriving pecuniary gain or causing pecuniary loss to another.

(2) FACTORS IN DETERMINING CIVIL PENALTY- In determining the amount of a civil penalty, the Secretary shall take into account the nature, circumstance, extent, and gravity of the violation or violations and the Secretary may consider, with respect to the violator, ability to pay, effect on ability to continue to do business, any history of prior violations, the degree of culpability, and any other factors the Secretary deems appropriate.

(3) SETTLEMENT OF CIVIL PENALTIES- The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty that may be assessed under this subsection.

(4) FINALITY OF ORDERS- The order of the Secretary assessing a civil penalty shall be treated as a final order reviewable under chapter 158 of title 28, United States Code. The validity of the Secretary's order may not be reviewed in an action to collect the civil penalty. Any civil penalty not paid in full when due under an order assessing the civil penalty shall thereafter accrue interest until paid at the rate of interest applicable to civil judgments of the courts of the United States.

(c) LIABILITY FOR ACTS OF AN AGENT- When construing and enforcing this Act, the act, omission, or failure of any officer, agent, or person acting for or employed by any other person within the scope of his or her employment or office, shall be deemed also to be the act, omission, or failure of the other person.

(d) GUIDELINES FOR CIVIL PENALTIES- The Secretary shall coordinate with the Attorney General to establish guidelines to determine under what circumstances the Secretary may issue a civil penalty or suitable notice of warning in lieu of prosecution by the Attorney General of a violation of this Act.

SEC. 205. ENFORCEMENT ACTIONS OF ATTORNEY GENERAL.

The Attorney General may--

(1) prosecute, in the name of the United States, all criminal violations of this Act that are referred to the Attorney General by the Secretary or are brought to the notice of the Attorney General by any person;

(2) bring an action to enjoin the violation of or to compel compliance with this Act, or to enjoin any interference by any person with the Secretary in carrying out this Act, whenever the Secretary has reason to believe that the person has violated, or is about to violate this Act, or has interfered, or is about to interfere, with the Secretary; and

(3) bring an action for the recovery of any unpaid civil penalty, funds under reimbursable agreements, late payment penalty, or interest assessed under this Act.

SEC. 206. COURT JURISDICTION.

(a) IN GENERAL- The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of other territories and possessions are vested with jurisdiction in all cases arising under this Act. Any action arising under this Act may be brought, and process may be served, in the judicial district where a violation or interference occurred or is about to occur, or where the person charged with the violation, interference, impending violation, impending interference, or failure to pay resides, is found, transacts business, is licensed to do business, or is incorporated.

(b) EXCEPTION- This section does not apply to the imposition of civil penalties under section 204(b).

TITLE III--MISCELLANEOUS PROVISIONS

SEC. 301. COOPERATION.

(a) IN GENERAL- The Secretary may cooperate with other Federal agencies or entities, States or political subdivisions of States, national governments, local governments of other nations, domestic or international organizations, domestic or international associations, and other persons to carry out this Act.

(b) RESPONSIBILITY- The individual or entity cooperating with the Secretary shall be responsible for the authority necessary to conduct the operations or take measures on all lands and properties

within the foreign country or State, other than those owned or controlled by the United States, and for other facilities and means as the Secretary determines necessary.

(c) TRANSFER OF BIOLOGICAL CONTROL METHODS- The Secretary may transfer to a State, Federal agency, or other person biological control methods

utilizing biological control organisms against plant pests or noxious weeds.

(d) COOPERATION IN PROGRAM ADMINISTRATION- The Secretary may cooperate with State authorities or other persons in the administration of programs for the improvement of plants, plant products, and biological control organisms.

SEC. 302. BUILDINGS, LAND, PEOPLE, CLAIMS, AND AGREEMENTS.

(a) IN GENERAL- The Secretary may acquire and maintain all real or personal property for special purposes and employ any persons, make grants, and enter into any contracts, cooperative agreements, memoranda of understanding, or other agreements, necessary for carrying out this Act.

(b) TORT CLAIMS-

(1) IN GENERAL- Except as provided in paragraph (2), the Secretary may pay tort claims in the manner authorized in the first paragraph of section 2672 of title 28, United States Code, when the claims arise outside the United States in connection with activities that are authorized under this Act.

(2) REQUIREMENTS OF CLAIM- A claim may not be allowed under this subsection unless it is presented in writing to the Secretary within two years after the claim accrues.

SEC. 303. REIMBURSABLE AGREEMENTS.

(a) AUTHORITY TO ENTER INTO AGREEMENTS- The Secretary may enter into reimbursable fee agreements with persons for preclearance of plants, plant products, biological control organisms, and articles at locations outside the United States for movement to the United States.

(b) FUNDS COLLECTED FOR PRECLEARANCE- Funds collected for preclearance shall be credited to accounts which may be established by the Secretary for this purpose and shall remain available until expended for the preclearance activities without fiscal year limitation.

(c) PAYMENT OF EMPLOYEES-

(1) IN GENERAL- Notwithstanding any other law, the Secretary may pay employees of the Department of Agriculture performing services relating to imports into and exports from the United States, for all overtime, night, or holiday work performed by them, at rates of pay established by the Secretary.

(2) REIMBURSEMENT OF THE SECRETARY-

(A) IN GENERAL- The Secretary may require persons for whom the services are performed to reimburse the Secretary for any sums of money paid by the Secretary for the services.

(B) USE OF FUNDS- All funds collected under this subsection shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

(d) LATE PAYMENT PENALTIES-

(1) COLLECTION- Upon failure to reimburse the Secretary in accordance with this section, the Secretary may assess a late payment penalty, and the overdue funds shall accrue interest, as required by section 3717 of title 31, United States Code.

(2) USE OF FUNDS- Any late payment penalty and any accrued interest shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

SEC. 304. REGULATIONS AND ORDERS.

The Secretary may issue such regulations and orders as the Secretary considers necessary to carry out this Act.

SEC. 305. PROTECTION FOR MAIL HANDLERS.

This Act shall not apply to any employee of the United States in the performance of the duties of the employee in handling the mail.

SEC. 306. PREEMPTION.

(a) REGULATION OF FOREIGN COMMERCE- No State or political subdivision of a State may regulate in foreign commerce any article, means of conveyance, plant, biological control organism, plant pest, noxious weed, or plant product in order to control a plant pest or noxious weed, eradicate a plant pest or noxious weed, or prevent the introduction or dissemination of a biological control organism, plant pest or noxious weed.

(b) REGULATION OF INTERSTATE COMMERCE-

(1) IN GENERAL- Except as provided in paragraph (2), no State or political subdivision of a State may regulate the movement in interstate

commerce of any article, means of conveyance, plant, biological control organism, plant pest, noxious weed, or plant product in order to control a plant pest or noxious weed, eradicate a plant pest or noxious weed, or prevent the introduction or dissemination of a biological control organism, plant pest or noxious weed, if the Secretary has issued a regulation or order to prevent the dissemination of the biological control organism, plant pest or noxious weed within the United States.

(2) EXCEPTIONS-

(A) REGULATIONS CONSISTENT WITH FEDERAL REGULATIONS- A State or a political subdivision of a State may impose prohibitions or restrictions upon the movement in interstate commerce of articles, means of conveyance, plants, biological control organisms, plant pests, noxious weeds, or plant products that are consistent with

and do not exceed the regulations or orders issued by the Secretary.

(B) SPECIAL NEED- A State or political subdivision of a State may impose prohibitions or restrictions upon the movement in interstate commerce of articles, means of conveyance, plants, plant products, biological control organisms, plant pests, or noxious weeds that are in addition to the prohibitions or restrictions imposed by the Secretary, if the State or political subdivision of a State demonstrates to the Secretary and the Secretary finds that there is a special need for additional prohibitions or restrictions based on sound scientific data or a thorough risk assessment.

SEC. 307. SEVERABILITY.

If any provision of this Act or application of any provision of this Act to any person or circumstances is held invalid, the remainder of this Act and the application of the provision to other persons and circumstances shall not be affected by the invalidity.

SEC. 308. REPEAL OF SUPERSEDED LAWS.

(a) REPEAL- The following provisions of law are hereby repealed:

(1) The Act of August 20, 1912 (commonly known as the Plant Quarantine Act; 7 U.S.C. 151-164a, 167).

(2) The Federal Plant Pest Act (7 U.S.C. 150aa et seq., 7 U.S.C. 147a note).

(3) Subsections (a) through (e) of section 102 of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 147a).

(4) The Federal Noxious Weed Act of 1974 (7 U.S.C. 2801 et seq.), except section 15 of such Act (7 U.S.C. 2814).

(5) The Act of January 31, 1942 (commonly known as the Mexican Border Act; 7 U.S.C. 149).

(6) The Joint Resolution of April 6, 1937 (commonly known as the Insect Control Act; 7 U.S.C. 148 et seq.).

(7) The Act of August 28, 1950 (Public Law 735; 7 U.S.C. 2260).

(8) The Halogeton Glomeratus Act (7 U.S.C. 1651 et seq.).

(9) The Golden Nematode Act (7 U.S.C. 150 et seq.).

(10) Section 1773 of the Food Security Act of 1985 (Public Law 99-198; 7 U.S.C. 148f).

(b) EMERGENCY TRANSFER AUTHORITY REGARDING PLANT PESTS- The first section of Public Law 97-46 (7 U.S.C. 147b) is amended--

(1) by striking 'plant pests or'; and

(2) by striking 'section 102 of the Act of September 21, 1944, as amended (7 U.S.C. 147a), and'.

(c) EFFECT ON REGULATIONS- Regulations issued under the authority of a provision of law repealed by subsection (a) shall remain in effect until such time as the Secretary issues a regulation under section 304 that supersedes the earlier regulation.

TITLE IV--AUTHORIZATION OF APPROPRIATIONS

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such amounts as may be necessary to carry out this Act. Except as specifically authorized by law, no part of the money appropriated under this section shall be used to pay indemnities for property injured or destroyed by or at the direction of the Secretary.

SEC. 402. TRANSFER AUTHORITY.

(a) AUTHORITY TO TRANSFER CERTAIN FUNDS- In connection with an emergency in which a plant pest or noxious weed threatens any segment of the agricultural production of the United States, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department of Agriculture such amounts as the Secretary considers necessary to be available in the emergency for the arrest, control, eradication, and prevention of the spread of the plant pest or noxious weed and for related expenses.

(b) AVAILABILITY- Any funds transferred under this section shall remain available for such purposes without fiscal year limitation.

END

Miss KAPTUR. Thank you very much. Thank you, Mr. Chairman.
Mr. SKEEN. Mr. Nethercutt.

TRADE WITH CHINA

Mr. NETHERCUTT. Thank you, Mr. Chairman. Welcome to you all.

Mr. Secretary, we now know that China is willing to buy about 50,000 metric tons of U.S. wheat, about 30,000 metric tons from my district, soft white wheat from eastern Washington. You and I have had conversations before about the T.C.K. Smut issue. We are delighted that this barrier, that I think is clearly a nontariff barrier, really a pretext by China not buying our wheat is perhaps behind us.

Do you attribute that breakthrough to China's desire to be in the WTO and get permanent normal trading relations, or do you attribute it to the activity that your agency has undertaken to try to convince China that T.C.K. Smut is not a serious threat?

Mr. DUNN. I think realistically, Mr. Nethercutt, I would have to say both. We signed—I signed an agreement—April of last year with the Chinese on sanitary/phytosanitary issues. We did not have a Chinese translation of that until we were in Seattle for the WTO meeting. That was signed at that time; that appeared to open the doors.

There was a lot of very hard work. I give credit to our international service APHIS employee, Dale Mackey, who is in China working very closely with the Chinese to convince them of the concerns; and in the Grain Inspection, Packers and Stockyards, Mr. Baker's folks worked extremely hard on this. But I think there is also a desire for China to prove that they are going to be a responsible trading partner.

Mr. NETHERCUTT. I hope they are, because it is a great market potentially for us in America at a time when prices are low and we are trying to get exports moving and move product to other countries. I thank you for the work that has been done, and all those on your staff who I know have labored on this over the years on this issue.

WOLF REINTRODUCTION

Dr. Reed, I see in your written testimony that APHIS, in cooperation with the Department of the Interior Fish and Wildlife Service is assisting livestock producers and farmers by managing damage caused by increased wolf activity in Wyoming and Idaho and Montana. Has the U.S. Department of Agriculture assisted the Interior Department in reintroducing wolves into these areas?

Mr. REED. We had a minor role in the actual reintroduction, but as they are reintroduced, we play a part in making sure that the predator damage is managed; and we also work with the Fish and Wildlife Service to track the wolves and make sure that they are not posing a continual threat to producers.

Mr. NETHERCUTT. I am on the Interior Subcommittee, as well as this one. On this subcommittee, I think I speak for all of us on both sides of the political aisle that we are protective of the research dollars and the ag funds that go to help the agriculture economy across the country.

Is the Department of the Interior funding its share, fair share, of the wolf problem; or having now reintroduced wolves to these areas, is USDA now stuck with the consequences and the cost consequences of that reintroduction?

Mr. REED. I don't think the Department of the Interior has abandoned this, but certainly we know our work is increasing. The wolf numbers are increasing both in the Northwest and in the Upper Great Lakes, and so there are more problems there because there are a lot of wolf pups being born every spring.

Mr. NETHERCUTT. I understand that. But my question is, who is paying the bill by virtue of the reintroduction? Is it now switching over to you folks having to pay the consequences and the costs of this reintroduction, or is Interior funding any of it?

Mr. REED. No, both Departments share the costs.

Mr. NETHERCUTT. What are the numbers?

Mr. REED. I will get those for you.

Mr. DUNN. Mr. Nethercutt, we do have annually transferred from the Department of the Interior's budget $100,000 to our Wildlife Services for their share in paying for our work with them on predator control of the wolves.

Mr. NETHERCUTT. Is that adequate? Does that cover your costs?

Mr. DUNN. I would have to get back to you on what the actual costs are.

Mr. NETHERCUTT. I would appreciate that.

[The information follows:]

In FY 2000, APHIS projects spending $250,000 and the FWS will provide $100,000 for wolf introduction work in Montana, Idaho, and Wyoming and $109,000 in Arizona and New Mexico. In FY 1999, APHIS spent $175,000 and FWS provided $100,000 for wolf work in Montana, Idaho and Wyoming and $109,000 in Arizona and New Mexico. While APHIS and FWS share in the costs, APHIS estimates an additional need of $1,000,000 for Montana, Idaho, and Wyoming and an additional need of $140,000 for Arizona and New Mexico for aerial support and personnel to address complaints.

PESTICIDE DATA

Mr. NETHERCUTT. The Pesticide Data Program is important, I think, to American agriculture with the implementation of the Food Quality Protection Act. It is unfortunate, in my mind, that we are using limited agriculture funds to finance a program that really is under the auspices of the EPA. I am just wanting to be sure EPA is funding its share and agriculture is funding its share.

Are you satisfied with that breakdown or not?

Ms. MERRIGAN. The Pesticide Data Program, as you say, sir, has been critical to EPA and their decision-making under the Food Quality Protection Act. We began this program in 1993. When it was first started, it wasn't necessarily seen as a linchpin for EPA decision-making. It has become that and it is one of those few programs where we have everyone from A to Z supporting it. We are in consultation with EPA in terms of what data needs they may have, but it really is a stand-alone program within AMS.

Mr. NETHERCUTT. I would just close by saying, I am glad you are there to bring some reason to the models that are promulgated by EPA as it relates to farmers. I will close because my time is completed, and I thank you for your work.

Mr. DUNN. Mr. Nethercutt, I would hasten to add that this information that the Agricultural Marketing Service provides on the Pesticide Data Program when reregistration of a pesticide comes up and the data is used by both sides. So it is a good, impartial entity that gathers that information, that everyone looks at.

Mr. NETHERCUTT. Thank you.

Mr. SKEEN. Mr. Boyd.

Mr. BOYD. Thank you very much, Mr. Chairman.

Mr. Dunn and other members of the Department of Agriculture staff, I wanted to follow up on a statement that the chairman made and that is on the Screwworm issue. I was not aware of the information you brought us about the horses coming into Miami, maybe a shipment going out into the country someplace. That is a critical and scary thought. I know I spent a good bit of my youth treating calves with screwworms, summer and winter, Mr. Chairman. Not only has the benefit of that program been seen in the beef industry and other livestock—the commercial livestock industry, but in the South we have a more abundant population of wildlife, particularly deer, now than we have at any time in the last 50 to 100 years probably, certainly during my lifetime.

A great deal of that reason is because of the eradication of the Screwworm. So it is imperative that we stay on top of that.

But I want to shift back to an issue, a subject that Ms. Kaptur opened, and that is Citrus Canker. It probably won't surprise you. I have "licked that calf" several times in this room, Mr. Dunn; with your indulgence, I would like to "lick that calf" again, as they say back home. Just to remind you and for the record that we first discovered Citrus Canker in Miami in 1995. Now today here we are almost 5 years later, 4½ years later, and we have Citrus Canker identified and subsequently causing the destruction of half of our lime industry, which is 3,000 acres and over 3,400 acres of our citrus industry. And the scary part about it is, it is scattered throughout the State. It is in Dade and Broward, it is over in Collier and Hendry, and it is all the way up the coast to Hillsborough, and it is moving north, and I think we had a find in the last few days in Palm Beach County. So it is moving toward the Indian River area. This is a very scary situation for our $8.5 billion citrus industry.

I was interested in your comments about the meeting 2 years ago, not 4 years ago, with Commissioner Crawford about developing a plan that now seems not to have worked. I certainly don't want to go back and rehash all that; that is not productive. What we have to do is go forward from where we are now.

But we have had hurricanes in this country, we have them in Florida every year. Those things have to be taken into account. My question is basically, you have identified $25 million in your budget for Citrus Canker. But I think you said in your remarks that the plan that you put in place, the latest plan with the State and APHIS now says it is a $175 million project.

How do we reconcile the $25 million request or $20 million request with a $175 million project? Are we throwing the citrus industry to the wolves or what are we doing here?

Mr. DUNN. No, Mr. Boyd, what we are doing on the $175 million is taking that plan that we put together 2 years ago and collapsing it from multiyears to a single year.

But one of the things that we have recognized is that our overall surveillance of the State, we didn't throw a large enough net the first time around, and that is why as we began to find these moving north and south. And I think to a large part, in my mind, this is an emergency situation because it is a result of hurricanes and other natural disasters that spread this.

Mr. BOYD. So are you saying that the $25 million, you have appropriated separately, but you still presume that you would use the CCC for the balance of the needed $175 million?

Mr. DUNN. We would need—we are saying to the State, now, this is a draft plan, the $175 million plan. What we are saying to the State is, we assume that this will be a 50–50 match with the State, and this is what we need in addition to those moneys that we have appropriated this year.

Mr. BOYD. And the Fed share would be $87.5 million of $175 million. So we ask for $25 million in a separate budget request and you would secure the additional $60-plus million through CCC? Is that what you are saying? Because otherwise it doesn't reconcile.

Mr. DUNN. It is over and above that request, Mr. Boyd. The actual $87.5 million.

Mr. BOYD. We are not assuming here that we are substituting the budget request process for the CCC emergency procedure that we have used in the past; is that correct?

Mr. DUNN. That is correct, sir.

Mr. BOYD. Mr. Chairman, if I could continue this.

Mr. SKEEN. Go ahead. We will indulge you.

Mr. BOYD. I really want to complete the loop here.

Mr. Dunn, last year, last fall when we did the 2000 budget, we put language in there, in section 204 of Title II which says that notwithstanding any other provision of law, the Secretary shall use not more than $9 million of CCC funds for a cooperative program to replace commercial trees removed to control Citrus Canker.

Now, we put that language in there at the request of the Department because the Department told us if we put the language that way, then we would not have to go through the rule-making process, and you could expedite the disbursement of those funds; and certainly that would have a positive effect on our whole eradication program, because part of the problem here becomes a political issue with taking farmers and homeowners' trees out of their yards and out of their fields, out of their groves.

But here we are, 6 months down the road, and now we are having this discussion about who is going to do it, we have to wait 60, 90, 120 days for a rule-making. Can we expedite that in some way? Because we put that language in there at the request of your folks so that we could expedite the disbursement of this.

It is not a complicated issue. FSA and APHIS, I think, know exactly which trees have been removed. FSA has a process by which we can get that done.

Mr. DUNN. Mr. Boyd, what those—the language that you are referring to I believe was to provide for the Shade Dade Program.

Mr. BOYD. No, sir, that is a separate deal. That was the $7 million which has already been disbursed to the State and the State is taking care of that. This is the $9 million for the commercial grower replacement, tree replacement.

Mr. DUNN. I believe, then—the rule-making process that we have in place right now because what we have changed is the perimeter from 125 feet to 1,900 feet which includes more, and then for the lime groves findings.

Mr. BOYD. My question is, we put that language in there that way at the request of the Department so we could expedite the rule-making process, and now you are telling us that we can't do that and it is really going to cause us a problem in our whole eradication process because the longer you delay those disbursements, the more of a problem you have with the growers and homeowners.

Mr. DUNN. That money that you are referring to, we did get that through apportionment last week from OMB. Money for homeowners will be transferred to the State to pay for the homeowners. There is still some concern about the actual valuation of the commercial value of the trees, and that is one of the things we are looking at at this time.

Mr. BOYD. Mr. Chairman, what I would like to do, if possible, I would like to end this line of questioning now, but on the second round come back to this issue. I know there are some folks sitting behind Mr. Dunn and others that have a little more knowledge about this, but I would like to have answered the issue about the rule-making on the commercial grower tree replacement.

The issue is, we were told last year when we put this language in here that this language would expedite the disbursement, it would require us not to have a rule; and that is the question I would like to have answered on the next round.

Thank you, Mr. Chairman.

Mr. SKEEN. Mrs. Emerson.

POULTRY LEGISLATION

Mrs. EMERSON. Thank you, Mr. Chairman. My first question or line of questioning, will go to Mr. Baker.

It has to do with a subject we talked about last year, poultry and my deep concern about the increasing concentration and consolidation not only in poultry, which I think is the worst, but in all agricultural markets right now.

In my particular district, we really have only one processor present, and it obviously happens across the board, but quite frankly this raises a lot of questions in my mind about fairness and fair competition in the marketplace. My producers have now formed their own trade association, if you will, called the Heartland Poultry Growers Association, simply so they can get together and speak with one louder voice than individual ones. They face a lot of challenges which I am most concerned about.

Let me ask you, it is my understanding that the administration has endorsed Ms. Kaptur's legislation, H.R. 2829, of which I am an original cosponsor. If that is the case, can you all just provide to us a letter stating that the administration does endorse this legislation?

Mr. BAKER. I will certainly try. I don't see any reason why we shouldn't. We are on record as endorsing it.

Mrs. EMERSON. I believed you were, but if you could actually give it to us in black and white, I would feel a lot better about it. Could you do me a favor and explain to the subcommittee how this legislation does not create special privileges for poultry growers or the poultry industry, but it merely provides you all at USDA with the very same authority you already have over the beef and pork industries?

Mr. BAKER. We presently have administrative authority in the beef and poultry industry. We do not have administrative authority over the poultry companies.

Mrs. EMERSON. You mean beef and pork, but you don't over poultry?

Mr. BAKER. That's right. Any formal action that we have to take against a poultry company, we have to refer that action to the Department of Justice, which takes that action. We have the responsibility to investigate and try to resolve issues with poultry companies, but no authority, no heavy authority. It was never given to USDA; we have asked for it.

Mrs. EMERSON. So it would be correct to say, then, the poultry growers are currently today at a disadvantage relative to beef and pork producers; is that correct?

Mr. BAKER. That is correct.

Mrs. EMERSON. Tell me what kind of concerns y'all hear from poultry growers, and do you think that Ms. Kaptur's and my bill would, in fact, help you address those concerns that you are hearing?

Mr. BAKER. The last question first: Yes, it would help us address them.

Just recently, in the last month, we sent eight people into a poultry company in Mississippi; and five to interview growers, and three to interview management for 4 days. The management had canceled the contracts with 130 growers, taken out the fuel allowance that they had had for years, and reduced the value of the contract. We asked a tremendous amount of questions, got all the records we could from the company. When we left on the fourth day, this company had the best contract in Mississippi.

But again, our authority was not there. Our presence was. And the growers were greatly, greatly appreciated that we responded with that magnitude to address their concerns.

Mrs. EMERSON. So obviously if you could have the same authority that you do with the beef and pork industry, that would even help the situation further?

Mr. BAKER. It is kind of like an offduty policeman. In other words, he is there, but you really don't know it. That just happened with the poultry companies. We are there, they don't have to recognize us. They do, and we have since developed a better response from the companies. Any formal action still has to be taken with Justice.

Mrs. EMERSON. Last year y'all requested an increase of $750,000 for poultry compliance activities which we approved, and this year you are asking for $800,000 to examine the competitive structure of the poultry industry. Can you tell us in a little bit more detail

what you did with last year's funds and what you would do with the proposed increase this year?

Mr. BAKER. Yes. Last year we had beefed up our investigative response out in the districts, consolidated poultry activities in the Atlanta region, but did not have the money to staff up for the poultry work. We used that money basically last year to increase the staff.

This year, most of the complaints that we hear from the poultry industry are complaints tied to the contracts; the contracts are just not adequate enough to make cash flow. Is there competition in the contracts? So we think we need to focus on the competitiveness of the contracts, and see if they do provide cash flow for people to make a return on their investment.

We want to get into the details of the contracting with the people that we were able to hire last year.

Mrs. EMERSON. Mr. Chairman, let me just ask one more quick question then.

If, in fact, we were to pass Ms. Kaptur's and my legislation granting you the same authority that you have with beef and pork, would that require even more than the additional $800,000?

Mr. BAKER. We do not think so.

Mrs. EMERSON. Thank you very much.

Mr. BAKER. We do not think so. The money that we have would be adequate. The authority is what we need.

Mrs. EMERSON. Thank you very much.

MANDATORY PRICE REPORTING

Mr. SKEEN. While we are at this stage, let me address this to Administrator Merrigan. I understand that the proposed rule on mandatory price reporting is scheduled to be published in the Federal Register on March 17. And it is now available on your website. I want to commend you for the rate at which you were able to put the rule together.

How long is the comment period open and when do you expect to publish a final rule?

Ms. MERRIGAN. The comment period, as stipulated by the statute, would be 30 days long. When we go to a final rule and actually implement will be sometime this summer. The statute, as you know, sir, had a very aggressive timetable for AMS to follow to get this program up and running. By my estimate, we are about 6 weeks behind.

Mr. SKEEN. It is aggressive.

Ms. MERRIGAN. We are really struggling to meet the deadlines. We will have a program up and running. I know people are anxious for it. It will be up this summer.

Mr. SKEEN. You have done it very well, especially in the time you have had to get acquainted and put it into use. We appreciate it.

Ms. MERRIGAN. Thank you.

Mr. SKEEN. Ms. Kaptur.

LOCAL PRODUCER OUTLETS

Ms. KAPTUR. Mr. Chairman, I wanted to ask several of our guests this morning, in northwest Ohio, where I live, the only place you can buy poultry raised by local growers, retail, is at the local farmers market in a little poultry shed which is inspected by our

city; and I buy my chicken there. At any other store in our region—and there are several chains that operate—you cannot purchase locally grown chicken. This is troubling to me.

The same is true with eggs. The only place you can now buy eggs in our region produced by local growers is at a few of the independently owned vegetable markets that operate in our area.

About 2 years ago, when our hog producers were getting about 9 cents a pound for pork, I went to the store and I looked at the prices and they hadn't gone down in the retail chain. If we have price elasticity in food production, why wasn't it reflected on the shelf?

The question I have to all of you or any one of you would be, what is happening in our country?

Secretary Dunn, you talked about concentration and consolidation, that our local producers can't get on the shelf, and that in fact whoever is controlling price in this country in food purchases at the local retail store doesn't respond to the marketplace. But in fact when the price of something like pork goes down to the producer, it doesn't go down in the store.

What is happening?

Mr. DUNN. The question on inspection of the local processor is something that food safety inspection service would handle which is under Under Secretary Woteki's jurisdiction. We have been asked to look at the retail side, especially since last year, last December, when pork prices had dropped to $8 a hundredweight, and many people did not see prices come down on the retail side. That is something we have talked to Economic Research Service ERS about.

Ms. KAPTUR. Do you have the funds to do that now? Can you give us a report on why prices didn't drop in these retail stores?

Mr. DUNN. I do not have anything in Marketing and Regulatory Programs that would address the retail sector. That would be under the Federal Trade Commission's jurisdiction.

I might add that I had an opportunity to visit that shop that you mentioned. And was very impressed with what they were doing.

Ms. KAPTUR. I am sure they are inspected by the State, and I don't know by how many people. But the point is it is the only place you can buy locally grown products from our producers. So my question really goes to the heart, if we have these producers that are really trying to survive in this economy, why can't they get on the local shelf? And I know that our community is not the only one where that is happening. Does anybody at USDA care about this?

Ms. MERRIGAN. Let me, from the Agricultural Marketing Service, speak to your question, your concern briefly. I mean, there are institutional barriers, as you know. You, along with the other committee members, have asked the Agricultural Marketing Service and we are working in cooperation with the Economic Research Service to look at slotting fees as an institutional barrier.

But one of the other things I find is, a lot of the small farmers that I work with are really great on production management systems. They are not always so great on marketing.

One of the things that we try to do at AMS through the Federal/State Marketing Improvement Program, through the partnership

with the SARE program, on small grants for direct marketing for farmers that the committee provided to us, and through our wholesale market development program, is to find ways to get that farmer into the market, to get his or her product to local markets.

The other thing I will tell you about is, we really need to think more about the consumer end. You clearly are a consumer who cares about buying locally. Where I am from in western Massachusetts, they have a whole campaign called "Be a Local Hero." The local supermarkets are actually behind it. They are stocking more locally grown items. They have T-shirts and campaigns, and it really is starting to work the consumer-demand side that we don't see across the country.

One of the things we are trying to do in AMS is look at these little experiments, where these things are happening, and try to replicate them and share that intelligence from farmer to farmer.

Miss KAPTUR. Mr. Chairman, I just want to say with what is going on in rural America today—and maybe I just haven't read this testimony from all the witnesses this morning completely, I don't sense an urgency of USDA, trying to meet the real crisis that is out there, in the budget proposals that have come before us to try to help these farmers. I am talking about small and independent farmers. How, medium-size producers gain a foothold in this marketplace. There is too much of a business-as-usual attitude.

Maybe I am not reading your budget submission completely, maybe I am misunderstanding something, but I would like to see more focus on how this year there is nothing in the supplemental. We are just providing AMTA payments to hold the whole structure up right now. But in terms of really dealing with the small and medium-size farmers that are out there, I don't see in this budget efforts to—you think that it is a good idea in western Massachusetts—then to expand it to many other places, to really work to move product to farmers markets, if that is the only option we have got left in the country in many places.

I just don't sense the urgency in where the pressure really is, on helping the small and medium-size producer, because the big folks are doing okay with the AMTA payments. But it is the small and medium-size producers, that aren't row crop, that are really having trouble; and I am really troubled by what I see as a lack of commitment by USDA and what it has presented to us thus far.

Thank you, Mr. Chairman.

Mr. SKEEN. Mr. Bonilla.

Mr. BONILLA. Thank you, Mr. Chairman. I would like to start with the request, the budget request, for the Boll Weevil Eradication Program. There was a request in my understanding of 2.8 million and that would eliminate any cost share for the 8.5 million acres either currently in the program or about to enter the program.

This being an especially tough time economically for a lot of our producers out there, it seems that this would, in essence, be pulling the rug out from under a very successful program. I hope that the Department sees fit to change its position.

How do you see this?

Mr. DUNN. Mr. Bonilla, the last couple of years what the Department has done is look at the Boll Weevil Eradication Program, and it is very I successful, and it is one that the Department does support. However, given the limited budget authorities that we do have at USDA, we have worked with the farm service agencies to ensure that they have the authority to provide loans for producers to take part and provide a buy-in by the producers for the Boll Weevil Eradication Program. That has been part of the budget submission.

Mr. BONILLA. Is that, in essence, going to replace what the Boll Weevil line item would have provided if it had more money?

Mr. DUNN. Historically, Congressman, what has happened is that the committee, in its wisdom, has found some way to replace the funds that we have said would be loans.

Mr. BONILLA. I am sorry, I don't quite understand.

Mr. DUNN. Traditionally, what has happened the last couple of years is that where we have proposed that this be a loan program through the Farm Service Agency, the committee has found a way to actually find funds to fund it 100 percent.

FERAL HOGS

Mr. BONILLA. This is something that a lot of us on this committee are concerned about, so we are going to keep trying to address this problem because we see it as very—again, as you agreed, successful program that we want to make sure that our producers can take advantage of.

I want to move now to a question about something that may be unique to our part of the country down in the Southwest, along the Texas-Mexico border, and that is the feral hog problem in Texas. It is amazing the growth of the hog population down there that is now threatening—it is expected to pass the white tail deer population—and all of the farmers and ranchers down there see them as a—they are kind of fun for hunters to chase once in a while, but they are—also, the overriding factor is a concern for property destruction. They are just creating havoc on a lot of the farms and ranches down there.

Is there any plan to help some of these producers down there with this invasion of feral hogs?

Mr. REED. We are working with the State of Texas on the feral hog population. Unfortunately, hog populations are increasing in the wild, just like they are in captivity, and we don't see a slowdown in their numbers. But we are helping the State of Texas.

We know they cause considerable damage. Even with hunts and the hunt clubs killing some animals, we have got growing numbers of hogs, not just in Texas, but Louisiana, Florida, Tennessee, and Alabama, too.

Mr. BONILLA. There has been, if anything, an acceleration in the number of hogs that we have down there. We would be interested in working with you all on that. Some of the farmers and ranchers down there just don't know what to do anymore. They are just flooding the place.

WILDLIFE SERVICES OPERATION BUDGET REDUCTION

I will move now to a question about imported lamb. Last year the President signed a trade agreement that said—set limits on imported lamb. It was a very appropriate decision that we were glad that he saw the need to make. But on the other side, for the sheep and goat producers down there, they are concerned because the budget request this year recommends a $2.7 million reduction to the Wildlife Services Program. I understand Wildlife Services isn't directly connected to trade. However, on one end we are helping them and on the other end we are hurting them on a program in a reduction that is very significant to their ability to meet the needs of these difficult markets right now.

Can you tell us what the thinking is there, helping on one end and hurting on the other?

Mr. REED. Let me talk about the Wildlife Services side of it rather than the trade side.

We know that there was a reduction in Wildlife Services budget request for FY 2001. We haven't had to make reductions yet, but we are looking down the road this year to the operational budget being reduced, probably across the board. We see that as serious.

We also had a rescission in the Wildlife Services budget in FY 2000. We were directed to make the reduction. It puts us in a box.

Mr. BONILLA. So you would agree that this is not enough, this $2.7 million? I mean, the reduction does not provide enough of what we really need out there for Wildlife Services?

Mr. REED. We wouldn't have asked for it if we didn't need it.

Mr. BONILLA. Again, this is an area that we hope to provide a higher number on, because I think we are in agreement that the line item request now is inadequate.

Do I have remaining time, Mr. Chairman, or am I out of time?

Mr. SKEEN. We will indulge you for about a minute.

Mr. BONILLA. Thank you.

PORK CHECKOFF

I want to move now—the Secretary recently announced that the USDA will hold a referendum on the pork checkoff program. I was wondering what the plan is to pay for this, especially in light of the fact that the Secretary said the Department did not have the money needed to pay for implementation of mandatory price reporting.

Ms. MERRIGAN. The cost in the first year of mandatory price reporting, our estimate is $4.7 million, which the committee was very kind to provide to the Ag Marketing Service. Our estimate of what it will cost to conduct a referendum in the pork checkoff—it is not a final estimate yet because we are going to have a proposed rule on the referendum procedure; which will have a 60-day comment period, hopefully that will be published sometime soon—but our expectation is that that will be about $125,000. I have checked with the Office of General Counsel, and they have indicated to me that we would be able to take that money from section 32 administrative funds, that there is that flexibility there.

CATTLE TICKS

Mr. BONILLA. Very good. And the last question I have on a different subject, covering a lot of territory here this morning, is the Cattle Tick Program, which a lot of my colleagues probably don't even know what is involved, because it is unique to our area, or primarily to my area down there.

Tick fever costs about $5 billion a year in death losses. During the past year the first case of tick fever in 24 years was detected in Zapata County. Last year the program received a very small increase in funding. It is a program that I have been talking about for a couple of years now.

Can you tell us how this money has been spent?

Mr. REED. We went down and visited with the tick riders in Laredo this past year with your staff. We are doing a number of things. We were able to provide pay increases rather than fill vacancies. The tick program is one of the most effective ways to control cattle ticks coming across the border; it is not getting any cheaper to do it but it is still effective. Ticks in Texas and Arizona on cattle are not the only problems we have. Ticks on other species are equally as important. We like the tick program, have supported it, and are trying to find ways to help the inspectors improve their grade status. We are behind it.

Mr. BONILLA. Just a final comment, Doctor—not a question, Mr. Chairman, but I want to thank you for the attention you have given to this program down there. It is very important. I know you have worked very closely with my staff on it; I hope you keep doing that. Thank you very much.

Thank you.

Mr. SKEEN. Mr. Farr.

ANIMAL WELFARE

Mr. FARR. Thank you very much, Mr. Chairman. I have several questions, and I will try to get through them.

The first is related to Animal Care. Can you tell me how the Department's enforcement of the Animal Welfare Act has been affected by the budget shortfalls in the Animal Care Division over the past decade? Just briefly outline for us what the problem has been.

Mr. REED. Yes, Congressman, I can give you a pretty direct response to that.

We have had basically a flat budget for animal care activities since 1991. Back then we were performing about 17,000 inspections a year of licensed dealers and exhibitors. With that flat budget, we have had both an attrition of staff and an inability to perform the travel required so we are down to less than 10,000 inspections a year. The increased money that is in the budget will help to get us closer to the '91–'92 inspection levels.

Mr. FARR. I am glad to see—what was it a $5 million increase this year by the President?

Mr. REED. Yes.

Mr. FARR. What improvements in the inspection program do you think will be possible with the $5 million? Will you get back to the 17,000?

Mr. REED. We will not get back to 17,000 initially, but we will be able to conduct much-needed training of our inspectors in the field, so they apply regulations more uniformly.

The inspection business is more complicated today than it was in 1992, especially when you consider the new technology in biomedical research and the complexity of the research regulations.

We will be able to hire a number of new inspectors. We will acquire equipment, cars, and have gas so they can perform necessary inspections.

Mr. FARR. Has this shortfall affected the Department's ability to serve what is called the needs of the "regulated community," the community such as zoos and laboratories, airlines?

Mr. REED. They support the increase and have aligned themselves with animal groups to support the increase. They want better service.

Mr. FARR. Is it effective? Have you cut down on your service to the regulated community?

Mr. REED. We prioritize our inspections and go to the places where we think there are the biggest problems. We have performed fewer inspections. Those inspections include research facility requested inspections to establish their compliance status.

Mr. FARR. So with the increased budget amount, you are going to be able to improve those services?

Mr. REED. Yes.

PIERCE'S DISEASE

Mr. FARR. The committee reported a supplemental appropriations that contained $7.14 million for Pierce's Disease. I wanted to thank you for that.

I am concerned about the way evaporation occurs in this funding. What I mean is, by the time the funding would reach the field level, the dollar amount could be anywhere from 15 to 25 percent lower than what has been appropriated. I wondered what the agency's level of overhead amount will be, taken out of the $7.14 million that was appropriated, what the program level overhead amount will be taken out of these funds; and when the funds reach the regional office, is more taken out to support the regional office?

What is your estimate of the $7.14 million funding level that will actually reach the field?

Mr. REED. I would have to get the exact breakdown for you. There is going to be a reduction for overhead. We have risk assessors, experts that are world-renowned people on Pierce's Disease. These folks have to be supported with a portion of that money.

Mr. FARR. I think the frustration is when we get some research money appropriated to a crisis like that, just by trickle-down effect is the very problem you are trying to solve, everybody has put in their administrative claim on it and very little money hits the ground.

What is the use of appropriating it if that is going to happen?

Mr. REED. We know that at least 85 percent reaches the field. We build support costs into the request. We know ahead of time that support activities become involved with these activities so must be included in the estimate.

Mr. FARR. So you are claiming that of the $7.14 million, 85 percent of that money, only 15 percent overhead for all levels of government that are involved with that?

Mr. REED. Yes.

Mr. FARR. Total, not 15 percent each?

Mr. REED. No, it is not additive along the way.

Mr. FARR. I will come back to that. Thank you.

Thank you, Mr. Chairman.

Mr. SKEEN. Mr. Latham.

Mr. LATHAM. Thank you, Mr. Chairman.

MANDATORY PRICE REPORTING

Welcome, everyone. Last year I made sure the price reporting was part of our appropriations bill and last year requested $6 million. I guess I have several questions.

You are assuring us that that funding level is adequate. I would like to know how you arrived at the number. And because the responsibilities are broken up between the Food Safety Inspection Service and the Economic Research Service and the FAS, can you tell us where the breakdown is on those dollars, what agency, how much they get?

Ms. MERRIGAN. The budget request for AMS of $5.9 million only covers the responsibilities that the Ag Marketing Service has. So as you point out, there are many agencies within USDA that have pieces of responsibility under the statute, the lion's share, though, being AMS. Of the $5.9 million—and we will provide you a detailed breakdown—a little over $3 million of that is staff.

We have to hire a lot of auditors to run this program, to double-check that the information that we are receiving is accurate. We also have to purchase some hardware, some software. There is some travel in it.

But we have a detailed breakdown on the $5.9 million. We feel very confident that that is a good figure.

Mr. LATHAM. So the other agencies, then, will have it come out of their regular budget? Are there provisions? The budget will be adequate?

Mr. DUNN. Mr. Latham, you will notice in the GIPSA request, there was $400,000 in there for their portion of the swine contract library in there. It would be my assumption that each of those agencies that are responsible for a portion of that would make similar requests, and I would have to defer to Mr. Kaplan as to what the other entities have done at USDA.

Mr. KAPLAN. There is an additional $500,000 in the NAAS budget for this item. For FAS and the other agencies you mentioned, this comes out of their base. There are no specific increases in their budgets.

Mr. LATHAM. I just want to make sure that we don't come back and say, oops, we ran out of money and we can't do it. I am not sure my producers would appreciate that.

PSEUDORABIES

Dr. Reed, your agency is working to eliminate pseudorabies. I have a major problem in several of my counties, very large out-

breaks. It concerns me a great deal to see you reducing the budget, the funding by, what, $524,000.

First of all, give us an update on how you are doing in this very serious problem, and how you can justify a budget decrease with the huge problem we have.

Mr. REED. We have shifted $500,000 from the pseudorabies program to the monitoring program to look at herds in counties to determine disease status. You have to know the disease status in all herds in an area to make sure that you are eliminating all of the disease.

Second, we have made considerable progress on pseudorabies eradication. We started with over 1,100 infected herds a couple of years ago and now we are down to 400 herds. During this effort, we had a significant outbreak both in your State and in Minnesota that we addressed along the way. So we would have had a lot more problems without all of that.

We can get you specific numbers on herds, dollars, et cetera, if that is what you would like.

Mr. LATHAM. You are reducing monitoring. It would almost seem like, if you reduce that, you are saying, well, we are not going to find out about as many cases, so we don't have as big a problem. I don't quite understand.

Mr. REED. The monitoring is part of the pseudorabies effort. There were millions of dollars in direct payments that went to producers, but we have to keep monitoring the States to determine disease status.

Mr. LATHAM. So what you are doing is taking money out of that; if I understood your answer, you are decreasing $524,000. But you said you are moving money out of monitoring; is that correct?

Mr. REED. The $500,000 has shifted from the pseudorabies program to the monitoring program. I may have misspoken earlier.

Mr. DUNN. Mr. Latham, if I might, 2 years ago we did get $80 million for our pseudorabies program and another $40 million last year to do that. We thought that we were well on the road to eradication. I think in Iowa, in particular, which is also my home State, the exceedingly warm weather has really exacerbated the problem. The fact of the matter is that we had not planned for this additional outbreak when we had prepared the budget, so we will take another look at this as you are suggesting.

Mr. LATHAM. I would just, in closing—Go, Cyclones, this week at the NCAAs.

Thank you, Mr. Chairman.

Mr. SKEEN. You are always wishing.

Mr. LATHAM. Come on. We are there, man.

Mr. SKEEN. Mr. Boyd.

Mr. BOYD. Thank you, Mr. Chairman.

Secretary Dunn, I wanted to say, first of all, that you and your people have been very helpful and cooperative as we have tried to work through this crisis. I sensed an uneasiness about maybe the tone of my question, and I want to make sure that that wasn't mistaken.

If there is an urgency in my tone, it is because, in Florida, we are deathly afraid of losing our $8.5 billion industry. Unlike the 1980s, when we contained the Citrus Canker to the nurseries, this

has now spread into producing groves all over the State. That is the reason for the urgency in my tone, I guess. I just wanted to say that to you, Secretary Dunn.

Do we have an answer about the commercial tree replacement at this time, or is it something you need to get back with me on, the rule-making and why we have to do that, given the language?

Mr. DUNN. I have been given an answer, Mr. Boyd, but I think we might muddy the waters more than we would clear them, so if you would allow us to get back to you in writing on that, I would appreciate that.

Mr. BOYD. The last thing we want to do at this hearing is muddy the water more.

I want you to know that this whole issue of invasive pests is one that we all realize is a product of increased trade, increased tourism. I think you have cited the numbers yourself. There are many of us who support the efforts; I am a sponsor of the Canady legislation which will give you more tools to do your job, and you have allies on this committee who would help you get more resources to do your job. We want you to know that, because it is a little bit disappointing when we cite the problem annually, year after year, we don't ask for resources to deal with the problem.

I know these are not necessarily your decisions, but I want you to know that you do have allies here to help fight this. We recognize what your burdens are there.

I think the only other thing I want to say, if you are going to get back with me on the question, is the issue of the use of CCC funds; and there are some members of this committee that feel like there might be an attempt from somewhere up above, OMB or somebody, to replace the authority we have to deal with emergencies out of CCC by cracking into this committee's discretionary budget. I think I have your assurance—I know I certainly have the assurance of the Secretary—that that is not the case; and I think that is what you told me earlier, that you only asked for $20.5 million to deal with this issue, but you know that CCC is available if we have to go beyond that.

Mr. DUNN. Yes, sir, we fully intend to go to CCC for funding of this new, combined, 1-year program.

Mr. BOYD. Thank you very much. I look forward to the answer on the $9 million commercial tree replacement program.

[The information follows:]

In the case of the Shade Dade program for noncommercial trees, the State already had a voucher program in place that can provide a basis for distributing the $7 million provided in the supplemental. However, in the case of the $9 million provided in the supplemental for commercial trees, neither the State nor APHIS have a program in place to pay tree replacement costs, so it is incumbent upon us to develop a formula for determining who should receive compensation and how much they should receive. Beause there are many potential recipients of the money and many potential formulas for setting the amount we might pay, we must go through the rulemaking process to ensure that interested parties have a chance to comment and that we make the payments on a consistent and fair basis.

We understand your concern with the delay in getting payments to farmers who have suffered losses. Although we must use rulemaking, we will expedite the process and give this rule our highest priority.

Mr. SKEEN. Mrs. Emerson.

Mrs. EMERSON. Mr. Under Secretary, or any of you all who want to answer this question, or everyone. This has to do with invasive species.

The fact is that I am hearing almost as much as I have about telephone taxes from my farmers and ranchers about the President's executive order on invasive species and what you all are doing to support that. A lot of my producers believe that that executive order would limit their ability to use longstanding and legitimate agricultural products, and specifically—some of my livestock producers have said that some of the grasses they use for forage could be considered alien under the conditions that the executive order may establish.

We have another problem that kind of relates to this, and that has to do with the whole issue of reintroduction of elk by our Missouri Department of Conservation, because they are considered a native species, if you will, and we are going to perhaps have, as a result of that, a lot of damage to crops and other livestock. The combination of these two things has got so many of my people absolutely up in arms.

Obviously, while I applaud the general idea of the executive order, I am a little bit troubled that some of these same situations could occur once it is totally promulgated. Tell me what y'all are doing to address those concerns, if you will.

Mr. DUNN. Mrs. Emerson, first of all, let me commend you on your efforts at reinstituting the Rural Caucus. That is something that we in the Department look forward to, and I think is going to be a tremendous help for us in rural America as well.

Mrs. EMERSON. Thank you. I hope so.

Mr. DUNN. The Secretary chairs, along with the Secretary of Commerce and the Secretary of Interior, the effort on the executive order for invasive species. Animal and Plant Health Inspection Service has been asked to take the lead as far as the Department of Agriculture in this arena. What we are trying to do is to combine the efforts of eight different departments, over 22 different agencies, to ensure that we are all focusing in the same way to identify the problems as early as possible, to take the steps that we need to eradicate those problems or reverse what we are doing now.

With the loss already of 100 million acres and another 3 million acres a year, there is a great deal of concern. Two weeks ago, I chaired a panel in which we had members from the National Cattlemen Beef Association, from the seed association along with the garden club and the national conservation groups and the Secretary of Agriculture from California. I anticipated that there would be a lot of upheaval, that these folks would disagree on things.

What I found was that they agreed on more things than they disagreed. I think that is the spirit that we have got to go forward in implementing this executive order. We simply cannot use up 3 million acres a year of our countryside.

Once we—there are a lot of concerns about developing lists and who should be on the advisory committee; we expanded that advisory committee from 25 members to 32 members to ensure that we had all the voices on there. I am guardedly optimistic that what we come up with will be positive and good for all sectors.

Mrs. EMERSON. Do you suppose that in developing the list of those species which are—you have a look on your face, but, anyway.

Mr. DUNN. There is a lot of concern about developing the list. I don't know that anybody is going to go out and say, all right, here is the list, because one person's poison is another's cocktail.

Mrs. EMERSON. I guess if you don't develop some sort of criteria, if you will, for what is alien and what is native, then how in fact will this executive order work?

Mr. DUNN. What we are looking at are things—kudzu, for instance, that everybody can agree is a problem, no matter where you sit. Those are the types of things that we need to attack, that we need to be able to muster all the resources, not just the Federal Government, but State and local government and Indian reservations as well.

So we are not in there without partners. We have a lot of partners in there and everybody is going to be heard.

Mrs. EMERSON. So that my producers can feel good about the fact, I can go back and tell them that they have a seat at the table, and that perhaps something as economically indispensable as fescue may not be considered alien?

Mr. DUNN. That would be my hope.

Mrs. EMERSON. And mine, too. Thank you.

Mr. SKEEN. Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman. Mr. Reed, so in continuing that discussion on the Pierce's appropriation of $7.14 million, how much of that will reach California?

Mr. REED. I didn't do the math.

Mr. FARR. You said only 15 percent would be taken off by all the administrative agencies, so that would be $6.069. So we can quote you?

Mr. REED. Yes.

ORGANIC RULE

Mr. FARR. Let me move to another issue, organic rule. I authored the first legislation in the Nation when I was a state legislator in California, creating the California Organic Act which was the model for the Federal act in 1990.

Under our act in the State of California, we have a label that you can put on, saying "certified organic," and then it quotes the law, the "certified organic" by the 1990 organic act, California Organic Act.

In the rules you have adopted, is it going to allow the States to continue to have—their requirements are tougher than the Federal requirements; and I understand in the rule you have just adopted, you kind of changed it. You added that States' requirements only be to unique environmental conditions with specific production or handling practices particular to the State or portion of the State.

Does that interpretation mean that California cannot continue to use the "certified organic" label?

Mr. REED. I need to pass this to Kathleen.

Ms. MERRIGAN. Let me just say that Secretary Glickman was sorry you were unable to join him at the press conference.

Mr. FARR. So was I.

Ms. MERRIGAN. We had to accelerate our schedule.

Mr. FARR. He scheduled it on election day in California.

Ms. MERRIGAN. We realize that was unfortunate. It was because the press broke the story before we broke the story.

In terms of what a State is allowed to do under this proposed rule, it is pretty much guided by the statute that Congress passed in 1990. That is, a State can have standards beyond the Federal standards, but they may not discriminate on products coming in from other States, and they cannot assert that their organic product is greater or better than another State's product, and for that program that the State would have, those organic standards would have to be approved by the Secretary of Agriculture.

The proposed rule, as you say, sets out certain criteria that a State program would assert as a reason to have an additional standard beyond the Federal standard. An example I always use is, if you have a sensitive aquifer that needs protection beyond which would make sense at a Federal level, that really is needed in a State or a region of a State, additional standards might be proposed for that.

Mr. FARR. So you will be able to have products on the shelves that say "organic," but they are not certified State organic, so you are going to have a competition in labeling here between Federal labels and State labels?

Ms. MERRIGAN. No.

Basically, the main job of USDA, when this program goes into place, is to accredit certifying agents, the existing body of private and State certifying agents that are out there, who will still be able to use their own seals. So, for example, in your own State, CCOF, which has a seal, will be able to continue to use that seal if they are the certifying agent.

Mr. FARR. Right now, they are the only ones on the shelves in California?

Ms. MERRIGAN. No. You have product in California certified by a lot of different certifying agents—Oregon Till, OCIA—there are no restrictions that I am aware of of product coming into your State that is certified by other States.

Mr. FARR. The bottom line of the new rule is that it is not going to affect the existing labeling practices in California?

Ms. MERRIGAN. My understanding of the proposed rule is that it meets at least all of the requirements that are currently in place in California. So there should not be any major difference felt in the State of California other than that certification will become mandatory.

Now it is optional. It will become mandatory.

Mr. FARR. I like that.

GLASSY-WINGED SHARPSHOOTER

Lastly, the Glassy-Winged Sharpshooter is a huge problem in California. You know that. The question is, I am hearing more about this than any other exotic pest I have ever heard of, but I am also hearing that there is a concern that APHIS isn't really treating this much differently from any other pest and that there is some concern that since this is not of international origin, that we don't pay as much attention to it and that, therefore, because

it is not of international—not of foreign origin, it doesn't get the attention because it is not a Federal action pest. Is that true?

Mr. DUNN. I think that because the Glassy-Winged Sharpshooter is a vector for Pierce's Disease, we are treating this very, very seriously. In fact, I went out to Riverside and gave them $360,000 to help, which I thought was fantastic. I observed the city, the county and the State all pitching in to fight this problem, because they realize what an impact that would have on the local economy. It is something that is indigenous to the southeastern part of the United States; it is not something that has been indigenous to California.

We are going to treat this as a serious pest, yes, sir.

Mr. FARR. You don't treat it differently because it is a domestic pest rather than a foreign pest?

Mr. DUNN. When you look at our regionalization standards, there are things that are in some regions of the United States that are not in other regions of the United States. What we try to do is ensure where we have something that is not indigenous to an area, we don't let it get in there. That is, of course, why California has all of their folks at the border stopping to check, to make sure that produce doesn't come in from other parts of the nation.

Mr. FARR. Is that compensated by the Federal Government or is that all State-paid-for?

Mr. DUNN. It is all-State, that program is a State program, but we have a similar program of keeping other things out nationwide. We have quarantines that we provide.

Mr. FARR. That is what I am trying to get to, Mr. Chairman. We all—on this subcommittee, we all have sort of our own problems, pests that are in our areas, in our districts or our States that are not in other districts or States. Yet there is the same problem that Mr. Boyd talked about, the same reasons for transporting these pests that you don't want to be in your State.

I think that there is a growing concern, and perhaps we just need a better education on what the Department does to try to contain these problems within the area where they occur so that they won't be spread either internally in the United States or into this country from outside. Perhaps we just need a better briefing on, if there is any difference between the two, between foreign and domestic, then what the program is to contain them within their region.

REGULATORY ACTIVITIES

Mr. REED. We have Federal and State quarantines to prevent movement in and out of certain States. We look at the Sharpshooter problem in California as an invasive problem, even though it didn't come from another country, we are working with the States on these problems. If we need to set up a quarantine, we will.

Somebody asked earlier about progress on the Boll Weevil; we may get to the point where we need to establish a national quarantine on boll weevil. If we do that, it is going to cost money to enforce it. You can't just have it and just walk away. We consider it serious. That is why the National Plant Board and all of us work together with State departments of agriculture to make sure if a

State has got a reason to keep product out of another State, we are going to help make sure that it works.

Mr. DUNN. Mr. Farr, let me make another point, because there are some similarities here of the other diseases that we have talked about.

This disease, Pierce's Disease, that the Glassy-Winged Sharpshooter is a vector for Plum Pox Virus that we have in Pennsylvania, Citrus Canker that we have in Florida; all these are viruses that right now we don't have any tool in our bag to fight. What we need is a Manhattan Project approach, to going in and looking at these viruses. Can we come up with an inoculation; is there something that we can do short of removing the trees and incinerating them. That's where we are.

Frankly, we and ARS and others have been doing these things piecemeal. What the Secretary and I have been talking about is bringing all of this together and taking a look at what it is, and going after it with all of our resources, to come up with answers that address these problems. We have got to start thinking outside of the box that we are in right now.

Mr. FARR. In closing, the State of California and Chancellor Orbach at Riverside has proposed to the State that they build a center for exotic disease—for exotic pests research, the Manhattan Project that you are talking about. They are asking for some Federal support, and the members of this committee are supporting that. I hope you are aware of that effort in southern California.

Mr. SKEEN. Miss Kaptur.

Miss KAPTUR. Thank you, Mr. Chairman.

In my final round of questioning, whenever that comes, I am going to ask each of you to tell me for the record what steps you are taking administratively this year, or incorporated in this budget proposal for next year's budget, that are directly aimed at small and medium-size farmers and the crisis that they are facing across this country. But I will let you think about that for a minute.

CHIAPAS SCREWWORM FACILITY

Dr. Reed, you talked in your testimony about the effectiveness of the Screwworm Eradication Program. Last year when you all were before this committee, I asked the question I have asked of the Secretary and of others in the Department about the Screwworm facility that exists in Chiapas. We talked last year about how that might be converted, working with other parts of USDA to a facility that would employ people in agriculture down there producing something that would be appropriate to that environment. I remember Mr. Figueroa had talked about pineapples, coffee, tropical fruits that wouldn't necessarily conflict with something we grow in this country.

Could you tell me, has anything been done inside the Department to try to reposition agricultural activity out there? I know that many hundreds of people are unemployed now who had worked in that particular facility.

Mr. REED. We have a meeting with the Mexicans the week of March 26 to discuss how we can help. The reason it was delayed to the week of March 26, 2000, instead of March 26, 1999, is because we don't have financing for the plant in Panama, so construc-

tion has not started. We know it is a little ways off, but we feel the need to have a meaningful conversation with the folks in Chiapas to decide on the future use of that facility. We are open to everything.

Of course, whether it is agriculture or whether it is nonagriculture, the Mexicans, in great part, will decide how it will be used. We will be there the week of March 26, and will give you a report of that meeting.

[The information follows:]

On March 30, 2000, the US-Mexico Commission scheduled a meeting to discuss alternative uses for the screwworm facilities in Chiapa De Corzo, Chiapas, Mexico. We will report meeting discussions and future action plans when they are available to the committee.

Mr. DUNN. Miss Kaptur, I traveled down to Chiapas to meet with the Governor and State Director of Agriculture 3 months ago, 4 months ago, to tour the facility that we have there and see how we are coming in the phasing-out there and what can be done.

There are some immediate problems that we have in Chiapas. One is that there is a Medfly infestation there. I have talked with the Governor and the Secretary of Agriculture there. They have convinced other states in Mexico that they need to join Chiapas in fighting their Medfly problem, to eradicate Medfly. I think that is an important step. That is one way that that facility could possibly be used.

But I was very impressed by the diversity of agriculture that they had in this state. I had prawns one night that were this big. They had a Thai restaurant at this little town in Mexico. I said, "Why do you have this Thai restaurant? Because we raise these prawns here."

They are doing a phenomenal job of diversity down there because they realize they have a real problem with the citizens of that State and they have got to provide jobs. It is something that I am very cognizant of because you have made it indelible in my mind that we have to do something down there and not just run away and leave the situation.

EXOTIC PEST AND DISEASE OUTBREAKS

Miss KAPTUR. I thank you for listening to our conversation last year, Mr. Secretary. I know we have talked with Gus Shumacher at the Department and others. We shouldn't leave this up to only AID, which knows almost nothing about agriculture. We ought to work directly with USDA to try to reposition; you have some friends up here in Congress who would want to help you do that. We thank you for being open to it.

Dr. Reed, I wanted to go back to the issue of APHIS. You have such an important job.

We have always had problems; anytime you cultivate plants, you have pests. That is just the nature of living things. But it seems to me that we have an unusually large number of serious developing problems that are different than in past years.

Could you give us some background and put the number of outbreaks and the size of those outbreaks in context for us, based on what you have found; and also submit for the record the numbers of outbreaks in the various categories that I know you have, some

of the scientists in your area have? Could you just talk to us more generally about what is happening in our country as a result of trade with the outbreaks that we are experiencing and how does that differ from the past?

Mr. REED. I guess we could weave that into part of what we are going to submit from the Department on the increase in trade and the doubling and all of that.

We were surprised by the Asian Long-Horned Beetle. We were looking for agricultural pests on agricultural products, and it was coming in on the pallets. The pallets may have barbells, heavy equipment, or other items, and we were focusing on cut flowers and agricultural commodities instead of the packaging materials. So we have to look at pathways that we hadn't considered before.

We know that there are complicated and multiple pathways out of the Caribbean into Florida.

There are innumerable things that threaten the United States. Hog cholera is 90 miles away. If hog cholera gets here, we can expect a $2 billion bill the first month and we can forget about trading any pork in international markets.

The greatest impact, to give you the short answer, is we have already eradicated a number of things that used to be really important to us. When I first got out of veterinary school, we were at the tail end of hog cholera eradication; it has been gone for 25 years. If it comes back, between the size of the farms and the way product moves in this country, it is going to spread faster. The demographics of farms have changed.

COUNTRIES POSING THE GREATEST PEST AND DISEASE RISK

Miss KAPTUR. Are there certain countries that pose the greatest risks to us and, if so, what are the top five?

Mr. REED. It is kind of a matrix between the problem and the country. For plant problems, we look to Asia and South America as contributing to the United States' plant problems. For animal problems, we look at South America and Europe as having animal problems that we don't want to have here, either. So it is kind of a matrix, but I will be glad to take a stab and get you a list and a matrix of that.

Miss KAPTUR. Have the number of pests increased, the number of viruses, the number of living creatures?

Mr. REED. Absolutely. We know things now that we didn't know 15 years ago. BSE, first identified back in about 1985 is a perfect example. BSE is a big problem. We don't want it. We are aware of plant viruses and bacteria that we now know can cause a problem for us. As Mr. Dunn said, we don't have any tools in the tool box to get rid of these. We don't have a treatment like we do for bacteria in humans or animals to treat these diseases. We have more and more of these diseases coming into the U.S. Plum Pox Virus, which is in Pennsylvania, has been introduced into the United States for the first time.

Miss KAPTUR. Where did that come from?

Mr. REED. We know that it probably came from Europe and the Mideast. How does it arrive here? It may be totally unintentional. Citrus Canker, for example, can be carried on workers' shoes, on

equipment, on trucks that are moving back and forth. It is microscopic.

We are into a very different ball game now than we were 5, 10, 25, 50 years ago. Plus the trade, just the sheer magnitude; 600 flights a day have been added to all the airlines. A lot of those are cargo, a lot of those are international. That is in addition to what is already here.

The airline industry is expanding. You go to San Francisco and the terminal has doubled in size. Go to Dulles, it has doubled in size from 2 years ago. All these places are bringing incredible numbers of people and lots of products. That makes the risk grow exponentially.

RISK INSURANCE FUND

Ms. KAPTUR. Could I ask, at the WTO on the phytosanitary standards and so forth, has there been any discussion of some sort of a risk insurance fund that deals with bailing out places that may be impacted by trade and assessing fees associated with that trade? Have you ever gotten into that discussion as opposed to just setting standards?

Mr. REED. We have. Within Marketing and Regulatory Programs, we have talked about the possibility of insurance plans for producers against certain problems. One of the ones that is near and dear to my heart is classical Swine Fever, Hog Cholera; it would be nice if we had an insurance plan to protect us from that disease.

We do talk about those issues and try to find alternate ways to protect our agricultural producers. The user fee that we have for Agricultural Quarantine Inspection is helpful. We are adding a number of new people to keep the pest and disease problems out of the U.S.

It is not enough just to be able to treat a problem when it is here, but to keep it out of the U.S. That is why we are focusing on ways to get our preclearance programs in other countries so that people and products are free of agricultural pests and diseases when they leave another port, before they get here, and not just checked once they get here.

Ms. KAPTUR. Thank you.

Mr. SKEEN. Thank you. I think we are getting close to ordering the end of this hearing. Let's have Mr. Boyd. I know that you had something.

Mr. BOYD. Thank you, Mr. Chairman. I will be brief.

Just to follow up on that line of questioning, I think the State of Florida has currently identified between 35 and 40 separate pests that we are fighting now and that are having an economic impact on our agricultural industry. That is just one State. Many of those are indigenous to just our State. It is a very serious problem.

COMMODITY PURCHASES

Ms. Merrigan, I have a copy of a letter here—I am not sure whether you have seen it or not; it is dated March 8—to the Secretary on the issue of the use of the Department's Bonus Commodity Program in the purchase of commodities. It is our belief that the current situation with fresh market tomatoes, we have

had an ongoing issue here with Mexico, that maybe that program could be used to remove some of the fresh tomatoes, keep them from being dumped, destroyed.

Have you seen that and what are your thoughts on it?

[The letter follows:]

Congress of the United States

Washington, DC 20515

March 8, 2000

The Honorable Daniel R. Glickman
Secretary
U. S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. Secretary:

We are writing to request that you exercise your authority under the U.S. Department of Agriculture's (USDA) Bonus Commodity Program for the purchase of Florida fresh market tomatoes. We believe that poor market conditions and a large surplus supply justify the Department's purchase of 9 million pounds of tomatoes for the school lunch and other nutrition programs.

The current market for fresh tomatoes reflects a serious over-supply both in the U.S. and abroad. Extremely low prices fail to cover the cost of production, causing growers to anticipate that an estimated 60 percent of fresh tomatoes will be left in the field this season. Florida tomato growers have been adversely impacted by a large volume of imports and now face difficulty in the enforcement of trade remedies. High U.S. labor costs, inequitable environmental regulations, and competition from subsidized products from the European Union have all affected the current fresh tomato market. A Bonus Commodity Program purchase of Florida tomatoes would help to relieve the present oversupply, and at the same time provide a nutritious commodity to domestic feeding programs.

Enclosed is a request made on behalf of the Florida Tomato Exchange, a cooperative association of Florida tomato producers, for the Bonus Commodity Program. We lend our support to this request and ask that it be given full and fair consideration consistent with applicable laws and regulations. Please feel free to contact us if you have further questions.

Sincerely yours,

Rep. Charles T. Canady

Sen. Bob Graham

Sen. Connie Mack

PRINTED ON RECYCLED PAPER


Rep. Allen Boyd


Rep. Mark Foley


Rep. Karen Thurman


Rep. Peter Deutsch


Rep. Bill McCollum

Enclosure

Ms. MERRIGAN. I have seen the letter. I have talked to staff as recently as yesterday about where this request is. As you know, the tomato, because it is such a perishable commodity, has additional challenges that we don't face in some other procurement situations. But the staff has been directed to work on this as expeditiously as possible and to think creatively as to ways we might be able to use the Florida tomatoes.

Mr. BOYD. Thank you.

Thank you very much. Mr. Chairman, that is all that I have.

Mr. SKEEN. Mr. Farr.

Mr. FARR. I have one short question. Thank you, Mr. Chairman.

Mr. SKEEN. How tall?

Mr. FARR. Within your time frame.

PEST AND DISEASE PATHWAYS

Mr. Reed, I am really interested in this discussion we are having on control of exotics. Have you ever considered perhaps bringing in the scientists from these producing countries to sit down with our scientists to figure out how these things are transported and what we might do to prevent the importation? It is in both interests.

When we learn about these exotics in this country, we get mad at the host country. Is there a better, using our—it is probably not rocket science; people can figure these things out. Have you ever convened an international group of scientists to make recommendations as to how we might better manage these issues?

Mr. REED. Yes, our sister agency, the Agricultural Research Service and us—and you may know Dr. Dunkel comes from the Agricultural Research Service and heads up our Plant Protection and Quarantine Programs—work with international counterparts to establish international standards. We go to international meetings, international plant protection conventions, the North American Plant Protection Organization, NAPPO, to participate in international standard setting issues.

We have numerous bilaterals with countries that want to move products in here and we want to move products there. So there is a lot of international discussion.

Before the end of this year, we plan on having a specific session to determine pathways for each port. As Mr. Dunn has said, one size doesn't fit all. Different products from different areas come into different places in the country. We need to focus our efforts on what is going to give us the best shot at finding what we are looking for, whether it is in New York City, Detroit, or San Francisco. We will have some specific pathway analysis done this year, and it will be done with our friends at ARS.

Within the next few weeks, we will be convening with the International Plant Protection Convention. We meet with them yearly. These are the kinds of issues we discuss. It is incredibly important to work these issues out with the international scientists so we know about potential pest and disease entry points.

Mr. FARR. Is there any explanation of your kind of war on bugs that we could use as a primer?

Mr. DUNN. We can get you some things, Mr. Farr. We have just put out a Safeguarding American Agriculture on our plant side with 300 recommendations of things that we need to do. This was

something that was sponsored by APHIS. We had members of academia and members of the industry to work on these 300 recommendations.

Dr. Dunkel is in the process of prioritizing those and costing them out, so you will probably see them next year in budget requests, because it becomes imperative that we do that. Dr. Dunkel is the Chair of the North American Plant Protection Organization. He will be hosting the meeting in San Diego, upcoming meeting of the NAPPO, to look at this.

On the animal side, Dr. Torres, who is our chief veterinary officer, meets with the Office of Epizoics, International Office of Epizoics, and they do a similar type of thing. I have asked him to prepare a similar type of—safeguarding-things recommendations for us on the animal side. This is becoming a larger and larger issue, and something that I feel it is urgent that we begin getting our arms around.

Mr. FARR. I agree. Thank you.

Mr. SKEEN. Miss Kaptur.

BONUS PURCHASES

Miss KAPTUR. Yes, Mr. Chairman, I wanted to ask Administrator Merrigan, you have section 32 funds that you can use for commodity purchases. There is about $400 million a year, as I am looking at this budget that provides for regular commodity purchases for use in school lunch programs; but you can use authority up to $300 million a year for bonus buys.

According to the budget justification that came up to us, you are asking, USDA plans to use only $115 million of its $300 million in bonus authority both this year and next year. Are those figures correct? And if they are, why wouldn't the Department want to use the full $300 million in view of the surpluses overhanging our markets?

Ms. MERRIGAN. My understanding is that those numbers vary because of different marketing conditions. With your permission, I would defer to our Associate Administrator, Ken Clayton, who really follows that program on a day-to-day basis.

Miss KAPTUR. I thank you for that.

Mr. CLAYTON. Miss Kaptur, I will just lean over here.

As Ms. Merrigan was indicating, the Bonus Reserve, as it is often referred to, is a fund which we use really depending on market conditions. So the numbers you see in the budget were sort of a best guess at the time the budget was formulated and sent forward, certainly subject to revision as you work through the process.

I know committee staff and Department staff work to communicate on current status. By definition, it will change over time because it absolutely does depend on market conditions faced by producers and where we are called upon to utilize the funds. That will vary as we move through time.

Miss KAPTUR. Again, I just want to say with the surpluses in our marketplace, I really think we ought to look at those numbers and see if we can't use those full authorities this year and probably next year.

We have left Mr. Baker kind of off the hook here today. He has been kind of quiet. We always like to hear from him. He does such an excellent job.

Mr. SKEEN. That is against his nature, too.

Miss KAPTUR. He has had a tough morning here.

Mr. SKEEN. He is a survivor.

ANTICOMPETITIVE MONITORING

Miss KAPTUR. I wanted to ask GIPSA's responsibilities on—anti-competitive monitoring of the marketplace and so forth involving all types of livestock, poultry. Could you describe for the committee some of the examples of the more onerous practices that you have found in the last few years in your responsibilities, please?

Mr. BAKER. You are probably referring to things like collusion, turn-taking in the marketplace.

Just last year, we saw a major packer retaliate against a small feed yard operator. We will take that packer to task this year. When they retaliated, the packer pulled their buyers out of the feed yard. That will go to court. But the small and medium-size producers in this country are really in fear of losing market access. We have shifted a major part of our focus in Packers and Stockyards into making sure that that market access is there for the small and medium-size producers.

There are numerous actions that we have taken. Many deal with producers who are harmed in some fashion—whether it is in the financial area, they fail to get paid; whether it is just by fraudulent or unfair trade practices.

You had indicated earlier in your question, you would like to know how much of your budget is for the small and medium-size producers. I would have to sit here before you and say 90-something percent of ours is directed at that area.

The biggest challenge we see in the industry today is structural change in the industry. The runaway train in the industry that has already left the station is this structural change. It is contracting and people trying to gain market access—maybe through a form of contracting or an alliance. This is where our people are gearing up to meet these structural changes in the industry.

Electronic sales, it is unreal how many Internet sales are already out there. By and large, most of the people that are running the Internet sales have no concept of livestock marketing in this country. They have no concept of the Packers and Stockyards rules that they have to comply with. When we discover one, it is not like you just write them a letter and tell them about the rules. You have to actually go and make sure that they are following the provisions of the Packers and Stockyards Act.

But this structural change is dynamic. It is changing the face of agriculture. If you talk about the grain side a little bit, there is the biotech issue. Also under the biotech, what we are trying to do is to focus in on the testing procedures and the equipment that is being used to make sure that the farmers that grow the biotech crops know the value of those crops, that there is a standardized process of measuring and valuing those crops instead of just the word-of-mouth assessment. We are trying to put some standardization to it. That is what we have asked for. Regarding your original

question, we consider 90 percent of our budget is for the small and medium-size producers.

Ms. KAPTUR. I hope in the written record you will elaborate a bit on how in the processing side you are working to keep access open to farmers, as you have stated here, because I know that is quite a challenge in many places around this country. Perhaps, Mr. Chairman, the remaining witnesses could discuss in terms of small and medium-size farmers administratively, or in this budget submission, what are they doing particularly to help them survive in this marketplace.

Ms. MERRIGAN. I just jotted a quick list of things down which I will go through.

I do want to concur with your assessment that we do need to do more. I want to take that message home to the troops and very seriously do an inventory of AMS programs to see where we might do better.

Ms. KAPTUR. Thank you.

Ms. MERRIGAN. Let me start. In our budget proposal we have a number of items for organic agriculture. We have found that 87 percent of organic farmers are small or moderate-size farmers, mostly family farmers. Anything we can do to help support this industry, I think is important for small farmers. In particular, we have a budget item of $639,000 to pay for the first rounds of accreditation that USDA will do for the certifying agents. I think if we were able to find appropriated funds for that, we will go a long way in making sure that farmers out there, small farmers, won't suffer onerous fees.

The FSMIP program—we have a budget increase request for $300,000 for this program. I think this is a win-win program. We do work with State departments of agriculture and, more recently, with community-based organizations to fund small amounts of money, on cutting-edge marketing, alternative strategies, mostly dedicated to small farmers and sustainable agriculture. It is a very small program with a very big bang to it.

Procurement policies—we are the home of procurement for the school lunch program. I think we need to think more creatively in that avenue. We did a very exciting project this last year in the State of Florida, where we worked with some farmers to sell directly to schools; looking at that as a model and perhaps doing more of that is something that I am very interested in.

Mandatory price reporting—we have a budget item in that. A lot of the producers, farmers that I deal with, say that they need more market information. One of the challenges we are going to face in implementing this program—I know Under Secretary Dunn talks about this all the time—is making sure that the information that comes from that program is actually usable and that small and moderate-size farmers really can make sense of the marketing environment that they are in. Once this program is in place, it will let us move forward.

Farmers markets—I take your challenge very seriously. I think we need to do more and think more about how farmers markets can help be a haven for small and moderate-size farmers.

Direct marketing on the Web—we have some work going on. It is at, I would say, the incubator stage in our direct marketing

team, but we really are looking to do farmer-to-farmer sales and interesting marketing arrangements on the Internet, which is a growing market for everybody, I guess.

SARE partnership—the amount of money that you provided last year, in the appropriations budget, to allow AMS to partner with the SARE, the Sustainable Ag Research and Education Program under RE&E, to provide grants to small farmers to do direct marketing research projects on their farms, is very important.

Contracting—we have a proposed rule out currently—the comment period closes tomorrow—on forward contracting in dairy, where Congress directed us to do a pilot study. What we are proposing is that when farmers engage in forward contracts in dairy under this pilot program that there be a 3-day right of rescission, that farmers have a 3-day cooling off period, if you will, so they can check with their tax attorneys or lawyers to make sure that the contract is really what they want to engage in; and that they be given a disclosure sheet of what those contracts really mean to them.

Those kinds of protections, to level the playing field in contracting, in the contracting environment that we are in, I think are very important; that, I think, is the beginning of what AMS should be doing.

Regarding outreach, we have a very important meeting coming up in Memphis, Tennessee, in April. It is our Small Farmer Outreach Conference. We did one last year; we are going to do two this year, one in Memphis and one in California, where we bring in farmers from surrounding States, we actually provide them scholarships so it is a no-cost situation for small resource constrained farmers. We have a program of all the different things that USDA can do to help them.

In this upcoming meeting in Memphis, we actually have a war room set up where we have people from AMS and FSA and all the various agencies, NRCS, and farmers can go in and talk about their individual problems. I think we need to do more of that, bring our programs out to the field.

Finally, I do have a person in my immediate office who has been one of the key staffers in putting together and facilitating the Small Farm Commission that the Secretary recently appointed. We plan on continuing that partnership. I am hoping that body will continue to bring expertise and creative ideas to the Department.

That is a short list. It is, again, something that with the accelerating loss of small and moderate-size farmers in this country, while I think it is a very impressive list, when we look at the statistics, we know we need to do more; and we are committed to that.

Miss KAPTUR. Thank you. I couldn't let this moment go by, when you mentioned contracting, without acknowledging Mr. Baker's tremendous work in trying to get information out that farmers can use—on contracting in the poultry industry, for example, as well as the price reporting that he has worked so very hard on. I just think he has done a tremendous job there.

SMALL FARMERS

Mr. REED. Congresswoman, if I could address your question on small farmers.

Ms. KAPTUR. I would appreciate that.

Mr. REED. You will find that APHIS programs probably deal less with big industry and more with small farmers than most programs. Pests and diseases hit these small producers and farmers, whether they have wheat fields, citrus groves, hog farms, or are trying to raise tomatoes. APHIS is working with States at the producer level.

I was in Michigan last week. I talked to two dairymen; they are milking 68 head. They are worried about tuberculosis getting into their herds from native wild deer. So APHIS—both Veterinary Services and Plant Protection and Quarantine work to protect plants and animals, but there is a public health component addressed by Wildlife Services, too.

You know of our efforts in Ohio. You know the value we have placed on preventing the spread of rabies. This is not only a small producer, but a public health problem that we need to get a handle on before we have to come back and ask for a control measure that is 35 miles wide and 1,500 miles long to keep rabies from getting into mid-America. It is on Ohio's eastern border right now.

Ms. KAPTUR. It has spread west from Pennsylvania, then?

Mr. REED. Yes, and West Virginia. We know it is coming across the mountains. Our services not only benefit just producers, but the general public.

All of us are committed to making sure that the small farmers, who are least able to deal with big disease problems, are compensated fairly and promptly. Last year when we started making payments on pseudorabies, instead of letting these guys sit for a month or 6 weeks, like normal, we were able to pay them in 48 hours. I guarantee you that as a former farmer myself, having the check after your barns have been cleaned out and you don't have any way to produce anything, it is pretty nice to have that check in 2 days as opposed to waiting a couple of months. We push hard for that.

Mr. DUNN. Ms. Kaptur, I really appreciate this question, because I think it really gets to the heart of why we are even here, all of us. It is to help those family-size operators. They are the ones that need help the most.

I think—you talk about passion. When I listen to Secretary Glickman talk about what we are supposed to be doing, I don't know of anybody that gets more passionate about targeting our resources to those family-size operators and saying we have got to do more, we have to reduce this tide of losing family farmers out there.

He put together the Small Farms Advisory Group. He had asked Deputy Secretary Rominger to head that up, and we have a number of initiatives that are department-wide that we are going on there. What I would suggest is, this is now in Under Secretary Gonzalez's shop, where coordination of small farm operations resides, but it is not his alone. We all have a part in that, and we all have an obligation to fund it and go forward.

What I would suggest to Mr. Kaplan is that we put together a crosscut on the small farms budget and bring it up here to show you where the Department as a whole has in fact zeroed in on that need.

Mr. Baker did not talk about the things that we are doing. We are meeting with State departments of agriculture and State attorneys general, as well as our general counsel, along with the Department of Justice, to talk about compensation and fair trade practices, to talk about contracting that Kathleen had talked about, in talking about mandatory price reporting because many of the States are going forward with that. The bottom line is, is that really helping the farmer?

During our Outlook Conference, I had a farmer get up there at noontime and say, I am drowning in data and I am starving for information. So what we have to do is make sure that the information we are providing gets to that person and is in a usable form so that they can be successful in their operation. That is the challenge for us.

I appreciate you all asking that question because I think that is what we should all be about.

Ms. KAPTUR. I thank you for that, Mr. Under Secretary, very much. I know we all went over the time, but the subject is important. They deserve that on the record here in our Nation's Capital. I am glad you are all thinking that way.

I think it would be very interesting to take a look at a cross-cutting budget across that Department, trying to position the small and medium-size farmers in this economy, because if you look at the distribution of the AMTA payments last year and the emergency assistance, it certainly didn't go there. I think the Secretary recognizes that in the testimony he provided us this year, to see the change administratively and budgetwise, as we approach the new fiscal year, would be most helpful to us. We thank you very much for that.

That will be my last round of questioning, but I believe Mr. Boyd has a question.

Mr. SKEEN. Mr. Boyd.

Mr. BOYD. I will be very brief, Mr. Chairman. I just want to follow up on the theme that Ms. Kaptur has pursued here.

Dr. Reed, I will give you an example. In answering a question earlier, you talked about the Asian foreign beetle which came in in wood products. My question really has to do with what is it that we can do—I mean, what should this Congress do statutorily to help you better do your job fighting invasive pests? You may have touched on it earlier. There has been some mention about the Canady bill, but I wasn't sure of your feelings about that. I am throwing you a little softball here now, to tell us what you think we can do as a group to help you better do your job.

Mr. REED. We need the Plant Protection Act passed.

Mr. BOYD. The Canady legislation?

Mr. REED. Yes.

Mr. BOYD. Thank you, Mr. Chairman.

Mr. SKEEN. Was that your telling blow?

Mr. BOYD. That's it.

Mr. SKEEN. I just want to say thank you to you folks. This morning's topic is tremendously important, having come from an agricultural background of my own. Right off the bat, it is the only business I know of that when you buy, everything you buy is retail and

when you sell, everything you sell you sell wholesale. As merchandisers will tell you, that ain't the way to go.

You folks have a tough, tough job, and you do it well. We appreciate the kind of expertise that you provide, the ordeal that you go through, plus coming up with the necessary funding. Together we have a good system in the United States. We can argue about it, how best to serve it, but it works. You folks do that. Thank you very much. The questions from the panel were great today.

I want to say, too, about the Screwworm thing. I was involved at the very beginning of that program. I will tell you one thing, you lose your appetite for rice pudding. I will say no more.

I hope that we do get the station installed in Panama so that we can control that insect from the Southern and Northern Hemisphere as well.

Thank you all very much. Have a good day.

[The following questions were submitted to be answered for the record:]

Animal and Plant Health Inspection Service
Questions submitted by Mr. Skeen

ANIMAL WELFARE

Mr. Skeen: Please provide a table showing, by state, the number of staff years assigned to the animal welfare program, as well as the number of animal care facilities, in each state for fiscal year 1999.

[The information follows:]

State	Staff-Years	Number of Animal Care Facilities
Alaska	0.1	18
Alabama	0 5	70
Arkansas	1	212
Arizona	1	64
California	12	496
Colorado	2.25	74
Connecticut	1	68
Delaware	0.15	16
Dist. of Columbia	1.15	6
Florida	4.5	383
Georgia	1.2	109
Hawaii	0.9	44
Idaho	0.6	24
Illinois	3	269
Indiana	1.1	165
Iowa	3.15	394
Kansas	4	492
Kentucky	0.9	48
Louisiana	0.9	53
Maine	0.25	27
Maryland	23.05	77
Massachusetts	0.65	139
Michigan	1	170
Minnesota	3.7	192
Mississippi	0.45	26

Missouri.....	1	1,214
Montana.....	0.4	37
Nebraska.....	2	173
New Hampshire.....	0.45	25
Nevada.....	0.5	72
New Jersey.....	1	121
New Mexico.....	1	30
New York.....	2.75	279
Nevada.....	0.5	72
North Carolina.....	12.5	97
North Dakota.....	0.5	45
Ohio.....	2.5	189
Oklahoma.....	3	423
Oregon.....	1	122
Pennsylvania.....	2.75	335
Puerto Rico.....	--	18
Rhode Island.....	0.3	16
South Carolina... .	0.3	40
South Dakota..... .	1	120
Tennessee.....	1.5	76
Texas.....	12.1	465
Utah.....	0.98	26
Vermont.....	0.25	11
Virginia.....	0.75	88
Washington.....	1	93
West Virginia.....	0.3	29
Wisconsin.....	2	170
Wyoming.....	0.07	5
Guam.....	--	2
Virgin Islands.....	--	1
Total.....	127	7,958

Mr. Skeen: A training manual to increase the quality, uniformity, and standardization of inspections and reports of the Animal Care program has been developed at the agency for several years. How many phases of this manual have been distributed?

Response: In May 1999, the "Dealer Inspection Guidelines" and in March 2000, the "Research Inspection Guidelines" were released to APHIS field personnel. These comprehensive guidelines will assist field personnel in their inspection efforts and improve the uniformity of inspections through the country. An "Exhibitor Inspection Guideline" training manual is currently being developed. These will be valuable resources to new inspectors and a functional reference for our seasoned inspectors.

Mr. Skeen: Provide a table similar to the one that appears on page 570 of last year's hearing record showing inspection activities of the animal welfare program for fiscal year 1999.

[The information follows:]

	Number of sites	Average number of inspections	Total number of inspections
Inspections for Compliance:			
Dealers	4,208	1.02	4,298
Research facilities	1,644	1.1	1,816
Exhibitors	2,720	0.95	2,591
In-transit handlers	432	0.23	99
In-transit carriers	893	0.33	292
Subtotal	9,897	0.92	9,096
Other Types of Inspections:			
Prelicensing and preregistration audits	N/A	N/A	1,418
Auction market observations	N/A	N/A	56
Inspections of dealers and exhibitors	N/A	N/A	693
Subtotal			2,167
Total Inspections			11,263

Mr. Skeen: Did you issue the guidelines to ensure that farm animals used for regulated research, exhibition, and sale are treated humanely in accordance with the Animal Welfare Act?

Response: On February 3, 2000, we published a notice in the Federal Register, stating that effective March 3, 2000, the Agency is adopting two guides on the use of farm animals for nonagricultural purposes. The first is the "Guide for the Care and Use of Agricultural Animals in Agricultural

Research and Teaching," published by the Federation of Animal Science Societies. The second is the "Guide for the Care and Use of Laboratory Animals," published by the Institute for Laboratory Animal Research. We are adopting these guides to assist regulated entities in meeting the standards in APHIS regulations as they apply to the handling, care, treatment, and transportation of farm animals used for nonagricultural purposes, primarily research and exhibition.

REGULATORY ENFORCEMENT AND ANIMAL CARE

Mr. Skeen: Update the table that appears on page 571 of last year's hearing record showing the funding levels, both dollars and staff, allocated for Regulatory Enforcement and Animal Care to include fiscal year 2000.

[The information follows:]

REGULATORY ENFORCEMENT

Fiscal Year	Funding (appropriated)	Staff-years
1990	4,844,844	131
1991	5,789,519	121
1992	5,904,459	141
1993	5,623,823	125
1994	5,958,354	129
1995	5,858,926	119
1996	5,892,726	107
1997	5,781,600	79
1998	5,933,875	78
1999	6,017,215	77

ANIMAL CARE

Fiscal Year	Funding (appropriated)	Staff-years
1990	7,688,947	174
1991	9,224,947	184
1992	9,447,313	184
1993	9,796,411	179
1994	9,755,805	183
1995	9,585,218	178
1996	9,766,427	157

1997	9,705,776	137
1998	9,812,887	132
1999	9,222,338	127

Mr. Skeen: Also update the table that appears on page 572 showing the number of: dealer facilities; complaints registered against these facilities; inspections and re-inspections that took place; cases submitted by Animal Care to Regulatory Enforcement for review and action; and each cases resolution to include fiscal year 1999.

[The information follows:]

Category	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999
Total number of facilities	7,837	7,819	7,773	7,958
Inspections/re-inspections.	12,636	12,022	10,709	9,096
Cases submitted	126	118	416	188
Resolution: Official warnings..	182	167	219	143
Stipulations settled.....	45	49	66	79
Formal ALJ decisions.....	84	98	82	28
Civil penalties by ALJ.. ..	$1,002,250	$822,200	$378,900	$585,162
Suspensions/revocations....	29	43	34	16

ANIMAL CARE

Mr. Skeen: How many unannounced inspections of registered in-transit carriers and in-transit intermediate handlers were conducted in fiscal year 1999?

Response: There were 292 unannounced inspections of registered in-transit carriers and 99 unannounced inspections of in-transit intermediate handlers.

Mr. Skeen: Has the data base for repeat violations involving animal care inspections that remained uncorrected at the time of a reinspection visit mentioned in last year's hearing record been put into operation?

Response: In March 1999, APHIS began transition to its new database, LARIS7. Beginning October 1, 1999, LARIS7 was totally functional. Reports for violations not corrected on subsequent inspections are now possible and reports are available.

Mr. Skeen: Please provide a copy of your Animal Welfare Act report for the record.

Response: At this time, the FY 1999 Animal Welfare Report is under Departmental review; a copy of that report will be forwarded to the Committee when it is published.

BRUCELLOSIS

Mr. Skeen: What is the most recent data on herds under quarantine in the United States for brucellosis?

Response: As of February 29, 2000, there were 4 affected herds under quarantine in the United States. Three of these were cattle herds, two located in Texas and one in Florida. The fourth herd was a bison herd in South Dakota.

Mr. Skeen: Provide a five-year table, including estimates for fiscal year 2001 that shows the amount spent on brucellosis infected bison at Yellowstone National Park. Also, provide a brief explanation of how these funds were used.

[The information follows:]

Year	Amount Spent
1997	$400,000
1998	$700,000
1999	$700,000
2000	$700,000
2001	$1,500,000

APHIS works with the National Park Service and the State of Montana to implement the Interim Bison Management Plan and develop the long-term bison management plan. APHIS participates on the Greater Yellowstone Interagency Brucellosis Committee and assists with preparing the Environmental Impact Statement. In addition, APHIS provides personnel to assist with liaison activities, planning, bison capture, testing and sampling; laboratory support; and funds for research in Yellowstone National Park--YNP. The increase in funds estimated for FY 2001 is due to the operation of a bison quarantine facility and the capture facility in Horse Butte prior to the construction of the quarantine facility. APHIS also will increase surveillance and vaccination of cattle surrounding the Park in FY 2001.

Mr. Skeen: In 1989, APHIS adopted the Rapid Completion Plan for the eradication of brucellosis. The objective of this plan is to have all states qualifying for Class Free status by 1998. Did you meet the goal?

Response: By the end of 1998, 43 states had achieved Class Free status. Seven states remained in Class A status. By the end of 1999, 44 states had achieved Class Free status. Six remained in Class A status. Of these, 2 states were in the qualifying stage for Class Free status. APHIS expects the remaining states to enter the qualifying stage for Class Free status by the end of FY 2000.

SWINE BRUCELLOSIS

Mr. Skeen: Do you still forecast eradication in the swine brucellosis program by January 2001?

Response: Yes, APHIS expects to eradicate swine brucellosis from the domestic swine population by January 2001.

Mr. Skeen: Do you still expect to complete a project to study the transmission of brucellosis between bison in Yellowstone National Park in 2001?

Response: Yes, APHIS still expects to complete the study in 2001.

SCREWWORM

Mr. Skeen: When do you expect to complete eradication of screwworm in Panama and the Darien Gap?

Response: We expect to complete eradication of screwworm in Panama in FY 2000, with official declaration of eradication in FY 2001. Following eradication, the program will maintain a sterile fly barrier from the Panama Canal to the Colombian border to prevent re-infestation in Panama and the countries in the north that are screwworm free. In July 1998, we began aerial release of sterile screwworm flies in Panama over western portions of the country. In the first quarter of FY 1999, we expanded sterile release to the Canal, covering the entire western half of the country. Countrywide dispersal began in the fourth quarter of FY 1999.

FOOT-AND-MOUTH DISEASE

Mr. Skeen: APHIS and the Colombian Agricultural Institute, ICA, operate a cost-sharing foot-and-mouth eradication program. What is the status of this initiative as well as its cost?

Response: APHIS considers the exclusion of Foot-and-Mouth Disease--FMD--a high priority in its relations with the Colombian Agricultural Institute--ICA. The collaboration between APHIS and ICA began with the goal of creating a barrier on the Colombia-Panama border, but this goal has grown. APHIS now supports the Pan American Health Organization's--PAHO--plan to eradicate FMD throughout the western hemisphere. We recognize the escalated threat of the introduction of FMD and other foreign animal diseases into the U.S. via increased air travel.

In northern Colombia, where the barrier is established, local cattle producers have increased their contributions to FMD eradication efforts. APHIS has begun to shift funds from these areas to a more hemispheric plan. This plan is based on bordering countries (Bolivia, Brazil, Ecuador, Peru, and Venezuela) working together to eradicate FMD. Funds directly going to the ICA-USDA program are shifting to concentrate on international border areas. In FY's 1999 and 2000, APHIS has contributed $900,000 to the ICA-USDA program directly and an additional $300,000 for collaborative programs in Colombia.

MEDITERRANEAN FRUIT FLY

Mr. Skeen: How much funding will be devoted to each country where medfly work is being done in fiscal year 2000?

[The information follows:]

	1999 CCC	2000 CCC	Appropriated	Total
Guatemala	9,316,519	11,694,375	4,626,613	25,637,507
Mexico	0	3,898,125	2,689,727	6,587,852
United States	6,350,463	4,718,145	7,632,243	18,700,851
Total	15,666,982	20,310,645	14,948,583	50,926,210

Mr. Skeen: Update the table that appears on page 577 of last year's hearing record showing the total funding for medfly work and the source of the funding.

[The information follows:]

AUTHORIZED CCC TRANSFERS* FOR MEDFLY EMERGENCY ERADICATION			
Fiscal Year	California	Florida	Mexico & Guatemala
1990	$31,425,000	----	----
1991	5,710,215	----	----
1992	9,500,000	----	----
1993	25,860,000	----	----
1994	4,118,000	----	----
1995	10,300,000	----	----
1996	10,000,000	----	----
1997	----	$10,000,000	----
1998	----	6,895,000	----
1999	3,106,957	5,141,092	$13,800,000
2000	----	----	21,100,000

* Amounts shown represent transfers and do not include any carryover funds; actual obligations may differ. Unused portions remain available until expended.

PSEUDORABIES

Mr. Skeen: Please update the tables beginning on page 579 of last year's hearing record showing the amounts, both federal and non-federal, that each state expended on the pseudorabies program as well as the stage each state was in to include fiscal year 1999 actuals.

[The information follows:]

Pseudorabies Expenditures

	FY 1999 Actual		FY 2000 Estimate		FY 2001 Estimate	
STATE	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Alabama.....	$3,866	$4,000	$3,870	$4,001	$3,386	$4,002
Alaska.....	1,315	0	1,315	0	1,151	0
Arizona.....	671	18,795	671	18,820	587	18,843
Arkansas....	10,683	25,203	10,710	25,248	9,371	25,290
California..	6,542	1,372,134	6,552	1,506,888	5,733	653,959
Colorado....	99,716	2,000	102,069	2,000	89,310	2,001
Connecticut.	3,164	8,850	3,166	8,856	2,771	8,861
Delaware....	3,139	5,000	3,141	5,002	2,749	5,003
Florida.....	82,074	0	83,668	0	73,210	0
Georgia.....	18,465	457,813	18,546	472,814	16,227	487,293
Hawaii.....	270	130,070	270	131,281	236	132,397
Idaho.....	7,968	11,159	7,983	11,168	6,985	11,176
Illinois....	219,300	2,357,131	230,681	2,754,795	201,846	3,246,318
Indiana.....	97,464	1,800,000	99,712	2,031,896	87,248	2,299,300
Iowa.....	897,398	900,500	1,031,511	958,538	948,948	1,018,048
Kansas.....	12,228	45,600	12,263	45,749	10,730	45,884
Kentucky....	12,525	105,229	12,562	106,022	10,992	106,750
Louisiana...	59,500	0	60,338	0	52,796	0
Maine.....	1,827	27,000	1,828	27,052	1,599	27,100
Maryland....	554,328	290,295	627,038	296,327	548,658	302,014
Massachusetts	9,144	30,788	9,164	30,856	8,018	30,918
Michigan....	192,667	69,161	201,451	69,503	176,270	69,816
Minnesota...	479,440	649,026	533,835	679,175	467,105	709,051
Mississippi.	9,350	34,658	9,371	34,744	8,199	34,822

Missouri....	197,334	224,815	206,549	228,432	180,730	231,812
Montana.....	557	4,062	557	4,063	487	4,064
Nebraska....	161,779	336,528	167,972	344,634	146,976	352,326
Nevada.....	602	17,615	602	17,637	527	17,657
New Hampshire	1,859	3,000	1,860	3,001	1,627	3,001
New Jersey..	23,923	0	24,058	0	21,051	0
New Mexico..	9,378	53,444	9,399	53,648	8,224	53,835
New York....	97,022	1,000	99,250	1,000	86,843	1,000
NorthCarolina	279,954	2,689,086	298,500	3,206,643	261,188	3,872,631
North Dakota	10,541	5,000	10,567	5,002	9,246	5,003
Ohio.....	82,712	670,800	84,331	703,006	73,790	735,016
Oklahoma....	40,031	74,633	40,410	75,032	35,359	75,396
Oregon.....	542	5,226	542	5,228	474	5,230
Pennsylvania	84,970	370,500	86,679	380,325	75,844	389,693
Rhode Island	3,905	1,500	3,909	1,500	3,420	1,500
SouthCarolina	13,065	150,000	13,105	151,610	11,467	153,099
South Dakota	70,845	0	72,033	0	63,029	0
Tennessee...	9,174	146,442	9,194	147,977	8,045	149,395
Texas.....	107,758	247,902	110,506	252,301	96,693	256,423
Utah.....	383	10,000	383	10,007	335	10,014
Vermont.....	1,061	0	1,061	0	929	0
Virginia....	74,236	246,402	75,540	250,747	66,098	254,820
Washington..	654	1,000	654	1,000	572	1,000
West Virginia	3,133	0	3,135	0	2,743	0
Wisconsin...	63,774	323,131	64,736	330,604	56,644	337,683
Wyoming.....	389	45,272	389	45,419	340	45,552
Washington DC	95,189	0	97,333	0	85,167	0
Puerto Rico.	8,016	0	8,031	0	7,027	0
TOTAL.....a/	4,225,830	13,971,770	4,563,000	15,439,551	4,039,000	16,194,996

a/ Excludes $80 million in Emergency Funding in FY 1999.

States enrolled in the program and the Stage of each as of March 1, 2000, are as follows:

Stage II/III	Stage III	Stage III/IV	Stage IV	Stage V 1/
Iowa	Florida	Illinois	California	Alabama
	Indiana	New Jersey	Michigan	Alaska
	Louisiana		North Carolina	Arizona
	Massachusetts		Ohio	Arkansas
	Minnesota		Pennsylvania	Colorado
	Nebraska		South Dakota	Connecticut
	Texas		Wisconsin	Delaware
				Georgia
				Hawaii
				Idaho
				Kansas
				Kentucky
				Maine
				Maryland
				Mississippi
				Missouri
				Montana
				Nevada

New Hampshire
New Mexico
New York
North Dakota
Oklahoma
Oregon
Puerto Rico
Rhode Island
South Carolina
Tennessee
US Virgin Islands
Utah
Vermont
Virginia
Washington
West Virginia
Wyoming

1/ Stage V is the final stage in which a State is declared pseudorabies free

Mr. Skeen: Do you still expect to complete the pseudorabies program by December 2000?

Response: Yes. The Accelerated Pseudorabies Eradication Program has been of great value in keeping the state-federal-industry pseudorabies eradication program on schedule to completely eradicate pseudorabies from the swine herds in the United States by the end of 2000. The identification of any remaining or newly pseudorabies infected herds will be a very important step in accomplishing our goal of total eradication of the disease. The APHIS' Animal Health Monitoring and Surveillance program will increase surveillance to ensure early detection and response to newly infected herds

NOXIOUS WEEDS

Mr. Skeen: What is the status of the Weed Implementation Plan? Has the authorizing legislation been submitted to Congress?

Response: Many of the Implementation Plan strategies are in place. Last summer, APHIS published an interim rule adding interstate movement restrictions for Federal noxious weeds. Full implementation of the Plan depends on our proposed Consolidated Statutes legislation which was submitted to Congress in 1995 and introduced in 1997. We are waiting for the approval to increase criminal penalties for non-compliance and to implement civil penalties for non-compliance.

Mr. Skeen: Did you discover any new noxious weed introductions in the U.S. last year?

Response: In FY 1999, APHIS cooperated with Federal, State, and private organizations to detect and rapidly respond to several incipient infestations of invasive plants, including new finds of branched broomrape (*Orobanche ramosa*), a parasitic plant, in four new Counties in Texas (Grimes, Freestone, Limestone, and Walker); small broomrape (*Orobanche minor*) in Oregon; giant salvinia in Louisiana, Texas, and the Colorado River Basin; and *Azolla pinnata* in Tennessee. Both Salvinia and Azolla are aquatic weeds APHIS provided technical expertise to aid in the development of work plans for integrated control/eradication programs for several of the new weed finds. In addition,

APHIS personnel removed and destroyed exotic burreed (Sparganium erectum) plants, mistakenly imported from Holland, from retail outlets in 35 States.

Mr. Skeen: Are you still seeking the same changes in the Federal Noxious Weeds act as described in last year's hearing record?

Response: While we do have the authority to regulate interstate movement for Federal noxious weeds, we are waiting for the approval to increase criminal penalties for non-compliance and to implement civil penalties for non-compliance in the Plant Protection Act bill. The Plant Protection Act bill is currently awaiting approval in both the House (H R. 1504) and the Senate (S 910).

BOLL WEEVIL

Mr. Skeen: What is the status of the Mississippi referendum to restart and expand the program?

Response: The Mississippi boll weevil program is currently active in all four zones: North Delta (600,000 acres); South Delta area (130,000 acres), Central Mississippi (370,000 acres); and Eastern Mississippi (80,000 acres).

In FY 1999, the North Delta program began well with a series of diapause treatments, it will begin its first full season in FY 2000 and should achieve eradication in 2002. The South Delta program made significant progress in its first full season and we expect eradication in FY 2001. The Central Mississippi program made reasonable progress and reached the halfway point in its eradication process. We anticipate eradicating boll weevil in this area and in Eastern Mississippi by 2002. With proper management, the entire State of Mississippi should be essentially weevil-free in FY 2003.

Mr. Skeen: Please update the table that appears on page 584 of last year's hearing record, showing boll weevil funding, to include fiscal year 2000.

[The information follows:]

BOLL WEEVIL FUNDING
(In thousands of dollars)

	Fiscal Year				
Region	1997	1998	1999	2000	2001
Central Eradication (AR,LA,OK,TX)	$12,155	$8,947	$11,645	$10,335	$1,537
Southeast Eradication (MS,TN)	4,770	6,695	4,251	4,348	1,160
Southwest Eradication (AZ,CA,MX,NM)	534	539	628	651	159
TOTAL	17,459	16,181	16,524	15,334	2,856

Mr. Skeen. Please indicate which states have received boll weevil funding since 1996 and the amounts received by each.

BOLL WEEVIL PROGRAM
FY 1996-2000 OBLIGATIONS
(Dollars in Thousands)

State	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Alabama	9,026	3,672	5,392	90	--
Arizona	340	292	254	360	--
Arkansas	--	41	129	1,077	1,730
California	7	17	20	--	--
Louisiana	--	331	1,050	1,841	2,126

Maryland	2,083	1,900	1,610	--	--
Minnesota	1,039	526	531	--	--
Mississippi	--	141	166	3,415	2,448
Missouri	--	--	--	--	31
New Mexico	89	290	153	318	321
Oklahoma	--	--	664	676	353
Tennessee	--	--	--	691	1,237
Texas	3,965	9,941	5,802	7,914	6,942
District of Columbia	347	177	322	--	--
Mexico	150	131	88	141	146
Total	$17,046	$17,459	$16,181	$16,523	$15,334

Mr. Skeen: What activity has there been in the boll weevil loan program?

Response: The loan program began in FY 1997 with $40 million in loans issued to the various eradication organizations. In FY 1998, FSA issued loans totaling another $40 million. In FY 1999, FSA increased the loan amount to $100 million as the program expanded into large areas of the mid-South and Texas. FSA is likely to issue an additional $100 million in loans in FY 2000. We expect loan amounts for FY 2000 to include: Arkansas--$13.5 million; Mississippi--$17 million; New Mexico--$.8 million; Oklahoma--$1 million; Tennessee--$15.1 million; and Texas--$46 million. The remaining $6.6 million in loan authority will be used later this year. In addition to these States, FSA has issued loans to grower organizations that are involved in operating eradication programs in Georgia and Alabama.

Mr. Skeen: What is the status of the boll weevil eradication program in Mexico?

Response: The long-term success of the boll weevil eradication program in the U.S. depends on similar activity occurring in adjacent areas of northern Mexico. The cotton-producing areas of northwest Mexico were involved with eradication efforts in California and Arizona in the 1980s. Mexican cotton, grown south of California and Arizona, is now weevil-free and remains in the post-eradication monitoring phase to prevent reinfestation.

Mexican cotton is also produced south of New Mexico and Texas. APHIS is monitoring Mexican cotton for boll weevils south of El Paso, Texas. If weevils are detected, APHIS will encourage timely control activities Mexican growers are interested in weevil eradication, although their involvement in any organized program will likely depend on the level of subsidy they may receive from their government. An organized, efficient program is needed within the next two to three years to protect eradication progress in New Mexico and Texas.

TUBERCULOSIS

Mr. Skeen: Is the target for eradication of bovine tuberculosis from the U S. still FY 2002?

Response: Due to a number of challenges facing the program, one of which is the large dairy herds in the El Paso milkshed area, APHIS may not be able to attain its goal of eradicating bovine tuberculosis from the U.S. by FY 2002.

Mr. Skeen: What is being done about tuberculosis in imported Mexican cattle?

Response: To provide States with a greater ability to track imports from high risk areas such as Mexico, APHIS is drafting regulations which will establish a minimum standard for the importation of feedlot animals. This standard would require all imported feeder animals to go to designated feedlots and would facilitate traceback investigations if tuberculosis was detected at slaughter. With this standard in place, APHIS could provide accurate animal information to the exporting country and exclude cases from these designated feedlots from any negative impact on State status. The number of Mexican-origin feedlot cases has declined in recent years due to the establishment of a national tuberculosis program in Mexico and import restrictions on dairy animals from Mexico into the United States.

Mr. Skeen: What is the status of the tuberculosis infected dairy herds in the El Paso milkshed area?

Response: Currently, there are 2 tuberculosis-infected dairy herds--totaling 10,000 animals--in the El Paso milkshed area. These herds are trying to test out of quarantine. The earliest these herds can be declared free is in February 2002. However, if a new infection occurs in these herds before February 2002, the year-long quarantine period will begin again. Due to the large size of the herds, depopulation has not been economically feasible. APHIS continues to work with the herd owners on implementing herd management practices to minimize intraherd spread; careful selection of replacement animals; and the use of testing procedures to their maximum potential. In addition, APHIS recently proposed regulations which would allow a State to be divided into two zones for the purpose of assigning risk classification with regard to tuberculosis in cattle and bison. The State of Texas has requested split status for the El Paso milkshed area.

Mr. Skeen: How much did APHIS spend in fiscal year 1999 to support tuberculosis research initiatives and where was the money spent?

Response: In FY 1999, APHIS spent $200,000 to support tuberculosis research initiatives. The Agency provided $100,000 to Michigan State University to study the transmission of tuberculosis in Michigan's free ranging white-tailed deer population; $50,000 to the Hawaii Department of Agriculture to conduct a field project on tuberculosis in wildlife; and $50,000 to Colorado State University to conduct studies on tuberculosis in wildlife.

INTEGRATED SYSTEMS ACQUISITION PROJECT

Mr. Skeen: Please provide an update of the Integrated Systems Acquisition Project activities found on page 586 and 587 of last year's hearing record.

Response: The Integrated Systems Acquisition Project--ISAP--contract awarded to IBM is an Indefinite Delivery Indefinite Quantity requirements contract with a delegation of procurement authority up to $250 million. Actual APHIS expenditures will depend upon specific goods and services, but are likely to be substantially less than $250 million.

During FY 1999, APHIS completed year 2000 remediation efforts through the ISAP contract. We remediated five legacy applications and provided the testing methodology for year 2000 compliance; updated the wide area network used for agency data transmission and data exchange to provide operating system and hardware compliance for Year 2000 date manipulation; replaced several non 2000 compliant communication and data gateways with Year 2000 compliant hardware and software; deployed and implemented additional database and electronic mail servers to accommodate Agency information management needs; added regional mail and database servers to the infrastructure

supporting administrative consolidation efforts; provided an analysis of agency information access requirements to provide a framework for the deployment of firewalls and access management rules; developed world wide web informational pages for agency constituents, and updated fifteen offices with wide area network communications capabilities and local processing servers using ISAP technology.

PROCUREMENT ACTIVITY BY OTHER USDA AGENCIES
(Dollars in thousands)

Agency	Purpose	FY 1999	FY 2000	FY 2001
Natural Resources Conservation Service	Telecommunications equipment and services to support LAN/WAN project.	702	0	0
Farm Service Agency/ Mgmt. Services Div..	Telecommunications equipment and services	33,791	18,811	0
Total.....		$34,493	$18,811	$0

Mr. Skeen: Update the table that appears on page 587 and 588 of last year's hearing record showing a complete breakout of the appropriated funds for the information systems acquisition project to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

INFORMATION SYSTEMS ACQUISITION PROJECT FUNDS
FY 1992-2001
(Dollars in thousands)

Fiscal Year	Funds Appropriated	Funds Spent
1992....	2,507	1,078
1993	2,507	2,099
1994.....	3,500	2,829
1995.....	3,490	553
1996.....	4,055	825
1997..... ..	4,000	3,211
1998.....	3,500	7,429
1999....	3,500	6,017
2000 (proposed).....	3,497	5,515
2001 (proposed).....	0	1,000
Total.....	30,556	30,556

Mr. Skeen: What are the implementation and maintenance costs of the ISAP contract?

Response: APHIS acquires many automation goods and services through the ISAP contract. We estimate maintenance costs associated with automation goods and services for FY 2000 to be $1,900,000. We estimate implementation costs for new or replacement of automation goods and services for FY 2000 to be $3,615,000.

AGRICULTURAL QUARANTINE INSPECTION

Mr. Skeen: Update the table that begins on page 588 of last year's hearing record showing the total number of staff years funded through the Agricultural Quarantine Inspection program, both the user fee program and the appropriated program, to include fiscal year 1999 actuals and fiscal year 2000 estimates.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION PROGRAM
STAFF YEARS

Fiscal Year	Appropriated	User fees	Total
1991.....	462	1,338	1,800
1992.....	502	1,474	1,976
1993.....	546	1,529	2,075
1994.....	598	1,604	2,202
1995.....	613	1,872	2,485
1996.....	613	1,970	2,583
1997.....	514	1,987	2,501
1998.....	540	2,000	2,540
1999.....	546	2,025	2,571
2000.....	586	2,308	2,894

Mr. Skeen: Please update the following table showing the amount of AQI fees collected, the amount spent, and the carryover levels.

Response: In accordance with the U.S. Treasury's interpretation of our user fee authority, Agricultural Quarantine Inspection--AQI--user fee collections and carryover amounts are recorded on a cash basis, i.e., in the year they are received. The amounts collected and the carryover levels are as follows:

Fiscal Year	Cash Collections	Obligations	Unavailable Reserve	Balance
1991	$11,879,565	$4,991,139	--	$6,888,426
1992	96,340,546	85,922,000	--	17,306,972
1993	114,015,393	83,362,000	--	47,960,365
1994	100,848,105	98,257,160	--	50,551,310
1995	105,195,342	105,907,999	--	49,838,653
1996	104,274,333	118,607,891	--	35,505,095
1997	115,218,453	130,937,886	2,000,000	17,785,662
1998	150,804,661	140,094,753	13,829,975	14,665,595
1999	171,904,404	152,232,527	27,829,975	22,337,472
2000 (est)	188,000,000	194,607,291	40,829,975	2,506,857

Since FY 1997, the AQI User Fee program appropriation has been less than $100 million: $98 million in FY 1997, $88 million in both FY 1998 and FY 1999, and $87 million in FY 2000. Because we can spend only the amounts in excess of

$100 million in collections, the shortfall must be funded from the AQI Reserve Account. Collections between the amount appropriated and $100 million are unavailable until FY 2003.

Mr. Skeen: Update the table that appears on pages 589 through 591 showing, by airport, the resources for FTEs and funds used to reflect fiscal years 1998 through 2001.

[The information follows:]

AQI RESOURCES AND FTE'S BY AIRPORT

	FY 1998		FY 1999		FY 2000		FY 2001	
Location	Funds (000)	FTE	Funds (000)	FTE	Funds (000)	FTE	Funds (000)	FTE
Airborne Airpark, OH	$38	0.5	$38	0.5	$38	0.5	38	0 5
Albuquerque, NM	17	0.3	17	0 3	18	0.3	123	2 3
Anchorage, AK	479	7.6	586	9 3	635	9.8	697	10 8
Andrews AFB, MD	152	1 7	158	1.7	160	1.7	166	1.7
Atlanta, GA	2,519	46.4	2,855	51.8	2,977	54 0	3,039	56.0
Austin, TX	264	1.6	276	1 7	338	2 8	400	3 8
BWI, MD	456	5.2	456	5 2	456	5 2	580	7 2
Bangor, ME	160	2.4	160	2.4	173	2.6	173	2.6
Baton Rouge, LA	13	0.2	15	0.2	16	0.2	16	0 2
Billings, MT	1	0.0	1	0.0	1	0.0	1	0 0
Bismarck, ND	5	0.1	15	0.1	15	0 1	15	0.1
Bradley IA, CT	69	1.0	69	1.0	69	1.0	69	1 0
Brownsville, TX	137	2.3	149	2 6	216	3.6	216	3 6
Burlington, VT	24	0 1	24	0.1	24	0.1	24	0 1
Calexico, CA	1	0 0	1	0.0	1	0 0	1	0.0
Charlotte, NC	605	9.3	667	10.6	756	12.0	880	14.0
Cheyenne, WY	4	0.1	5	0 1	5	0.1	5	0 1
Cincinnati, OH	434	7 0	434	7.0	434	7.0	558	9 0
Cleveland, OH	125	1.5	125	1.5	125	1 5	125	1.5
Dallas, TX	1,855	29.1	2,041	32.3	2,238	37.4	2,720	46 4
Dayton, OH	62	0.7	62	0.7	62	0.7	62	0 7
Des Moines, IA	9	0.1	10	0.1	10	0 1	10	0.1
Detroit, MI	1,057	13.5	1,119	13.9	1,221	15.1	1,260	15.4
Dover AFB, DE	241	4.0	241	4.0	241	4.0	241	4 0
Dulles IA, VA	1,133	20 0	1,133	20.0	1,257	22.0	1,381	24 0
Eagle Pass, TX	7	0.1	10	0.2	73	1 2	135	2 2
El Paso, TX	149	2.2	182	3.3	189	3.3	251	4.3
Ft. Lauderdale, FL	1,223	15.3	1,528	18.5	2,867	30.5	2,229	31.5
Galveston, TX	0	0.0	2	0.0	2	0.0	2	0.0
Gen Mitchell Fld, WI	82	1.3	132	1.3	132	1.3	132	1 3
Harlingen, TX	6	0.1	27	0.1	28	0.1	28	0.1
Hilo, HI	484	10.5	508	10.5	584	11.5	584	11.5
Honolulu, HI	8,781	152.5	9,300	154.5	10,245	164.5	10,555	169.5
Houston, TX	1,977	32.9	1,977	32.9	2,579	42.0	3,323	54.3
Indianapolis, IN	109	1.3	109	1.3	109	1.3	171	2.3
Inglewood, CA (LAX)	8,660	137.8	9,373	144.8	10,122	151.8	10,394	156.8
Jefferson City, MO	370	5.2	373	5.5	386	5.5	510	7.5
JFK, NY	10,883	153.0	11,646	160.0	13,402	173.0	14,240	183 0
Kahului, HI	1,284	34.6	1,348	34.6	1,466	35.6	1,466	35.6
Kailua-Kona, HI	721	18.3	777	18.8	916	21.3	916	21.3
Lakewood, CO	211	3.1	241	3.6	253	3.6	253	3 6
Lanai, HI	124	2.5	130	2 5	137	2.5	137	2.5
Laredo, TX	63	0.8	52	0.7	52	0.7	52	0.7
Las Vegas, NV	169	1.4	198	1.9	228	2 4	228	2 4
Lihue, HI	462	11.5	485	11.5	504	11.5	634	13.5
Lincoln, NE	6	0.1	40	0.7	41	0.7	41	0.7
Little Rock, AR	16	0 2	22	0.4	23	0.4	23	0 4
Logan IA, MA	1,237	19.0	1,274	19.0	1,390	20.0	1,495	21.0

AQI RESOURCES AND FTE'S BY AIRPORT

Location	FY 1998 Funds (000)	FY 1998 FTE	FY 1999 Funds (000)	FY 1999 FTE	FY 2000 Funds (000)	FY 2000 FTE	FY 2001 Funds (000)	FY 2001 FTE
Louisville, KY	617	9.2	667	9.4	735	10.5	797	11.5
Martinsburg, WV	49	0.7	49	0.7	49	0.7	49	0.7
Mayaguez, PR	607	14.5	748	16.6	753	16.8	753	16.8
Miami, FL	13,583	228.5	14,198	243.0	15,739	256.0	18,854	306 0
Nashville, TN	565	9.3	571	9.4	580	9.5	580	9.5
New Hampshire	124	2.0	124	2.0	124	2.0	186	3 0
New Orleans, LA	269	3.1	363	5.3	377	5.3	439	6.3
Newark, NJ	2,569	37.9	2,569	37.9	3,003	44.0	3,089	46.9
Newburgh, NY	105	2.0	105	2.0	105	2.0	105	2.0
Norfolk, VA	68	1.0	68	1.0	192	3.0	192	3.0
Oakland, CA	388	4.8	408	4.8	428	4.8	552	6.8
O'Hare, IL	2,727	33.3	2,809	33.3	3,205	40.3	3,329	42.3
Oklahoma City, OK	23	0.3	25	0.4	26	0.4	26	0 4
Orlando, FL	1,876	24.7	1,955	26.6	2,110	28.5	2,110	28 5
Pharr, TX	87	0.9	66	0.2	66	0.2	66	0.2
Philadelphia IA, PA	751	10.4	751	10.4	813	11.4	1,042	14.4
Phoenix, AZ	326	4.7	342	4.7	359	4.7	359	4.7
Pierre, SD	16	0.2	15	0.2	15	0.2	15	0.2
Pittsburgh, PA	351	5.5	351	5.5	351	5.5	351	5.5
Port Columbus, OH	62	0.7	62	0.7	62	0.7	62	0.7
Portland, OR	261	5.0	274	5.0	288	5.0	350	6.0
Raleigh, NC	459	8.2	491	8.2	500	8.3	500	8.3
Rickenbacker, OH	10	0.1	10	0.1	10	0.1	10	0.1
Salt Lake City, UT	105	1.7	110	1.7	116	1.7	116	1.7
San Antonio, TX	341	5.1	376	4.9	390	4.9	494	6.9
Sacramento, CA	124	2.0	124	2.0	168	3.0	273	5.0
San Diego, CA	142	0.3	149	0.3	157	0.3	157	0.3
San Francisco, CA	3,199	57.7	3,419	59.2	4,881	82.7	5,315	87.7
San Jose, CA	291	5.0	306	5.0	321	5.0	321	5.0
San Juan, PR	5,804	105.4	6,279	112.2	6,440	115.0	6,440	115.0
San Luis, AZ	10	0.2	10	0.2	10	0.2	10	0.2
Seattle, WA	1,118	16.8	1,254	18.8	1,397	20.8	1,397	20.8
Spokane, WA	9	0.1	9	0.1	10	0.1	10	0.1
Tampa, FL	975	9.3	1,047	13.6	1,155	15.0	1,217	16.0
Toledo, OH	38	0.5	38	0.5	38	0.5	38	0.5
Topeka, KS	18	0.3	18	0.3	19	0.3	19	0.3
Twin Cities, MN	581	9.4	581	9.4	581	9.4	643	10.4
U.S., VI	692	14.6	747	15.9	760	16.0	760	16.0
Wright-Patterson, OH	10	0.1	10	0.1	10	0.1	10	0.1
TOTAL	86,234	1,393.9	91,889	1,465.3	103,557	1,601.4	111,635	1,740.9

We are currently reviewing our staffing projections and will most likely revise them through the implementation of the AQI Safeguarding recommendations. Some of these recommendations are far reaching and broad in scope, while others are relatively simple and easy to implement.

Mr. Skeen: Update the table that appears on pages 591 and 592 of last year's hearing record showing the fee schedule for each activity and changes that have occurred since instituting the user fee.

[The information follows:]

FY	Effective Dates	Commercial Vessel	Commer. Truck	Commer. Truck Decal	International Air Passenger	Aircraft Clearance	Loaded Rail Car
1998	10/1/97 thru 9/30/98	$454.50	$4 00	$80 00	$2.00	$59.75	$6.50
1999	10/1/98 thru 9/30/99	$454.50	$4.00	$80.00	$2.00	$59.75	$6.50
2000	10/1/99 thru 12/31/99	$461.75	$4.00	$80 00	$2.05	$60.25	$6 75
2000	1/1/00 thru 9/30/00	$465.50	$4 25	$85.00	$3 00	$64.00	$6.75
2001	10/1/01 thru 9/30/01	$474 50	$4 50	$90.00	$3.00	$64.75	$7.00
2002	10/1/01 thru 9/30/02	$480.50	$4.75	$95.00	$3.10	$65.25	$7.00

Mr. Skeen: Do you anticipate any changes in AQI user fees?

Response: We do not anticipate any changes this fiscal year. The new fees that took effect on January 1, 2000 should be sufficient to both fund the AQI services we provide and ensure an adequate reserve.

Mr. Skeen: APHIS and the U.S. Army have entered into an MOU to develop an automated baggage inspection system, X-ray. What is the status of this initiative?

Response: Since FY 1994, we have been developing and refining an automated tomographic x-ray luggage inspection system under an MOU with the U.S. Army. Using this system, we would be able to automatically detect as little as 10 grams (approximately 1/3 of an ounce) of an agricultural product in passenger luggage at 120 feet per minute conveyer speed. This equates to inspecting 1,200 bags per hour, but without any human intervention. This system consists of three x-ray source arms with 32 x-ray tubes and 3 detector arms. In conjunction with control software, one source arm and one detector arm have been integrated and tested. The results proved that the detector arm, the x-ray source arm, and the control software function properly. We are developing the second and third source arms. Once the prototype is completed, we will conduct extensive laboratory tests and field tests in San Juan, Puerto Rico.

Mr. Skeen: What is the status of the Automated Cargo System?

Response: In FY 1999, we participated with Customs and maritime and air cargo lines and importers in the Automated Commercial System for electronic transmission of cargo data and entry documents to expedite processing of required data on airports. We maintained electronic equipment at 33 maritime locations and 26 airports. In addition, we continued to expand and improve an automated hold system for regulated cargo.

Mr. Skeen: Give the Committee an update on the status of the new Automatic Targeting System for electronic transmission of cargo data and entry documents.

Response: In FY 1999, we continued working with Customs on the planning and administrative aspects of the Automatic Targeting System--ATS. This system, which uses artificial intelligence techniques to rank shipments for inspection, facilitates trade by expediting tracking and enforcement of regulated commodities. Currently being piloted by Customs at selected ports, the ATS merges carrier manifest and broker entry information, filters this information through established criteria, and prioritizes the shipments for inspection based on system findings.

Mr. Skeen: Has traffic of untreated Asian and European agricultural products into the U.S. from Canada continued to increase and, if so, why?

Response: In FY 1999, we enhanced our smuggling interdiction program along the Canadian border. This enhanced program led to increased interceptions of untreated Asian and European agricultural products into the U.S. from Canada. However, it is difficult to determine whether this result indicates increased traffic of untreated products or just a more effective smuggling interdiction program.

Mr. Skeen: How long does it take to train a dog for the beagle patrol job?

Response: The beagles undergo a 12-week training course with their proposed handlers at the Agency's National Detector Dog Training Center in Orlando, Florida. APHIS has extended training center services to Australia, Canada, Chile, and New Zealand. The countries pay all Agency costs for the service.

CATTLE TICK

Mr. Skeen: Reinfestation of cattle tick in the U.S. is likely a result of the movement of wildlife, especially exotic game and white-tailed deer. A new technology involving a systemic pesticide provided through pesticide-medicated baits was being tested to solve this problem. What is the status of this issue?

Response: This new technology has yet to be used in the program because the original manufacturer of the medicated baits refused to support its use under the Food and Drug Administration's Minor Use Program. Since the original manufacturer has let the patent expire, APHIS is searching for another company that would be willing to produce the pesticide-medicated bait.

WILDLIFE SERVICES

Mr. Skeen: Your agency has cooperative agreements with all states related to wildlife services operations control work. Provide a list of the amounts of cost-share provided by each state and the federal share spent for fiscal year 1999.

Response: The following table contains the amount of net Federal appropriated funds provided to states and cooperator contributed funds by State for FY 1999. Federal funds used for Congressional directives, human health and safety work, protection of endangered species, migratory bird work, and basic program infrastructure costs are included in the Federal amounts listed. The federal amounts listed do not include agency support costs, program investment activities, such as management information systems and certain agreements, regional office support, and field program delivery charges, such as National Finance Center costs, directly paid at the headquarters level.

State	FY 1999 Federal	FY 1999 Cooperative
Alabama	$160,156	$197,189
Alaska	98,350	678,825
Arizona	429,074	454,134
Arkansas	253,816	170,963
California	1,482,976	3,512,540

Colorado	757,801	375,912
Connecticut	27,941	39,300
Delaware	3,112	16,657
District of Columbia	1,037	0
Florida	148,971	250,840
Georgia	102,895	128,064
Guam	47,097	1,481,283
Hawaii	100,810	763,721
Idaho	950,485	543,619
Illinois	104,925	481,000
Indiana	94,804	106,020
Iowa	24,000	26,000
Kansas	49,587	60,082
Kentucky	160,001	439,288
Louisiana	354,512	347,861
Maine	133,040	250,000
Maryland	99,577	58,362
Massachusetts	47,569	68,840
Michigan	95,883	285,593
Minnesota	239,000	26,000
Mississippi	792,272	758,759
Missouri	160,000	158,000
Montana	928,091	1,121,806
Nebraska	335,294	296,095
Nevada	783,687	708,247
New Hampshire	290,875	172,761
New Jersey	122,366	141,408
New Mexico	1,254,974	1,007,985
New York	343,109	216,859
North Carolina	182,207	877,000
North Dakota	740,895	427,184
Ohio	585,347	5,543
Oklahoma	758,495	1,481,283
Oregon	932,891	1,120,209
Pennsylvania	54,327	74,010
Rhode Island	9,735	28,290
South Carolina	175,110	473,737
South Dakota	328,113	1,074,391
Tennessee	160,001	439,288
Texas	2,667,320	6,154,918
Utah	963,200	1,101,322
Vermont	251,803	42,271
Virginia	166,079	503,311
Washington	375,600	1,292,108
West Virginia	190,212	203,924
Wisconsin	515,200	1,416,088
Wyoming	961,120	565,090
TOTALS	$20,995,742	$32,603,963

Mr. Skeen: Do you believe all cooperators can absorb the proposed reduction in federal funds for fiscal year 2001?

Response: Given the trend of cooperators assuming an increasing share of the costs associated with protecting agriculture from wildlife because they are program beneficiaries, APHIS hopes that they can also absorb the proposed reduction in federal funds for FY 2001.

Mr. Skeen: Please update the table that appears on page 596 of last year's hearing record showing the amount spent on animal damage control

research, including the amount allocated to non-lethal methods development, to include fiscal year 2000.

[The information follows:]

Fiscal Year	Total Funding	Total Non-lethal	Percent
1996	$9,665,000	$7,260,000	75
1997	$10,591,000	$7,248,000	68
1998	$10,121,032	$7,672,000	76
1999	$10,365,000	$7,827,000	75
2000	$10,357,000	$7,767,750	75

Mr. Skeen: Please give us a status report on the project to reintroduce the wolf into Yellowstone Park. What have you learned? What has been the impact on your operations and budget?

Response: Gray wolves began naturally moving back into northeastern Montana from Canada in the mid-1980's. To speed wolf recovery in the region, the U.S. Fish and Wildlife Service--FWS--captured 29 wolves in Canada in 1995 and 37 wolves in 1996. They reintroduced these animals into YNP and central Idaho.

APHIS's responsibility has increased as a result of the recovery efforts in Montana, Idaho, and Wyoming. Currently, there are over 300 wolves in these 3 states, compared with only about 50 to 60 3 years ago. In these areas, wolf numbers have increased to where the wolf is eligible for delisting as an endangered species. In addition, wolves have dispersed from Yellowstone Park and Idaho into nearby States. This dispersal concerns Oregon, Utah, and Washington livestock producers and will increase APHIS' work load throughout the region. In FY 1999, APHIS employees investigated 124 wolf complaints, verified 37 incidents of damage, and captured 29 animals in this 3-state area, with the majority of activities in Montana.

In FY 2000, APHIS expanded assistance to Montana livestock producers experiencing wolf depredation problems. With expanding wolf populations in Idaho, Minnesota, Wisconsin, and Wyoming, however, the current funding level will limit APHIS' ability to adequately address depredation problems in these states.

Mr. Skeen: How much funding do you receive from the Fish and Wildlife Service for monitor and control work on the wolf program? Does this amount cover the full cost of your work? If not, what is the shortfall?

Response: APHIS receives $100,000 from the FWS to help defray the cost of responding to depredation by expanding wolf populations in the Northern Rockies area. In addition, APHIS also receives $109,000 from FWS to conduct wolf control activities in Arizona and New Mexico. The FY 2000 $250,000 funding increase allowed APHIS to provide assistance to Montana producers for FY 2000, but is not enough to respond to all requests for assistance in the three State area of Idaho, Montana, and Wyoming. Increasing wolf populations are impacting APHIS' ability to respond to routine requests for predator control assistance and to answer requests for mitigating conflicts between wolves and livestock producers. APHIS estimates an additional $1,000,000 need to adequately respond to increasing demands. APHIS would provide increased aerial support and additional personnel to address wolf complaints. With additional planned wolf introductions in New Mexico and Arizona in FY 2000 and 2001, it would require an additional $140,000 to cover the costs in these two States.

Mr. Skeen: Describe the Living with Wildlife campaign.

Response: In January 1994, APHIS launched an outreach effort and educational campaign aimed at the general public and future generations about

balancing the needs of wildlife with the needs of people. The primary message of the educational campaign is that wildlife is a national treasure to cherish and conserve and, like our other resources, wildlife must often be managed to ensure abundance, and diversity. Wildlife, however, can cause a great deal of damage in rural and urban settings.

The educational project uses this message to highlight how APHIS works with the public, industry groups, growers, special interest groups, and local and State agencies, to find humane, environmentally safe, and socially acceptable solutions to wildlife problems. As a result of WS work and outreach efforts, positive news items have appeared in national and regional publications. Major television production companies and network feature programs have addressed wildlife management issues. These articles and stories included information about disease prevention, the Brown Tree Snake control program on Guam, livestock guarding dogs, aquaculture, urban wildlife problems, WS work at airports, and new research techniques. In addition, a video entitled "Living With Wildlife" has been shown on several cable access channels nationwide, and is regularly presented to civic organizations and schools. APHIS also provides the video to cooperative extension wildlife biologists and State wildlife agencies throughout the country. Upcoming outreach efforts will focus on National Wildlife Research Center--NWRC--research activities, bear relocation, protection of endangered species, and the protection of human health and safety.

APHIS continues to place educational materials in classrooms. APHIS' educational materials now include a National reader, Colorado Reader, North Dakota Reader, and Oregon Reader. Individual educational activity sheets have been developed to address wildlife dilemmas related to raccoons, deer, cougars, Canada geese, coyotes, blackbirds, beavers, cormorants, brown tree snake, and wildlife research. These materials are available electronically to teachers and classrooms in every state. Living with Wildlife campaign specialists are working with science teachers in urban school systems in California and elsewhere to discuss the issues of wildlife damage management. Campaign specialists are planning a teacher training course for representative teachers from across the U.S. in FY 2001. We presented the Living with Wildlife campaign to the public at such venues as the National Western Stock Show (Denver, Colorado) and environmental fairs and expositions in several states. The Living with Wildlife campaign staff provides materials and guidance to WS employees and supervisors throughout the year in conjunction with local outreach opportunities.

In 1999, WS made all of its outreach materials available to the public in electronic format. These materials include information on aquaculture, WS benefits, WS careers, predator populations, avoiding wildlife conflicts, livestock guarding dogs, livestock protection collars, electronic guards, rabies management, aircraft strike hazard assistance, and waterfowl management, among others. WS factsheets and press releases are also distributed to news agencies on a regular basis and are available on the WS web site. The WS web site includes basic information on the program and on the Living With Wildlife campaign. Public and industry outreach is achieved by participating in annual agriculture and wildlife conferences.

In FY 1999, WS launched a very successful print, video, and radio public service announcement--PSA--effort. The PSA focused on urban audiences and highlights WS' efforts to protect public health and safety, pets, urban and natural resources, agriculture, and threatened and endangered species. In the course of the campaign, the television PSA was broadcast a total of 22,175 times on 283 TV stations, resulting in an equivalent dollar value of $1,358,891. Participating radio stations reported airing 59,378 Living With Wildlife public service announcements with an equivalent dollar value of $874,625.

Mr. Skeen: Provide a table that shows, by state, the amount that is spent on protection of threatened and endangered species activities.

Response: The most recent complete information is provided in the following table. This table covers the period of FY 1998.
[The information follows:]

STATE	EXPENDITURE
AK	70,483
AL	2,453
AZ	7,114
CA	849,964
CO	5.636
FL	24,871
GA	2,476
GU	65,000
HI	234,601
IA	100
ID	79,247
IL	3,200
IN	254
LA	13,156
MA	375
ME	500
MN	267,784
MO	100
MS	2,662
MT	6,030
NC	1,565
ND	572
NE	3,135
NH	1,000
NJ	3,834
NM	13,966
NV	540
OH	160
OR	10,500
PR	8,600
SD	12,429
TN	8,000
TX	8,809
UT	15,662
VA	480
VI	4,552
WA	355,390
WI	10,332
WY	50,391
TOTAL	2,145,923

Mr. Skeen: What is the status of the use of livestock protection collars?

Response: Currently, the livestock protection collar--LPC--is registered for use by certified applicators in Idaho, Montana, New Mexico, South Dakota, Texas, Utah, Virginia, Wyoming, and West Virginia. In FY 1999, at the request of the Governor of Oregon, APHIS did not renew the LPC registration in that state. The LPC was banned by ballot initiative in the State of California. In FY 1998 APHIS took 55 animals using this method with no accidents reported.

KARNAL BUNT

Mr. Skeen: What is the status of the Karnal Bunt situation?

Response: Through our Karnal Bunt--KB--Emergency Program, we have prevented the presence of KB in the U.S. from crippling the $6 billion wheat export market. In addition, the disease did not reach the major wheat-producing areas of the United States. In FY 1999, we continued working with cooperators to conduct sampling surveys throughout the regulated areas. We base our regulatory decisions and certification on spores if the wheat is intended to be used as seed, and on bunted kernels if the intended use is as grain. The surveys conducted in 1999 determined that no KB host crops harvested for grain in the entire U.S. were positive for KB. Therefore, no growers, handlers, seed companies, owners of grain storage facilities, flour millers, or participants in the National KB Survey incurred loses or expenses because of KB for the 1998-1999 crop season.

Mr. Skeen: What do you plan to spend on Karnal bunt in fiscal year 2000 compared with the previous year?

Response: In FY 2000, we will reserve approximately $3.5 million for potential compensation costs and will spend $490,000 on operating costs, which will fund surveys, testing, regulatory, and laboratory work. This compares to approximately $2.4 million that we spent in FY 1999.

Mr. Skeen: What elements of the National Karnal Bunt Survey have been transferred to the private sector?

Response: Currently, we share portions of the sample collection process among Federal Agencies and the private sector. Grain handlers at county elevators cooperate with Official Agencies--usually USDA or State Departments of Agriculture--to collect the samples required to demonstrate that U.S. wheat production areas are free from KB. As long as our trading partners consider KB a phytosanitary issue, we must provide official program oversight and a phytosanitary certificate stating that the exported wheat originated from an area where KB is not known to occur. Such a certification is not possible without a credible national survey which uses uniform methodology across all States. This includes sample collection, sample analyses, and data management. The International Plant Protection Convention--IPPC--, which FAO administers and of which the U.S. is a member, provides the framework for international plant protection issues. Under the IPPC, the National Plant Protection Organization of a country is responsible for complying with international plant quarantine regulations. The IPPC allows countries to define pest-free areas in a country where certain regions are infected. The commodities from such pest-free areas defined by survey can be exported with a phytosanitary certificate. Until KB is downgraded internationally to a quality concern and not a quarantine concern, we must be involved in an official capacity. KB remains a very sensitive trade issue and reducing or eliminating our official oversight could result in loss of wheat sales to several trading partners.

Mr. Skeen: The Committee has been told that Karnal Bunt payments have been slow, with the 1997-1998 crop year payments arriving in January 2000. The Committee has also been told that, in spite of several years of discussion of the planting schedule, USDA has not published planting regulations although the planting time is November and December. Please explain.

Response: Our Final Rule on the 1997/1998 crop season--1998 harvest--compensation was completed on June 25, 1999. Because this was considered a significant rule, it required extensive clearance. For the 1999/2000 season

--2000 harvest--, we drafted a proposed rule to shift KB compensation from a compensation by crop season to a standard, long-term policy that would have limited compensation to 3 crop seasons, but would not have been tied to any particular crop year. On January 5, 2000, we withdrew this proposed rule because the issue is complex and touches on significant policy matters. We subsequently drafted a proposed rule for compensation for just the FY 1999/2000 crop season. We expect to publish this rule in June 2000. However, because of the 60-day comment period for the proposed rule and required reviews for the final rule, it is unlikely that we will publish a final rule for this action before the end of this calendar year.

NATIONAL ANIMAL HEALTH MONITORING AND SURVEILLANCE

Mr. Skeen: Update the table that appears on pages 602 and 603 of last year's hearing record, showing the annual cost and the FTEs assigned for each year to the National Animal Health Monitoring System Program, to include fiscal year 1999 actuals and fiscal year 2000 estimates.

[The information follows:]

COST OF THE NAHMS PROGRAM ($000)		
Fiscal Year	Cost	FTE's
1995	4,844	53
1996	4,369	51
1997	4,787	52
1998	5,356	55
1999	5,472	53
2000(est)	4,956	54

Mr. Skeen: How many states are currently participating in the NAHMS Program? Do you anticipate any new states signing up during fiscal year 2000?

Response: Twenty-eight states participated in the Equine '98 study, which ended in March 1999. New Jersey was included in this study and was new to the NAHMS program. Fifteen states are participating in the Layer '99 study which began in February 1999. APHIS released Part I of the report in October 1999 followed by Part II in January 2000. Twelve states are participating in the second national feedlot cattle survey which began in August 1999. APHIS will release Part I in April 2000. The Agency will begin collecting data for the Swine 2000 study in June 2000, with 17 states. In addition, APHIS will begin a sheep study in the spring of 2001 in 19 States, with the State of Utah being new to the NAHMS program.

Mr. Skeen: What is the status of the NAHMS horse study?

Response: The NAHMS horse study was completed in FY 1999. The study provides both participants and the industry with information on the nation's equine population. The key areas of the study focused on describing baseline management practices; estimating prevalence of specific equine health issues; and evaluating the impact and potential risk factors for occurrence of these specific health issues for the U.S. equine population. APHIS released Part I and Part II of the study, focusing on the prevalence of disease affecting the U.S. horse population, in August and September 1998, respectively. APHIS released Part III and Part IV of the study in January and May 1999, respectively. Part III and Part IV focused on facility and stall management, and care and health issues including injection and vaccination practices.

APHIS has posted the results of the Equine '98 study on the World Wide Web at http://www.aphis.usda.gov/vs/ceah/cahm. APHIS will release reports on lameness, equine viral arteritis, and equine protozoal myelitis in the summer of 2000.

NATIONAL GERMPLASM QUARANTINE CENTER

Mr. Skeen: What is the status of the National Germplasm Quarantine Center in Beltsville, Maryland?

Response: APHIS awarded the construction contract in June 1998. As of mid-March 2000, construction is 70 percent complete. In March 2000, the surety company notified APHIS that the construction contractor is unable to perform its obligations under the contract. Work on the project is still progressing, however, since we retained the project manager and the surety company is working with the subcontractors to ratify their contracts. The surety company is also seeking a new general contractor to complete the project. The current estimated completion date is June 30, 2000.

Mr. Skeen: Update the long-term modernization plan for work at the Plum Island Animal Disease Center in New York.

Response: In 1994, APHIS and ARS signed a new Memorandum of Understanding--MOU--to replace the 1983 MOU. The new MOU provided a revised distribution method for mutual support costs based on an allocated space ratio. The ratio was 61 percent ARS and 39 percent APHIS.

Since then, the two agencies have requested funding for modernization at $11.4 million per year--$3.2 million for APHIS and $8.2 million for ARS. However, actual appropriations have not always matched the request.

The following table reflects projects scheduled to take place through FY 2001.

Fiscal Year	Project	Cost ($000)
FY 2000	1.) Power Plant, Phases I and II - Additional funds to construct new power plant: building, boilers, generators. Funds supplemented from FY 1998 ($4.2 million) and FY 1999 ($2.7 million).	4,200
	2.) CERCLA Rl/FS - supplement current contract	1,400
	3.) Modernization support - location support services to modernization projects, and contracted construction inspection services.	500
	4.) RCRA UST Fuel Oil Clean Up - Implement corrective action plan for cleaning RCRA underground storage tank oil spill.	400
		$6,500
FY 2001	1.) Repairs to Sewage Decontamination Plant, Building 103 - Replace forced main sewer, repair tanks, replace retention tubes, and install controls.	$4,000
	2.) Renovate RNA Virus Lab and Animal Rooms, Building 101 - Design for relocation of FMD and vesicular	3,000

stomatitis units in Labs C and D and renovation of animal rooms.	
3.) Power Plant, Phase 3 - Relocate electrical control center from the old power plant to the new and demolish the old power plant.	2,500
4.) RCRA closure plans - Conduct additional monitoring and sampling for RCRA closure plans.	800
5.) Modernization support - Provide location support services to modernization projects, and contracted construction inspection services.	500
6.) RCRA UST Fuel Oil Clean Up - Perform additional monitoring for RCRA related oil spills from underground storage tanks.	200
7.) New Water Tower - Design new water tower to increase storage capacity to meet existing and projected water consumption and pumping capacity.	200
8.) CERCLA Remedial Actions - Conduct additional sampling for Remedial Investigations/Feasibility Study. Additional monitoring for RCRA related oil spills from underground storage tanks.	100
	$11,300*

* The FY 2001 request is broken down as follows: ARS-$7,000; APHIS-$3,200; Department Hazardous Waste Cleanup Fund-$1,100.

IMPORTED FIRE ANT

Mr. Skeen: Does APHIS still have a cooperative agreement with the University of Arkansas at Monticello to conduct research on imported fire ants? If so, what is the status of the project?

Response: In FY 1999, Congress appropriated $1,000,000 for imported fire ant--IFA--activities and APHIS provided $200,000 to the University of Arkansas at Monticello to conduct work on IFA's. In FY 2000, Congress appropriated $100,000 for IFA activities with $58,000 designated for New Mexico activities. Because of this decrease in funding, APHIS was unable to fund another cooperative agreement with the University of Arkansas at Monticello to conduct research on IFA's.

Mr. Skeen: What is the status of testing on the three different biological control organisms for potential impact on imported fire ants?

Response: The three organisms identified in the ARS project were a microsporidian disease *(Thelohania)*, a species complex of phorid flies (Phoridae), and a social parasitic ant *(Solenopsis dagarri)*. ARS scientists are continuing to study several colonies of these agents at their quarantine facility in Gainesville, Florida. These studies, which will likely continue until FY 2001, are aimed at introducing these organisms into the U.S. from South America. Once they are introduced, APHIS will mass produce and distribute the biological control agents. In previous years, *Thelohania* was released at test sites in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, and Tennessee. We are cooperating with ARS to evaluate the impact of this agent. Also, we released Phorid flies in Alabama, Arkansas, Florida, Oklahoma, Tennessee, and Texas.

We are also cooperating with the Univ. of Tennessee to implement a field trial of this agent. We have not yet been able to determine if these organisms will have a measurable impact on IFA populations. Entomologists at Texas Tech Univ. have developed a potent strain of a bacterial disease *(Beauveria bassiana)* that appears to be a very promising biological control agent. We will continue cooperating with Texas Tech to test this organism. None of the identified organisms by themselves would be enough to eradicate IFA from the United States because the pest is so widespread. We are trying to determine if some combination of these methods will eventually enable native ants to compete effectively with the IFA to reduce economic losses and public health risks associated with IFA.

BROWN TREE SNAKE

Mr. Skeen: What will the Department of Defense allocate to APHIS in fiscal year 2000 for the brown tree snake control program?

Response: The Department of Defense--DOD--will allocate $982,000 to APHIS BTS program objective is to establish snake-free zones around military airports and shipping facilities on Guam. APHIS removes snakes to prevent to conduct a Brown Tree Snake--BTS--control program on the Island of Guam. The transport of the snakes in military cargo, aircraft, and ships to other Pacific islands and the U.S. mainland. Control methods include traps, detector dogs, night searches, habitat modifications, and prey base removal. APHIS uses 14 Jack Russell terriers to detect and control the snakes in military and civilian cargo at transportation facilities.

In addition, the DOD Legacy Program provided $290,000 to APHIS' National Wildlife Research Center--NWRC--for the development of toxicant and fumigants for BTS, as well as for the registration of control chemicals. They provided an additional $230,175 to conduct research in reproductive inhibitor methods.

OUTBREAKS OF PESTS AND DISEASES

Mr. Skeen: Describe what has happened during the past year in terms of serious outbreaks of pests and diseases. What resources did you expend on each?

[The information follows:]

Asian Gypsy Moth--AGM: APHIS used $128,489 from the contingency fund to support several AGM projects. In FY 1998, the program trapped two AGMs in the State of Washington; one in Seattle and the other in Tacoma. In May 1999, the program treated 640 acres in Tacoma with 3 *Bacillus thruringiensis* (Bt) aerial applications and 60 acres in Seattle with 3 Bt ground applications. The area around these sites were again trapped and no AGM were detected. We will continue surveys at these two sites until the end of 2000. Unfortunately, APHIS trapped one AGM in northern Seattle, which is outside of the previous quarantine area and about ½ mile from the site where the Coast Guard seized a Russian fishing vessel. APHIS inspected this vessel when in port, found a single AGM egg mass, and fumigated the ship. APHIS will delimit this area and conduct a control program, if necessary, in FY 2000.

APHIS also conducts port and waterway detection surveys for AGM through the AQI program. In FY 1999, APHIS placed 6,674 traps in Washington and 1,653 traps in Oregon; APHIS found no detections of AGM in all 8,327 traps. This is a promising result since AGM population in the Russian Far east is increasing and international trade and commerce activities have increased the opportunity for new introductions in the U.S. APHIS and the FS cooperate in a program in the Russian Far East that includes survey around the port areas and inspection of AGM on ships leaving high risk ports for North America. This effort

supports early detection which is critical in keeping this destructive pest from become established in the U.S.

Asian Longhorned Beetle--ALB: Since late 1996, we have detected ALB infestations in five locations in New York State--NYS--and in four locations near Chicago, Illinois area. In NYS, we have participated with the USDA Forest Service and State and local agencies since 1997 to eradicate infestations in Brooklyn and in Amityville, Long Island. Subsequently, we found infestations in Bayside-Queens, Manhattan, and Islip, NY. In Illinois, we discovered in three locations in the summer of 1998: in Ravenswood, 10 miles north of Chicago; in Addison (DuPage County), 20 miles west of Chicago; and in suburban Summit (Cook County), 20 miles southwest of Ravenswood. We found a fourth Illinois infestation near O'Hare airport.

APHIS and State cooperators continue to eradicate ALB infestations and prevent new introductions. Also, APHIS has established Federal quarantines to prevent the movement of infested wood products or nursery stock. The eradication program has drastically reduced ALB populations in heavily infested areas. We are continuing to work with Chinese officials to develop better control and treatment methods. Also, we are conducting extensive surveys in high-risk areas near detections of this pest. In recent years, we have enhanced our inspection efforts. These enhancements have led to increased detections, although the tremendous volume of cargo makes it impossible to inspect every item for evidence of plant pests. We have been working with the Chinese Academy of Science and the Chinese Academy of Forestry on several research projects aimed at helping us control the ALB. These projects involve testing fumigation and kiln drying as regulatory treatments for the *Anoplophora* species; identifying wood types used in solid wood packing--SWP; conducting pest risk analyses for various wood imported from China as packing material; characterizing genetic variation within the *Anoplophora* species; developing and using microwave as a thermal regulatory treatment to eliminate *Anoplophora* introductions in SWP; and determining ALB distribution in Japan and Korea. Since our SWP rule took effect in November 1999, we have had excellent compliance from Chinese exporters. A great majority of SWP materials are now fumigated before they reach the United States and many exporters are no longer using wood packing materials. From FY 1997 through FY 2000, we project spending $25 million in efforts to eradicate this pest.

Bovine Tuberculosis (TB in Free-Ranging Deer Populations): APHIS used $913,697 of contingency funds in FY 1999 to control Tuberculosis--TB--in free-ranging deer populations in Michigan. The presence of TB in Michigan deer poses a threat to the eradication of bovine TB in livestock and a potential threat to human health. There are several ways in which humans can become infected with bovine TB from deer. Hunters can be affected through contact with bullet-ridden carcasses, slaughterhouse workers can be exposed through tuberculous lesions and by offal matter, and consumers can be affected through the consumption of raw or undercooked meat. The presence of the virus in the Michigan deer population is the first wildlife reservoir of TB recognized in the United States. Since there are no effective vaccines for disease prevention and no effective medication for treatment of wild deer, we implemented a combination of wildlife surveys and deer management actions in FY 1999.

APHIS tested cattle and goats in a five-county area in northeast Michigan and assisted with epidemiological and risk assessment studies. APHIS also depopulated more than 200 exposed captive white-tailed deer. In addition, APHIS supported several cooperative agreements with Michigan State University, Colorado State University, and the State of Hawaii. The Michigan State University study is ongoing and relates to the Michigan outbreak and the risks associated with tuberculosis. The Colorado State University study is ongoing and relates to various strains of bovine TB. Preliminary data from this study has provided APHIS with valuable information on strain-type differences. The State of Hawaii is conducting an ongoing wildlife study.

Preliminary data reveals an infection source in free-ranging swine on the Island of Molokai.

Brown Tree Snake--BTS: In FY 1999, APHIS used $264,643 of contingency funds to establish program infrastructure and direct the cooperative efforts of the USDA; the Departments of Commerce, DOD, and the Department of the Interior; the Commonwealth of the Northern Mariana Islands; the Territory of Guam; and the State of Hawaii in implementing an integrated operational control and confinement program to prevent the inadvertent spread of the BTS. The BTS population density on Guam ranges between 40 and 12,000 snakes per acre, which, combined with the significant movement of military cargo between Guam and Hawaii, poses a serious risk for introducing the BTS in Hawaii. On Guam, the BTS has caused significant ecological, economic, and social adverse effects, such as eliminating many native birds and small lizards, causing power outages costing millions of dollars annually, and affecting the health of small children. APHIS directs the intensive cooperative efforts necessary to reduce the threat of BTS introductions into Hawaii and the continental United States. The program continued the following activities in FY 1999: snake detection training; the use of traps, glue boards, and barriers; nighttime fence-line searches with spotlights; habitat modification; and prey-based removal efforts. APHIS also trained 14 Jack Russell terriers to detect snakes in outbound military and civilian cargo at transportation facilities on Guam. Secondary inspections using detector dogs are conducted upon the cargo's arrival in Hawaii. In addition, APHIS established a protocol for responding to snake sightings in Hawaii.

Brucellosis in a Bison Herd in South Dakota: In FY 1999, we used $2,000,000 of contingency funds to indemnify the owner of the last affected privately owned bison herd in the United States. APHIS depopulated the herd, totaling 1,544 animals, and removed the only barrier preventing South Dakota from becoming Class Free. Another 1,500 animals from previous calf crops were segregated from the main herd and continue to test negative for the disease. The depopulation of the main herd, along with vaccination and frequent testing of the remaining animals, should ensure the elimination of brucellosis from the herd and the eventual movement of South Dakota to Class Free status.

Chronic Wasting Disease--CWD: In FY 1999, we used $27,000 of contingency funds to provide additional diagnostic testing for CWD. CWD is a transmissible spongiform encephalopathy of deer and elk that occurs in limited areas of the Western United States. While CWD is considered rare, the incidence of this disease among species of both wild and domestic ungulates is on the rise. The disease has become of particular concern due to its fatal nature, lack of known prevention or treatment, and its possible transmissibility to humans. For FY 1999, NVSL tested over 577 submissions from captive herds in Nebraska, Oklahoma, and South Dakota. These submissions were from captive cervids over the age of 18 months that died in participating and/or exposed herds.

Citrus Canker--The citrus canker emergency eradication program is continuing survey, detection, and tree removal efforts in three Florida locations. These include a 500-square-mile area in Dade and Broward Counties, a 60-square-mile area in Manatee County, and a 91-square-mile area within three quarantine areas in Collier and Hendry Counties. Since the disease was first detected in 1995, APHIS has cooperated with the Florida Department of Agriculture and Consumer Services in a multi-county eradication program. APHIS and State manage this program with the State hiring temporary employees for survey and tree removal and APHIS providing technical assistance, conducting regulatory and survey activities, and participating in program planning.

By March 2000, approximately 252,448 positive and exposed residential trees within the quarantine area had been removed. Also, the program verified positive citrus canker finds on approximately 3,481 commercial trees, resulting in the destruction of more than 2,622 acres of commercial citrus production by mid February 2000. Citrus canker has also affected Florida's $20 million lime industry, destroying more than one-third of this year's crop,

which is concentrated in Miami-Dade County. Of the approximately 3,000 acres in lime production in Miami/Dade Counties, 2,186 acres were surveyed by March 1, 2000. Positive citrus canker finds were detected on 54 commercial properties in Dade and Broward Counties resulting in substantial tree removals. Despite massive eradication efforts spearheaded by the State of Florida, the spread rate continues to increase at an alarming rate as it nears the high citrus-producing areas of Central Florida.

On February 29, 2000, APHIS and the Florida Department of Plant Industry began developing a joint State/Federal accelerated Citrus Canker detection, control, and eradication plan. This plan would complete the eradication program in Dade and Broward Counties in 1 year instead of 3. Implementing this proposal would result in a unified, dedicated, and highly focused management structure for eradication efforts. The Citrus Canker Eradication Program will be a multi-year operational program. Future needs will include resurvey of commercial export citrus producing areas, and monitoring activities will continue throughout the grove reestablishment period following tree removal projects. Ongoing eradication efforts will likely continue for 10 to 12 years.

From 1995 through FY 2000, we project to spend approximately $65 million on citrus canker eradication and the State of Florida projects to spend $66 million. These projections do not include the proposed plan outlined above or any additional tree replacement or compensation continued in the FY 2000 budget supplemental.

Classical Swine Fever--CSF: CSF is a highly contagious viral disease affecting swine. Following a 16-year effort, industry, and government eradicated the disease in 1978 at a total cost of $526 million in 1997 dollars. The reintroduction of this disease into the United States could devastate the U.S. pork industry. In October 1996, CSF was confirmed in Haiti and in June 1997, it was found in the Dominican Republic (DR). In response to this outbreak, the DR has spent more than $1 million to date. Their efforts focus on depopulating infected herds and vaccinating animals.

APHIS and the U.S. swine industry have determined that the U.S. swine population is at risk of being infected by CSF originating from the Caribbean. The primary risk comes via airline passenger traffic from the DR to the U.S. Four U.S. airports, JFK, Newark, Miami, and San Juan, receive around 26,000 passengers each week from Haiti and the DR. While APHIS inspectors intercept high-risk products, it is possible that some could avoid detection. These products could end up in feed for swine, infecting the U.S. herd. In response to the recent outbreak in Hispaniola, The Secretary of Agriculture declared an emergency and transferred $5.5 million in Commodity Credit Corporation funds for CSF awareness and surveillance and to develop a predeparture passenger clearance program on the Island of Hispaniola. The intensity of the CSF outbreak and the proximity of Hispaniola to the United States created an unacceptable risk that we had to address. APHIS will select a veterinarian in April to station in the DR. APHIS officials will implement a passenger inspection program for agricultural products in the DR and, hopefully, eventually in Haiti. These inspections will expedite later checks upon arrival in the U.S. APHIS is also making arrangements to enhance inspections for marine express ferry arrivals, and conduct market blitzes in Puerto Rico. In addition, APHIS will conduct domestic surveillance of U.S. high-risk swine herds and conduct public relations and training with the emergency funding.

Thus far, APHIS has had two Veterinarians on 60-day temporary duty on the Island. Another is planned for March. These individuals are coordinating CSF control initiatives with officials in the DR and Haiti, as well as with the Foreign Agricultural Service and other APHIS officials stationed there. Domestic surveillance and public relations activities are also underway in high-risk areas.

The cooperative agreement for a passenger pre-departure inspection program in the Dominican Republic is ready for signature. The agreement will enable APHIS inspectors to work with officials in the DR to ensure that

passengers leaving the island for the U.S. are not carrying high-risk meat products. APHIS is coordinating now for the actual visit of Under Secretary Dunn to the DR to sign the agreement with the Dominican Secretary of Agriculture.

European Gypsy Moth--EGM: In FY 1999, APHIS used $490,460 from the contingency fund to conduct emergency projects to control EGM. The EGM program conducts control activities in cooperation with States and the FS to eliminate identified isolated infestations. The FY 1999 program included pretreatment delimiting surveys, aerial treatments of Bt, post-treatment delimiting surveys, and egg mass surveys in 9 States outside of the generally infested areas. These States participated on a 50/50 cost-share basis. APHIS supported control activities for Minnesota, North Carolina, Oregon, and Wisconsin through cooperative agreements. APHIS also conducted and supervised most of the control work in Indiana, Ohio, Utah and Idaho, which involved Bt applications and mass trapping. The program placed pretreatment delimiting surveys at multiple sites at a 25 traps per square mile density to define the extent and location of isolated GM populations for subsequent treatments. APHIS treated 20 small, isolated infestations of approximately 14,000 acres in FY 1999, compared to 31 small, isolated infestations of approximately 16,600 acres treated in FY 1998. The STS program, a cooperative effort between FS, APHIS, and participating States, may be credited for the reduction in infestations. In FY 1999, STS caused a 65-percent reduction in new territory invaded by GM. Based on an economic assessment (Leuschner, Southern Journal of Applied Forestry 1996), the annual equivalent value of benefits is $29,315 for each mile of frontier the spread rate is reduced.

Grasshopper and Mormon Cricket: In FY 1999, APHIS used $430,000 to participate in the Cropland Protection Programs in Idaho and Utah. These programs protect forage crops adjacent to Federal rangeland from damage caused by migrating grasshopper populations. APHIS funded crop protection programs that occurred on Federal lands after July 16, 1999, through Contingency Funds. Before that date, control programs were funded by cooperators. Overall, APHIS conducted 21 grasshopper crop protection programs--20 in Idaho and 1 in Utah. These programs consisted of survey and evaluation for treatments, environmental documentation, equipment, pesticide, and application costs. The program treated 47,342 acres of Federal land in Idaho and 384 acres of Federal land in Utah.

Imported Sheep from Belgium: In FY 1999, APHIS allocated $1,000,800 of contingency funds to purchase and dispose of sheep imported from Belgium. Between May and December 1996, the United States imported two shipments of sheep, containing 65 animals, from Belgium. Belgium was then found to be infected with bovine spongiform encephalopathy--BSE. For this reason, APHIS was concerned that the remaining 60 animals (5 had died) and their 140 offspring had been exposed to the BSE agent. APHIS initially planned to spend $1,000,000 to purchase these animals before they went to slaughter. However, the herd owners were not able to commit within a reasonable time, so we reallocated the funds to other emergency programs. APHIS will try again in FY 2000 to purchase and dispose of these imported sheep.

Karnal Bunt: In FY 1999, we continued working with cooperators to conduct KB sampling surveys throughout the regulated areas. The surveys conducted in 1999 determined that no KB host crops harvested for grain in the entire U.S. were positive for KB. Therefore, no growers, handlers, seed companies, owners of grain storage facilities, flour millers, or participants in the National KB Survey incurred loses or expenses because of KB for the 1998-1999 crop season. We are continuing to work with foreign trading partners, the research community, industry and State officials to change their perception of KB from a quarantine issue to a grade and quality issue. In addition, we will continue our ongoing national monitoring system to demonstrate to our trading partners that KB is not widely distributed throughout the United States. Since the program's inception, we have worked diligently to keep export markets open, remove as many restrictions as possible, and compensate those producers and others most affected by KB

restrictions. These actions have helped secure continued access to foreign markets for U.S. wheat. In addition, approximately $33 million has been provided to mitigate producer and handler losses since the program began. In FY 2000, we will reserve approximately $3.5 million for potential compensation costs and will spend $490,000 on operating costs. These operating costs will fund surveys, testing, regulatory, and laboratory work.

Mediterranean Fruit Fly: In Florida, we eradicated Medfly outbreaks and removed quarantines in Dade County, Lake County, Manatee County, and Highlands County. We eradicated these outbreaks with trapping, Malathion applications, and sterile fly releases. After removing the quarantines, APHIS and the State of Florida continued an area-wide sterile release program over a 700-square mile area to ensure that any remnant, sub-detectable Medfly populations are eliminated. Also, we worked with the Florida Department of Agriculture to implement quarantine regulations on the intrastate and interstate movement of fruit to limit the artificial spread of Medflies beyond the affected areas. In November 1999, we found a newly introduced wild female Medfly in Sarasota. However, our sterile release program successfully prevented it from reproducing. This detection demonstrates the quality of our trapping program Since May 1998, we have conducted a Preventive Release Program--PRP--that releases over 200 million sterile Medflies each month to prevent newly introduced flies from establishing an expanding population. Since this last detection in Sarasota, no other wild detections have been made to date. In FY 2000, we project spending $4.7 million to continue this PRP.

In California, we are conducting eradication programs in cooperation with the California Department of Food and Agriculture--CDFA--to prevent the establishment of the Mexican fruit fly--Mexfly, Oriental fruit fly--OFF, and Melon fruit fly. Since late 1999, APHIS and the CDFA have conducted cooperative Mexfly emergency eradication programs in Bloomington (San Bernardino County) and Fallbrook (San Diego County). The Bloomington program, which includes a 64-square-mile quarantine area, should end this April. The Fallbrook program, which includes a 72-square-mile quarantine area, should end this June. These two quarantines well under control. Also, we found no additional flies and we will continue regulatory control of the areas until the close of each quarantine. In response to OFF detections in Los Angeles County in July 1999, a Federal and State quarantine has been established; CDFA is conducting male annihilation treatments. We expect to eliminate this pest by late spring. Similarly, we have established a Federal and State quarantine in the El Monte area of Los Angeles County, where we detected Melon fly in November 1999. CDFA is again conducting male annihilation treatments. The program has removed the Medfly in San Diego, Orange, and Riverside Counties. Also, we have successfully controlled two earlier Mexfly outbreaks in other areas of San Diego, California. In response to past and current fruit fly infestations, many countries have imposed trade restrictions on host products that are more stringent than our regulatory standards. Therefore, we are continuing to convince our trading partners that our domestic quarantine policies provide sufficient pest protection and that once a quarantine is lifted, our trading partners should recognize that change in status. In this regard, we recently convinced our Australian counterparts to reduce their acceptable quarantine zone for Medfly and OFF. We also recently convinced our Taiwan counterparts to recognize the lifting of USDA's quarantine for Medfly in California. In addition, we are working with our Chinese counterparts to convince them to recognize the success of our Medfly eradication efforts in the San Diego and Riverside areas. In FY 2000, we plan to spend $543,000 to continue these emergency eradication programs. Since 1990, over $97 million has been transferred to battle fruit flies in California and Florida.

During the summer of 1998, Mexico and APHIS discovered 253 outbreaks of Medfly in the southern States of Chiapas, Campeche, and Tabasco. In FY 1999, APHIS received $13.8 million in CCC funds to control the outbreaks of Mediterranean fruit fly in Mexico. We are working with the governments of Mexico and Guatemala, through the trilateral Moscamed program, to prevent

northward spread of Medflies. The program has made progress in controlling the emergency. Only one active outbreak remains in Mexico. The program also received $21.1 million in CCC funds in FY 2000. The focus of the program is to re-establish a sterile fruit fly barrier in Guatemala. Moscamed will expand production of sterile flies at a new rearing facility in Guatemala. The program currently is releasing sterile flies in southern Mexico and Guatemala. Moscamed has also begun spraying Spinosad, a more environmentally friendly and socially acceptable pesticide, to control active outbreaks. This is the first large-scale operation use for Medfly of this recently developed pesticide.

Olive Fruit Fly--OLFF: In FY 1999, APHIS used $429,000 from the contingency fund to participate in a 50/50 cost-share agreement with the CDFA, which conducted an OLFF emergency program in California. The OLFF is capable of damaging over 90 percent of an olive crop and California's olive crop is valued at over $100 million. The APHIS personnel were detailed to the program to conduct and assist with trapping, and monitoring activities. This program began in November 1998, when CDFA initiated an eradication proclamation and established a quarantine in response to the discovery of over 300 adult flies, mostly in the Los Angeles--LA--area. The CDFA conducted delimiting trapping and attempted to eradicate the pest with aerially applied pesticides. Because of public objection to the use of aerially applied pesticides in urban areas, the program treats each new detection with Malathion ground bait to eradicate the flies. Using this approach, CDFA continues to monitor and limit the spread of the pest within the LA basin; also, it intends to eradicate outbreaks that occur in the commercial olive production areas outside of the LA basin.

Pink Hibiscus Mealybug--PHM: In FY 1999, APHIS used $137,000 of contingency funds to help control the PHM in the Caribbean. This pest infects over 200 host plants-many of economic importance to the Caribbean-and severely disrupts Caribbean agricultural trade and commerce. Also, it poses an extremely serious quarantine risk and could potentially expand its geographical distribution throughout North, Central, and South America. We implemented a biocontrol program in the U.S. Caribbean Territories to suppress pest population densities, avoid significant economic losses, reduce the rate of spread, and delay the pest's establishment in the Continental United States. The Agency's goals are to (1) maintain the St. Thomas Insectary; (2) release exotic parasites in St. Thomas, St. John, St. Croix, and Puerto Rico; (3) continue evaluating the establishment and impact of exotic parasites on the PHM population density; (4) continue training local government personnel in insectary and field operational procedures; and (5) help establish and maintain a self-sufficient insectary in Puerto Rico. The Puerto Rico facility was expanded to full capacity in FY 1999 to facilitate parasite releases throughout the Main Island, Culebra, and Vieques as needed. Similar biocontrol programs in other locations have yielded highly promising results. For example, successful establishment of parasites are estimated at over 90 percent of the release sites, based on a study at 30 release sites in St. Thomas and St. Croix. This biocontrol program has reduced mealybug population densities by over 90 percent in the U.S. Virgin Islands and Puerto Rico, and continues to protect the Caribbean and U.S. mainland from disruptions in agricultural trade and commerce.

Pseudorabies: The Accelerated Pseudorabies Eradication Program--APEP--began in FY 1999 to quickly remove all of the remaining infected swine from the population to prevent further spread of the disease. The APEP was funded from the Commodity Credit Corporation--CCC--in the amount of $80 million. The funding was for indemnities, euthanasia, disposal of carcasses, cleanup, and surveillance. The accelerated program has enabled APHIS to buy herds with pseudorabies-infected swine at a fair market price and reduce the risk of the virus spreading. As a result, the Agency has successfully decreased the total number of quarantined herds by close to 70 percent. An additional $40 million was released from the CCC in early FY 2000.

The program gains resulting from the APEP allows APHIS to shift funds from the pseudorabies program to the AHMS line item for increased pseudorabies surveillance for herd testing in high-risk areas, increased market testing in high-risk areas, and increased major packer surveillance. Increased surveillance ensures early detection and response to newly infected herds. APHIS will continue interactions with the public and industry to demonstrate the benefits and costs currently derived from the pseudorabies program and the need to rapidly complete the program so U.S. swine can more effectively compete in the world marketplace. APHIS will conduct training courses at both national and regional levels to initiate rapid elimination of the disease from any remaining infected herds. By 2002, 50 States plus Puerto Rico and the U.S. Virgin Islands will be in Stage V, no herds will be newly infected, and intervention strategies will be in place to control and eliminate pseudorabies from non-domestic swine.

Raccoon Rabies in Ohio and Vermont: APHIS responded to new rabies cases outside the oral rabies barriers in Ohio and Vermont by using $150,215 of contingency funds to prevent the westward spread of raccoon rabies in the United States. With these funds, APHIS purchased oral baits for aerial distribution, conducted critical population sampling, and monitored and evaluated the project. Rabies activity between the vaccination zones in northwestern and northeastern Vermont required us to expand the vaccination zone barrier. To maintain the integrity of the established barriers, it is essential that proactive efforts continue to prevent the spread of this disease.

TB in Cervidae: APHIS used $149,946 in FY 1997, $95,131 in FY 1998, and $35,832 in FY 1999 to indemnify owners of TB-infected and/or exposed cervidae and to continue an ongoing TB surveillance project on the Island of Molokai.

Vesicular Stomatitis Virus--VSV: VSV is a viral disease that primarily affects cattle, swine, and horses. The disease occasionally affects sheep, goats, deer, and raccoons. Humans may also be affected. We used $137,101 in FY 1998 and $7,507 in FY 1999 to control an outbreak which began in May 1998 and ended in January 1999. As of January 22, 1999, APHIS had investigated 230 premises; 131 of these were positive for the virus. We released the last premises from quarantine in January 1999.

Wolf Damage Control: In FY 1999, APHIS used $175,000 to address wolf damage management control issues in Idaho, Wyoming, and Montana to offset the impact on livestock operations of expanding wolf populations and the reintroduction of wolves in the northern Rocky Mountains. The gray wolf recovery in western Montana, central Idaho, and YNP is approaching the target recovery goal of 300. As the wolf population increases, so do incidents of suspected wolf predation on livestock. APHIS responded to approximately 100 incidents of suspected wolf predation in the region, nearly double the number of incidents in FY 1998. Expanding Eastern Timber wolf populations in Minnesota, Michigan, and Wisconsin also require us to increase assistance with wolf predation. These expanding populations greatly increase the need for APHIS to investigate the increasing number of suspected wolf depredations, conduct additional aerial operations programs, and continue essential wolf damage management activities.

EMERGENCY AUTHORITY

Mr. Skeen: How was your emergency authority used in fiscal year 1999? How much did you use for each incidence and was it all transferred from CCC?

Response: The Secretary used his emergency transfer authority, in all cases transferring funds from the CCC, in FY 1999 for the following programs:

EMERGENCY TRANSFERS, FY 1999
(Dollars in thousands)

	FY 1998 Carryover	Approved for CCC release in FY 1999	FY 1999 CCC "Cash" Transfer	FY 1999 Obligations	Authority Carried Over
Karnal Bunt	$2,919	$2,919	--	$2,433	$486
Fruit Fly	1,463	25,735	$25,735	12,424	14,774
Pseudorabies	--	80,000	80,000	77,476	2,524
Classical Swine Fever	--	5,295	5,295	982	4,312
Asian Long-horned Beetle	--	6,910	6,910	5,104	406
Citrus Canker	--	25,000	25,000	19,710	5,290
Total	$4,383	$145,859	$142,940	$118,129	$23,792

Mr. Skeen: How did you use your emergency authority in 1999?

Response: The Secretary used his emergency transfer authority, in all cases transferring funds from the CCC, in FY 1999 for the following programs:

EMERGENCY TRANSFERS, FY 1999
(Dollars in thousands)

	FY 1998 Carryover	Approved for CCC release in FY 1999	FY 1999 CCC "Cash" Transfer	FY 1999 Obligations	Authority Carried Over
Karnal Bunt	$2,919	$2,919	--	$2,433	$486
Fruit Fly	1,463	25,735	$25,735	12,424	14,774
Pseudorabies	--	80,000	80,000	77,476	2,524
Classical Swine Fever	--	5,295	5,295	982	4,312
Asian Long-horned Beetle	--	6,910	6,910	5,104	406
Citrus Canker	--	25,000	25,000	19,710	5,290
Total	$4,383	$145,859	$142,940	$118,129	$23,792

Mr. Skeen: Update the table that appears on pages 617 through 619 of last year's hearing record showing a breakout of the number of emergencies that occurred, as well as the amount of both agency and CCC funds that were used to combat the emergency to include fiscal year 1999 actuals and fiscal year 2000 estimates.

[The information follows:]

Animal and Plant Health Inspection Service
Emergency Program Funding
(dollars in thousands)

Fiscal Year	Emergency	Agency Funds	CCC Funds
1987	Africanized honeybee	$1,750	--
	Avian influenza	740	--

	Black parlatoria scale	300	--
	Citrus canker	1,800	--
	Gypsy moth	145	--
	Exotic newcastle	605	--
	Medfly	2,070	--
1988	Africanized honeybee	$1,550	--
	Medfly	868	--
	Melon fly	313	--
	Peach fruit fly	567	--
	Salmonella enteritidis	520	--
	Varroa mite	1,162	--
1989	Boll weevil	--	$6,200
	Exotic newcastle	$405	--
	Exotic ticks (ostrich)	275	--
	Medfly	3,045	--
	Tuberculosis	410	--
1990	Africanized honeybee	$397	--
	Agricultural quarantine inspection	270 541	-- --
	Gypsy moth	--	$29,842
	Medfly	--	2,880
	Salmonella enteritidis	505	--
	Scrapie	1,208	--
	Tuberculosis		
1991	United Kingdom Cattle Monitoring	$487	--
	Chrysanthemum white rust	170	--
	Gypsy moth	572	--
	Exotic newcastle	189	--
	Potato virus Y	516	--
	Medfly	--	$5,901
	Salmonella enteritidis	--	3,538
	Tuberculosis	1,202	--
1992	Asian Gypsy Moth	--	$8,880
	Gypsy moth	$580	--
	Medfly	--	8,750
	Potato virus Y	1,311	--
	Salmonella enteritidis	2,460	297
	Screwworm	825	--
	Sweetpotato whitefly	298	--
1993	Avian influenza	$780	--
	Chrysanthemum white rust	402	--
	Gypsy moth	729	--
	Medfly	--	$16,094
	Potato virus Y	752	--
	Pine Shoot Beetle	635	--
	Salmonella enteritidis	166	117

	Scrapie	1,920	--
	Screwworm	1,575	--
	Tuberculosis	602	--
1994	Asian Gypsy Moth	--	$3,439
	Canine rabies	$474	--
	Chrysanthemum white rust	282	--
	E. coli O157:H7	697	--
	Gypsy Moth	506	--
	Medfly	--	15,966
	Pine Shoot Beetle	449	--
	Tropical bont tick	350	--
1995	Asian Gypsy Moth	$3,000	$1,841
	Canine rabies	1,319	--
	Gypsy Moth	986	--
	Medfly	3,000*	10,711
	Pine Shoot Beetle	892	--
	Tuberculosis	30	--
	Vesicular Stomatitis	720	--
1996	Asian Gypsy Moth/Gypsy Moth	$2,045	--
	United Kingdom Cattle Monitoring	151	--
	Citrus Canker	1,616	--
	Karnal bunt	--	$24,322
	Medfly	--	8,723
	Mexican fruit fly	761	--
	Pine Shoot Beetle	269	--
	1996 Summer Olympics	429	--
	Tuberculosis in Cervidae	54	--
	Vesicular stomatitis	134	--
1997	Asian Gypsy Moth/Gypsy Moth	$1,247	--
	Asian long-horned beetle	849	--
	United Kingdom Cattle Monitoring	11	--
	Citrus Canker	2,983	--
	Karnal bunt	--	$22,878
	Medfly	--	7,656
	Pine shoot beetle	239	--
	Tuberculosis in Cervidae	150	--
1998	Asian gypsy moth	$432	--
	Asian long-horned beetle	1,630	--
	United Kingdom Cattle Monitoring	90	--
	Citrus Canker	760	--
	Gypsy Moth	679	--
	Karnal bunt	--	
	Medfly	--	$18,668
	Mexican fruit fly/Oriental fruit fly	655 75	5,622 --
	Pink Hibiscus Mealybug	250	--

	Tuberculosis in Cervidae	152	--
	Vesicular Stomatitis	133	--
	Wolf Damage Control		--
1999	Asian Gypsy Moth	$128	--
	Asian long-horned beetle	--	$5,104
	Brown Tree Snake	265	--
	Brucellosis in Bison	2,000	--
	Bovine Tuberculosis in Free-ranging Deer	914	--
	Cervidae Tuberculosis	36	--
	Chronic Wasting Disease	27	--
	Citrus Canker	--	19,710
	Classical Swine Fever	--	982
	Disposal of Animals Displaying Neurological Disease at Slaughter	2	--
	European Gypsy Moth	490	--
	Grasshopper and Mormon cricket	430	--
	Imported sheep from Belgium	24	--
	Karnal Bunt	--	2,433
	Medfly	--	12,425
	Olive fruit fly	429	--
	Pink Hibiscus Mealybug	137	--
	Pseudorabies	--	77,476
	Raccoon rabies in OH and VT	150	--
	Vesicular Stomatitis	8	--
	Wolf Damage Control	175	--
2000 est.	Asian gypsy moth	315	--
	Asian Longhorned Beetle	2,100	14,486*
	Bovine spongiform enchephalopathy	78	--
	Chronic Wasting Disease	183	--
	Citrus Canker	--	39,511
	Classical Swine Fever	--	4,312
	European Gypsy Moth	600	--
	Glassy-winged sharpshooter	360	--
	Grasshopper and Mormon cricket	404	--
	Karnal Bunt	--	3,986
	Medfly	--	35,874
	Olive Fruit Fly	400	--
	Pink Hibiscus Mealybug	455	--
	Plum Pox Virus	--	4,653
	Pseudorabies	--	42,524
	Scrapie	--	10,000
	Tuberculosis in Cervidae	53	--
	Vesicular Stomatitis	7	--
	West Nile Virus	375	--

* Includes $2,606 that will be transferred or otherwise provided to the Forest Service by agreement.

TROPICAL BONT TICK

Mr. Skeen: Please provide the Committee with an updated status report of the joint project with the Foreign Agricultural Organization, the

Inter-American Institute for Cooperation on Agriculture, and the Caribbean Community to eradicate the tropical bont tick from the Caribbean Islands.

Response: The Regional Caribbean Amblyomma Program consists of the Food and Agriculture Organization of the United Nations, the Caribbean Community and Common Market--CARICOM, the USDA, and the English speaking countries of the Caribbean that either have been infested with the tropical bont tick or are at risk of becoming infested. The Inter-American Institute for Cooperation on Agriculture withdrew from the Program.

This regional program is entering into the last year of technical eradication on the English speaking islands. Post-eradication treatment of hotspots and surveillance will have to continue for an additional 2 years until eradication is completed on the French speaking islands. Although reproducing populations have been eliminated on St.Kitts, Montserrat, and Dominica, occasional hotspots appear, most likely due to transportation of immature ticks by cattle egrets flying between infested and non-infested islands. These hotspots are characterized by a single tick being found on a host animal in a single herd. By contrast, a reproducing population would be characterized by the presence of larvae, nyphs, and adult stages of both males and females on several animals in a herd.

The program has successfully built infrastructure for livestock health information. Each participating country has a computerized database identifying both livestock and livestock owners. Countries' animal health personnel now interact with each other, whereas prior to this program, they acted independently. We now have information on potential livestock diseases moving up the Caribbean pathway.

Mr. Skeen: Also, update the table that appears on page 557 of last year's hearing record showing the funding levels provided to the project by organization.

Response: Information on the funding levels for the program follows. There have been no changes since last year.

Organization	Amount
U.S. Department of Agriculture/APHIS	$2,500,000
Food and Agriculture Organization--FAO	2,860,000
Inter-American Institute for Cooperation on Agriculture--IICA	275,000
Caribbean Community (Caricom)	4,600,000
European Union/CAP	900,000
European Union/France *	17,000,000
Total Pledged	28,135,000

* Although France received money from the European Union to eradicate the TBT on their islands in the Caribbean, France insists on operating independently of the Regional Amblyomma Eradication Program.

OVERSEAS LOCATIONS

Mr. Skeen: Through your international program, APHIS maintains a presence in countries that are significant agricultural trading partners. For the record, please provide a list of all countries where APHIS has personnel,

the number of employees in that country, and a brief description of the work conducted in that country.

[The information follows:]

FOREIGN PROGRAM LOCATIONS, PERSONNEL, AND ACTIVITIES

Country	U.S. Personnel	Programs
Argentina	1	Preclearance, Sanitary/Phytosanitary Management
Brazil	2	Sanitary/Phytosanitary Management, Foot-and-Mouth Disease/Foreign Animal Diseases, Preclearance, Pest Detection
Chile	2	Regional office, Preclearance, Sanitary/Phytosanitary Management.
Colombia	1	Foot-and-Mouth Disease/Foreign Animal Diseases, Sanitary/Phytosanitary Management
Peru	1	Preclearance, Sanitary/Phytosanitary Management, Foot-and-Mouth Disease/Foreign Animal Diseases
Australia	1	Sanitary/Phytosanitary Management, FMD/FAD
China	1	Sanitary/Phytosanitary Management, emphasis on plant trade issues, FMD/FAD
Japan	2	Regional office, Sanitary/Phytosanitary Management, emphasis on trade dispute resolution and harmonization of phytosanitary requirements.
Korea	1	Sanitary/Phytosanitary Management, emphasis on plant trade issues, FMD/FAD
Austria	2	Sanitary/Phytosanitary Management, FMD/FAD
Belgium	2	Regional office, Sanitary/Phytosanitary Management, emphasis on European Union trade issues.
Germany	1	Military Preclearance
Netherlands	2	Bulb preclearance
South Africa*	1	Sanitary/Phytosanitary Management, Preclearance, FMD/FAD
Canada**	2	Passenger preclearance, SPS Management
Costa Rica	3	Sanitary/Phytosanitary Management, Screwworm, preclearance
Guatemala	3	Medfly rearing facility, Fruit Fly Exclusion and Detection, Sanitary/Phytosanitary Management, FMD/FAD, technical cooperation, preclearance.

Mexico	19	Regional office, Screwworm rearing facility, Sanitary/Phytosanitary Management, Fruit Fly Exclusion and Detection, Boll Weevil, FMD diagnostic laboratory, preclearance, Agricultural Quarantine Inspection, Emerging Plant pests, Technical cooperation
Nicaragua	1	Screwworm, Sanitary/Phytosanitary Management
Panama	5	Regional office, Screwworm, FMD commission, Sanitary/Phytosanitary Management
Dominican Republic***	3	Tropical Bont Tick, Pest Detection, Passenger predeparture inspection program, FMD/FAD
Haiti	1	Preclearance
Jamaica	1	Preclearance
Bahamas	2	Passenger preclearance
Bermuda	1	Passenger preclearance
Aruba****	1	Passenger preclearance

*The office in South Africa was opened during the first quarter of FY 2000.
**The office in Canada is scheduled to be opened during the fourth quarter of FY 2000.
***Two positions associated with Classical Swine Fever are scheduled to be filled during the second half of FY 2000.
****The office in Aruba is scheduled to be opened during the third quarter of FY 2000.

]FEDERAL/NON-FEDERAL DOLLARS[

Mr. Skeen. Update the table that appears on pages 623 and 624 showing a breakout of all Federal and non-Federal dollars for all APHIS programs to include fiscal year 1999.

[The information follows:]

APHIS Budget
(dollars in thousands)

Line-item	FY 1999 Federal	FY 1999 Non-Federal
PEST & DISEASE EXCLUSION:		
AQI: Appropriated	31,212	1,494
User fees	152,233	--
Cattle ticks	5,120	1,398
Foot-and-mouth disease	3,638	1,924
Fruit fly exclusion and detection	22,679	24,306
Import/Export: Appropriated	6,764	--
Sanitary/Phytosanitary Management	7,613	--

Screwworm	27,558	15,593
Tropical bont tick	414	--
Subtotal, Pest and Disease Exclusion	257,231	44,715
PLANT ANIMAL HEALTH MONITORING:		
Animal health monitoring & surveillance	61,952	69,979
Animal and Plant Regulatory Enforcement	6,017	--
Pest detection	6,268	20,863
Subtotal, Plant and Animal Health Monitoring	74,237	90,842
PEST & DISEASE MANAGEMENT:		
Aquaculture	561	--
Biocontrol	7,977	4,917
Boll weevil	15,969	125,588
Brucellosis eradication	12,007	72,423
Emerging plant pests	1,528	15,247
Golden nematode	431	246
Gypsy moth	4,307	5,729
Imported fire ant	1,060	1,253
Noxious weeds	381	6,932
Pink bollworm	1,128	6,304
Pseudorabies	4,226	13,972
Scrapie	2,850	621
Tuberculosis	4,612	8,823
Wildlife Services - Operations	30,749	32,604
Witchweed	1,523	143
Subtotal, Pest and Disease Management	89,308	294,802
ANIMAL CARE:		
Animal welfare	9,222	--
Horse protection	373	--
Subtotal, Animal Care	9,595	--
SCIENTIFIC AND TECHNICAL SERVICES:		
Biotechnology/environmental protection	7,402	1,534
Integrated systems acquisition project	700	--
Plant methods development laboratories	4,785	--
Veterinary biologics	10,124	--
Veterinary diagnostics:	15,966	--
Wildlife Services methods development	10,161	1,050
Subtotal, Scientific and Technical Services	49,138	2,584
Contingency fund	2,713	--
CCC transfers	117,809	41,079
Advances and Reimbursements: Federal	16,378	--

Non-Federal	--	47,893
Trust Funds	12,008	--
Total, Available or Estimate	628,417	521,915

PINK BOLLWORM

Mr. Skeen: Please update the table that appears on pages 625 and 626 of last year's hearing record, showing the amount of funds provided by cotton producers to operate the pink bollworm facility, to include fiscal year 1999.
[The information follows:]

PRODUCER CONTRIBUTIONS TO OPERATE THE PINK BOLLWORM REARING FACILITY (Dollars in thousands)

FISCAL YEAR	CONTRIBUTIONS
1994	$1,980
1995	$2,150
1996	$2,300
1997	$1,855
1998	$2,287
1999	$2,137

Mr. Skeen: What is the status of the risk assessment being conducted in cooperation with Cotton, Inc. to determine if the pink bollworm reached its economic range?

Response: In FY 1998-1999, APHIS entered into a cooperative agreement with the University of Minnesota to determine if the pest could survive throughout most of the mid-south and southeastern United States. Based on environmental factors (e.g., extreme heat, cold, drought, or moisture), the final report concluded that pink bollworm could survive in the mid-south and southeast, but did not predict actual infestation levels. The report further recommends monitoring for the presence and establishment of pink bollworm in the mid-south and southeastern U.S.

APHIS is planning to conduct an area-wide detection survey utilizing pheromone traps throughout the mid-south and southeastern cotton growing region in FY 2000.

CONTINGENCY FUND

Mr. Skeen: What is the current status of the APHIS Contingency Fund?
[The information follows:]

1999 Carryover	$1,392,068
2000 Appropriation	4,105,000
Total Available	$5,497,068
FY 2000 Releases:	

Glassy winged Sharpshooter	$360,000
Asian gypsy moth	315,035
Bovine spongiform encephalopathy	78,028
Chronic wasting disease	183,000
European gypsy moth	600,000
Olive fruit fly	400,000
Pink hibiscus mealybug	455,000
Tuberculosis in Cervidae	53,304
Vesicular Stomatitis	7,392
West Nile Virus	375,000
Balance Available	$2,670,309

Mr. Skeen: Please update the table that appears on page 627 of last year's hearing record, listing all funding expenditures from the Contingency Fund, to include fiscal year 1999 actuals and fiscal year 2000 estimates.

[The information follows:]

CONTINGENCY FUND
(In thousands of dollars)

Program	FY 1999 actual obligations	FY 2000 Estimated obligations
Asian gypsy moth	$128,489	$315,035
Belgian sheep	24,245	--
Bovine spongiform encephalopathy	2,193	78,028
Bovine tuberculosis	913,697	--
Brown tree snake	264,643	--
Brucellosis in bison	2,000,000	--
Chronic wasting disease	27,000	183,000
European gypsy moth	490,460	600,000
Glassy-winged sharpshooter	--	360,000
Grasshopper/Mormon cricket	430,000	--
Olive fruit fly	429,000	400,000
Pink hibiscus mealybug	137,000	455,000
Raccoon rabies	150,215	--
Tuberculosis in Cervidae	35,832	53,304
Vesicular Stomatitis	7,507	7,392
West Nile Virus	--	375,000
Wolf damage control	175,000	--
Total	$5,215,281	$2,826,759

ANIMAL IMPORT CENTERS

Mr.Skeen: Please update the table that appears on page 627 of last year's hearing volume that shows the number of days occupied and the operating costs and revenues collected for each of the Animal Import Centers to include fiscal year 1999.

[The information follows:]

NUMBER OF DAYS OCCUPIED FY 1995-99					
AIC	1995	1996	1997	1998	1999
Newburgh	365	365	365	365	365
Miami	365	365	365	365	365
Hawaii *	365	365	272	0	0
H S Truman **	240	120	240	120	120

* Hawaii Animal Import Center (AIC) closed in June 1997.
** H S Truman AIC closed at the end of FY 1999.

Annual operating costs and the revenue over the last five years for each AIC are shown in the following table:

AIC OPERATING COSTS & REVENUE FY 1996-99 ($000)								
	FY 1996		FY 1997		FY 1998		FY 1999	
Facility	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue
Newburgh	1,502	1,768	1,863	2,169	1,802	2,260	1,966	2,642
Miami	1,113	716	980	818	1,008	883	1,391	1,606
Hawaii	247	20	148	14	0	0	0	0
Truman	2,196	2,066	1,542	1,171	1,532	1,195	1,072	806
TOTAL	5,058	4,570	4,533	4,172	4,342	4,388	4,429	5,054

SILVERLEAF WHITEFLY

Mr. Skeen: What silverleaf whitefly activities are you conducting during fiscal year 2000?

Response: During FY 1999 and continuing through FY 2000, our Mission Plant Protection Center is maintaining and mass rearing seven non-indigenous parasitoid species of silverleaf whitefly for field release. We are employing both classical and augmentative biological control release strategies in the national control program against silverleaf whitefly. We supplied approximately 4 million *Eretmocerus* parasitoids (natural enemies)to collaborating scientists in Arizona, California, Puerto Rico, South Carolina, and Texas for both classical biological control and/or for evaluation in augmentative release efforts in FY 1999. In addition, we again supplied *Encarsia formosa* and *Serangium parcesetosum* (both are natural enemies) to support greenhouse evaluation efforts for controlling silverleaf whitefly on poinsettia in Connecticut and New Hampshire.

We are enhancing the program through the use of RAPD-PCR, a highly accurate screening system to facilitate precise, cost efficient, and expedient identification of silverleaf whitefly parasitoids. We are also making

progress toward the development of a DNA/ELISA, a mobile and easy to use identification kit for accurate identification of parasitoids in both laboratory and field situations. Additional DNA probes are also under development.

Mr. Skeen: What is the status of turning the strategy of releasing sweet potato whitefly natural enemies in the greenhouse over to the public sector?

Response: In cooperation with university researchers in Connecticut and New Hampshire, we are conducting ongoing greenhouse grower trials to test integration, compatibility, and efficacy of a parasitoid and predator in controlling Silverleaf whitefly. The strategy for controlling Silverleaf whitefly on poinsettias includes early season release of two natural enemies, *Encarsia formosa* (from Egypt) and a predatory coccinellid *Serangium parcesetosum* (from India). This strategy is similar to what has been used in the past to control greenhouse whitefly, where it optimizes the biologies of the parasitoid and predator. We release *Encarsia formosa* early in the growing season when whitefly populations are very low, and the parasitoid moderates populations through most of the season. If whitefly populations begin to increase, we will make subsequent releases of the ladybird beetle to further moderate the pest population. Results from prior greenhouse trials on poinsettia have shown this to be a viable approach that greenhouse growers are willing to adopt, if the beneficial insects are commercially available at a reasonable cost.

To transfer effective sweet potato whitefly control strategies to other entities, we are negotiating with industry and have entered into Cooperative Research and Development Agreements with select companies to transfer relevant technologies for further development. This will allow companies to produce natural enemies in an efficient, cost effective manner and make them available to their customers.

IMPORT/EXPORT AND VETERINARY DIAGNOSTICS USER FEES

Mr. Skeen: Provide a five-year table that shows the projected revenue for import/export user fees and the projected revenue for veterinary diagnostic user fees including fiscal year 2000 estimates.

[The information follows:]

ESTIMATED USER FEE REVENUE
(Dollars in thousands)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Import/Export User Fees (includes AIC's in Newburgh and Miami)	$14,246	$18,284	$18,693	$19,375	$19,855
Veterinary Diagnostic User Fees	2,633	2,783	2,937	3,091	3,245

BIOTECHNOLOGY

Mr. Skeen: Please update the staffing and funding for the biotechnology table that appears on page 632 of last year's hearing record.

[The information follows:]

STAFFING AND FUNDING FOR BIOTECHNOLOGY ACTIVITIES
(in thousands of dollars)

	FY 1996 (actual)	FY 1997 (actual)	FY 1998 (actual)	FY 1999 (actual)	FY 2000 (est.)
Funding	$4,589	$4,632	$4,703	$4,440	$5,207
Staff Years	55	61	5	56	66

This table reflects funding and staffing associated with the phytosanitary and veterinary aspects of the Biotechnology and Environmental Protection line-item. It does not include funding and staffing associated with the National Monitoring and Residue Analysis Laboratory or the environmental component of the line item.

INTERNATIONAL PROGRAMS

Mr. Skeen: Update the table that appears on page 635 of last year's hearing record showing how much you spent in foreign countries to include fiscal year 1999 actuals and 2000 estimates.

[The information follows:]

APHIS SPENDING BY COUNTRY 1998-2000

Country	1998	1999	2000 (est.)
Canada	n/a	n/a	$254,197
Caribbean	$1,248,973	$1,332,714	1,987,505
Central America	7,644,026	9,069,990	7,593,355
Chile	390,662	483,934	507,495
China [1]	560,389	446,640	478,972
Other Asia/Pacific	990,079	1,134,896	1,271,641
Colombia	1,771,327	1,601,378	1,246,167
Dominican Republic	366,462	417,492	1,052,464
Europe/Africa	1,864,438	1,658,189	1,636,040
Guatemala [2]	5,078,200	5,704,516	25,765,020
Mexico [2]	20,450,661	23,059,348	18,280,525
Panama	2,179,001	5,946,562	7,928,373
Peru	295,660	186,488	175,850
Suriname	227,945	135,619	107,600
Other South America	71,556	305,431	396,778
Total:	$43,139,379	$51,483,197	$68,681,982

[1] Includes $66,000 transferred in 1999 from the Commodity Credit Corporation for activities related to eradicating of Asian Long-horned Beetle.
[2] Includes transfers in 1999 and 2000 from the Commodity Credit Corporation to control Mediterranean Fruit Fly outbreaks in Mexico.

HISTORY OF THE BUDGET REQUEST

Mr. Skeen: Provide a complete breakout of your budget request to the Office of the Secretary, the Secretary's request to the Office of Management and Budget (OMB), and the OMB allowance?
[The information follows:]

LINE ITEM	FY 2001 AGENCY REQUEST	FY 2001 DEPT. PASSBACK	FY 2001 OMB ALLOWANCE
Pest and Disease Exclusion:			
AQI User Fees	95,000	95,000	87,000
AQI Appropriated	41,093	39,372	38,450
Cattle Ticks	5,747	5,733	5,276
Foot and Mouth Disease	4,377	4,375	3,803
Fruit Fly Exclusion and Detection	56,677	56,638	55,110
Import/Export	8,333	7,819	7,237
Sanitary/Phytosanitary Management	12,407	10,898	9,492
Screwworm	33,860	30,692	30,400
Tropical Bont Tick	416	416	407
Total, Pest & Dis. Exclusion	257,910	250,943	237,175
Plant and Animal Monitoring:			
Animal Health Mon. & Surveillance	79,411	73,311	69,501
Animal Hlth Regulatory Enforcement.	6,667	6,657	6,263
Emergency Management System	9,288	5,878	5,868
Pest Detection	6,855	6,848	6,729
Total, Plant & Animal Monitoring	102,161	92,694	88,361
Pest and Disease Management:			
Aquaculture	1,033	718	576
Biocontrol	10,094	8,575	8,318
Boll Weevil	2,922	2,918	2,856
Brucellosis	8,481	8,465	8,227
Emerging Plant Pests	29,632	29,629	28,586
Golden Nematode	768	607	580
Gypsy Moth	4,561	4,552	4,420
Noxious Weeds	2,141	2,140	2,124
Pink Bollworm	1,107	1,104	1,074
Pseudorabies	3,551	3,546	4,039
Scrapie	5,309	23,205	8,026
Tuberculosis	5,288	5,282	4,974
Wildlife Services Operations	38,306	34,267	28,684
Witchweed	1,562	1,559	1,506
Total, Pest and Disease Management.	114,755	126,567	103,990

Animal Care:			
Animal Welfare	13,911	13,894	15,167
Horse Protection	411	411	398
Total, Animal Care	14,322	14,305	15,565
Scientific and Tech. Services:			
Agency Radios	5,989	0	0
Biotechnology/Environ Protection	9,842	11,994	10,283
Integrated Sys. Acquisition Project	3,696	3,696	0
Plant Methods Development Labs	5,387	4,964	4,806
Veterinary Biologics	11,430	11,406	10,751
Veterinary Diagnostics	19,031	19,004	17,678
Wildlife Services Methods Dev	14,323	11,803	10,525
Total, Scientific & Tech. Services	69,698	62,867	54,043
Invasive Species	28,309	17,609	8,805
Contingency Fund	15,033	15,031	4,105
Total, Salaries and Expenses	602,188	580,016	512,044
New User Fees	0	-10,719	-10,719
Buildings and Facilities	196,352	26,976	5,200
Total, APHIS	798,540	596,273	506,525
Staff Years	7,566	7,353	6,888

BROWN CITRUS APHID

Mr. Skeen: What is the status of the brown citrus aphid control?

Response: In FY 1999, we continued working with the University of Florida to: study the brown citrus aphid's--BCA--population dynamics, mortality factors, and alternate hosts; evaluate exotic natural enemy species; and evaluate the impact of population suppression on aphid biology and virus movement. Also, we continued cooperative surveys in Florida and Texas. In Florida, the program conducted field efficacy studies since the aphid is now infesting citrus production areas in central and northern Florida. In Texas, a survey for BCA indicated that this pest was not found on citrus growing in the Rio Grande Valley. Survey sites were located in Hidalgo, Cameron, Starr, and Willacy Counties. We are continuing these surveys in FY 2000.

Natural enemies hold significant potential for controlling BCA in a sustainable manner that is economically and socially acceptable in most situations. In FY 1999, we funded cooperative work with the University of Florida to study classical biological control of BCA using new natural enemies from China. Additionally, laboratory and field evaluations indicate that hyphomycete pathogenic fungi can be used to biologically control BCA. Using various pathogenic fungi, we achieved up to 90 percent mortality of the BCA.

We have also established State guidelines for developing BCA control plans. Florida has developed a plan and Florida, California, and Texas have established BCA working groups. A State-Federal-industry task force is discussing research methods, resource availability, and regulatory and control options.

TRICHINAE PILOT CERTIFICATION

Mr. Skeen: What is the status of the trichinae pilot certification project?

Response: The industry driven and supported pilot project is complete. The initial phase of the trichinae pilot certification project was completed in December 1996. This phase involved testing waste fed swine herds in New England and Ohio to determine if waste feeding or some other factor posed a significant risk for trichinae infection. Phase I test results indicated that rodent infestations on the farm, rather than the type of feed, contributed to trichinae infection. Phase II of the certification project was completed in 1997. This phase involved a joint effort between APHIS, ARS, FSIS, State and National Pork producer groups, and private veterinarians developing "good production practices" to use in the herd certification process. Phase III was completed in 1999. This phase refined the on-farm audit process.

APHIS will take the next step in FY 2000 by implementing a pilot certification program by the end of summer. The program will involve producers from three States--Iowa, Minnesota, and South Dakota--and two major slaughter plants, and will include slaughter testing of animals participating in the program. APHIS expects to complete this pilot program by January 2002. APHIS also continues to develop an educational program and regulations for a National certification program which will begin as the pilot program ends. APHIS expects that the model for the trichinae certification program will be used to set up future certification programs for other diseases.

EQUINE INFECTIOUS ANEMIA PROGRAM

Mr. Skeen: What is the status of the equine infectious anemia program?

Response: Approximately 50 percent of all states have implemented an equine infectious anemia--EIA--control program similar to the APHIS developed "gold-standard" prototype outlined in the Uniform Methods and Rules. Other states with EIA control programs already in place--Arkansas, Louisiana, Minnesota, Texas, and Wisconsin--are re-evaluating and upgrading their existing programs.

NATIONAL RABIES MANAGEMENT PLAN

Mr. Skeen: What is the status of the national rabies management plan?

Response: APHIS has participated in a "National Rabies Planning" process that began in 1992 at the Centers for Disease Control--CDC--and Prevention in Atlanta, Georgia. This planning process produced 3 published articles during 1999-2000 which discuss issues and needs critical to national rabies planning. From December 1999 to February 2000, APHIS personnel participated in 3 rabies scoping and planning meetings to determine sound strategies for rabies control using oral rabies vaccination programs--ORVP. The meetings were held in Burlington Vermont; Columbus, Ohio; and Riverdale, Maryland. State health department officials; wildlife and agriculture agency officials; provincial wildlife and health personnel; representatives from Cornell, Tufts and Ohio State Universities; CDC; Agriculture Canada; and APHIS officials attended.

In FY 2000, APHIS completed the first phase of a cost-benefit analysis to contain raccoon rabies. This study has been instrumental in helping formulate regional plans for the northeast U.S.-Canada and Ohio, West Virginia, and Pennsylvania. APHIS officials are working with Ohio and West Virginia health officials to declare a raccoon rabies emergency. In Texas, despite a declared rabies emergency in the State, State officials are concerned by the 12 confirmed fox rabies cases in Terrell County this fiscal year.

In addition, APHIS continues Bi-National meetings among Texas, New Mexico, Arizona, and California and the Mexican Border States with officials from the Mexican Federation, the CDC, and the PAHO. Meeting participants began developing plans to control canine rabies along the Texas-Mexico border.

In FY 1999, APHIS spent $1.5 million to assist in the control of coyote, fox, and raccoon rabies in Texas, Vermont, Ohio, and New York. APHIS also provided $225,000 in contingency funds to assist with emergency rabies control efforts in Ohio and Vermont. In FY 2000, APHIS plans to spend $1.5 million to support States in their control of wildlife rabies. In January 2000, APHIS personnel assisted in the distribution of 1,970,000 doses of oral rabies vaccine over 24,000 square miles in Texas during a 21-day period. Since 1994, there has been a 96-percent reduction in rabies cases reported in domestic and wild animals in south Texas. There are strong indications that APHIS and its partners can achieve similar success in central Texas in controlling gray fox rabies.

APHIS's FY 2001 Wildlife Services operations budget reduction request may affect the rabies program. Cooperating agencies under the request are expected to assume a larger share of program costs.

PINE SHOOT BEETLE

Mr. Skeen: What is the status of the plan to release a pine shoot beetle predator?

Response: We had planned to begin releasing Thanasimus formicarius, a major pine shoot beetle--PSB--predator in FY 1998. However, State representatives from Indiana, Michigan, New York, Ohio, and Pennsylvania supported a recommendation that we delay any further biocontrol activities for PSB management. This recommendation was based on environmental concerns, as well as the fact that the PSB was not determined to be a pest of sufficient magnitude to warrant the risk of releasing any introduced organism at that time. This decision to support the recommendation was reached after considerable consultation with project participants, including representatives from State Departments of Agriculture, State Plant Health Directors, university scientists, and APHIS. Consequently, we canceled all PSB biocontrol project activities, although we do continue to support our cooperators' ongoing PSB work. This will enable us to evaluate the potential for biocontrol as a management tool. Factors evaluated included results from an extensive pre-release survey in five States, biological evaluations of T. formicarius, evolution of the PSB compliance program, inputs from the quarantined and non-quarantined States, and economic and biological evaluation of the PSB.

ANIMAL AND PLANT HEALTH REGULATORY ENFORCEMENT

Mr. Skeen: How many animal and plant health regulatory enforcement violation cases are pending at the agency?

Response: As of mid-March 2000, 1,480 violation cases were pending.

NATIONAL MONITORING AND RESIDUE ANALYSIS LABORATORY

Mr. Skeen: The National Monitoring and Residue Analysis Laboratory performs tests of various food products for pesticide residues under contract with requesting agencies. Provide a list of all pesticide residue testing the Lab conducted, who the contracting agency was, and the cost of the contract for fiscal years 1998, 1999, and to date in 2000.

Response: Each year, APHIS receives $455,000 through direct appropriation to analyze commodities for the AMS Pest Data Program. In FY 1998, National Monitoring and Residue Analysis Laboratory--NMRAL--analyzed 3,366 samples for 5 commodities of Benomyl, Thiobendazole, and 2,4-D. In addition, NMRAL received $3,135 for the analysis of five herbicides for the AMS Commodity Certification program for soybeans.

In FY 1999, NMRAL analyzed a total of 2,243 samples for four commodities of Benomyl, Thiobendazole, and 2,4-D for the AMS Pest Data Program. In addition, NMRAL received $5,720 for analysis of five herbicides and two pesticides for the AMS Commodity Certification program for soybeans.

In FY 2000 (to date), NMRAL has analyzed a total of 1,081 samples for four commodities of Benomyl and Thiobendazole for the AMS Pest Data Program. NMRAL has received samples for the AMS Commodity Certification program for soybeans but has not yet completed any analysis.

FOREIGN ANIMAL DISEASE AWARENESS

Mr. Skeen: How many training courses were provided in fiscal year 1999 to increase foreign animal disease awareness, where were they conducted, what was the number in attendance, and what did they cost?

Response: APHIS conducted three training courses in FY 1999 to increase foreign animal disease awareness.

[The information follows:]

LOCATION	NO. IN ATTENDANCE	COST
FAD seminar via satellite from Washington, DC, with various down link sites around the United States	1,800	$47,461
Wildlife Seminar on FAD preparedness, University of Georgia, Athens, Georgia	49	$22,000
Emergency Management Workshop in conjunction with FEMA Emmittsburg, Maryland	28	$14,000

In FY 1999, APHIS received the W. Edward Deming Outstanding Training Award for its satellite FAD seminar. The Deming Award is given annually for a federal government organization that has successfully implemented innovative employee development and training initiatives with measurable results.

NATIONAL POULTRY IMPROVEMENT PLAN

Mr. Skeen: The ostrich industry joined the National Poultry Improvement Plan in June 1996. What is the level of ostrich participation in the program?

Response: To date, a total of 10 ostrich breeders from 5 States including Arizona, California, Georgia, Illinois, and Texas are participating in the National Poultry Improvement Plan.

INSTITUTE FOR INTERNATIONAL COOPERATION IN ANIMAL BIOLOGICS

Mr. Skeen: The Institute for International Cooperation in Animal Biologics is a cooperative effort among APHIS, ARS, and Iowa State University. Where is the Institute located? What is its mission and accomplishments of date? Provide a table that shows how much each entity contributes to its operation.

Response: The Institute for International Cooperation in Animal Biologics--IICAB--is jointly funded by the USDA and Iowa State University in an effort to use their knowledge and expertise to better serve animal health needs throughout the world. Since its establishment in October 1995, the Institute has worked in a spirit of cooperation with others around the world

who share the goal of improving animal health and productivity through the effective use of biologics (vaccines) to control animal disease.

Emergency Preparedness - The IICAB worked with APHIS to organize "Mobilizing the Veterinary Profession to Recognize and Appropriately Respond to Exotic Animal Diseases" meeting in February 1999. Four working groups met and prepared reports outlining recommendations for implementation of a comprehensive program involving veterinary practitioners, veterinary students, and veterinary diagnostic laboratories to address this issue.

Efforts in Central America - The IICAB worked with Central America to develop a plan for controlling and eradicating classical swine fever in Central America. The governments of the four countries involved, El Salvador, Guatemala, Honduras, and Nicaragua, will provide $25 million to support the project.

Veterinary Biologics Training Program - The IICAB organized and hosted the fourth annual Veterinary Biologics Training Program. A total of 49 government officials from Belize, Brazil, Canada, Chile, Colombia, Costa Rica, Denmark, Dominican Republic, El Salvador, Guatemala, Honduras, India, Italy, Malaysia, Mexico, Mongolia, Mozambique, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Romania, Singapore, Spain, Thailand, Uganda, Uruguay, Venezuela, and Zimbabwe attended the Program. Seventy-two individuals from the United States also attended the program including 59 representatives from the veterinary biologics industry.

Harmonization Efforts - Since its establishment, the IICAB has been involved in organizing six meetings related to harmonization of veterinary biologics in the Americas. The most recent meeting, the *OIE 5th Seminar on Harmonization for Registration and Control of Veterinary Medicines*, was held August 9-13, 1999, in Havana, Cuba. The IICAB was a cosponsor of the meeting and publicized it to U.S. biologics companies. Seventy-five individuals participated in the meeting and discussed the Creation of the Latin-American Committee for Control and Harmonization of Veterinary Medicines--COLMEVET--. The COLMEVET will be established by interested government officials responsible for registration and control of veterinary medical products.

World Health Organization--WHO--Mission to Mongolia - The IICAB provided financial support for two Iowa State University faculty members to participate in a WHO technical mission to assess the needs for *Brucella* vaccines for livestock and the incidence of brucellosis infections in animals and humans. WHO will use the results to attract donor funding to improve vaccine production and distribution in Mongolia.

Virulence Mechanisms and International Workshop on Tuberculosis in Animals Meetings - The IICAB organized and hosted the 3rd Virulence Mechanisms of Bacterial Pathogens meeting in Ames, Iowa, in September 1999. A total of 193 individuals participated in the meeting. IICAB also organized and hosted an International Workshop on Tuberculosis in September 1999. A total of 60 participants attended this workshop.

Projects Under Development -

- Work with the Veterinary Research Institute of Malaysia to develop a safe and effective vaccine for use in pigs and other species against Nipah virus infection; and
- Work with the Food and Drug Administration on an educational program on how the FDA regulates veterinary pharmaceuticals for international government regulatory personnel and for the U.S. veterinary pharmaceutical industry; and
- Organize and host the Transgenic Plants meeting in April 2000 in conjunction with the Veterinary Biologics Public Meeting;
- Plan the 2000 OIE Veterinary Biologics Training Program; and
- Continue its role as an OIE Collaborating Center. IICAB frequently receives inquiries and requests for assistance related to veterinary vaccines.

FUNDING FOR THE INSTITUTE FOR INTERNATIONAL COOPERATION IN ANIMAL BIOLOGICS

Funding Source	Start-Up to 1998	1998-99	1999-2000
Iowa State University	$300,000	$50,000(direct funds) $50,000(indirect funds)	$50,000
APHIS	$300,000	$100,000	$50,000
Total	$600,000	$200,000	$100,000

ARS is represented on the board of directors but does not contribute funding.

CARRYOVER FUNDS

Mr. Skeen: What was your carryover into fiscal year 2000?

Response: APHIS carried over $61,994,634 into FY 2000 for no-year and emergency programs. For Buildings and Facilities, we carried over $6,533,657.

[The information follows:]

Agricultural Quarantine Inspection	$24,880,680
Boll weevil	263,521
Contingency fund	1,392,068
Grasshopper/Mormon cricket	--
Fruit fly program	159,095
ISAP	2,799,777
Karnal bunt (CCC)	3,986,286
Medfly (CCC)	14,773,646
Pseudorabies (CCC)	2,524,296
Classical swine fever (CCC)	4,312,467
Asian Long-horned Beetle (CCC)	406,123
Citrus Canker (CCC)	5,290,198
Screwworm (10 percent)	3,755,031
Regional Collocation Account	951,446
Total	$65,494,634

SALTCEDAR TREE

Mr. Skeen: What is the status of the plan to release foreign insects in arid regions in an attempt to control the saltcedar tree?

Response: Saltcedar is a weed that infests habitats in several western States, including areas in the southwestern USA that are the breeding grounds for an endangered bird, the southwest willow flycatcher. Biological control of saltcedar may have an impact the southwest willow flycatcher, which prefers nesting in local, native willows and poplars but accepts nesting in saltcedar to the extent that this weed has pushed out native vegetation.

A biological control saltcedar consortium, comprised of various USDA and USDI agencies, other Federal cooperators, universities, State government agencies, and private organizations, held its third meeting in early FY 2000 to discuss program logistics and provide updates on early data regarding approved uses of natural enemies.

Two insects appear promising as biological controls for saltcedar: *Diorhabda elongata* (a leaf beetle from China and central Asia) and *Trabutina*

mannipara (a mealybug from Israel). An environmental assessment regarding biological control of saltcedar resulted in a Finding of No Significant Impact --FONSI--which APHIS issued in FY 1999. APHIS issued permits to ARS for the release of *Diorhabda elongata* into controlled field cages in FY 1999. As per agreement with FWS, however, we permitted biological control agents only for use in limited sites located far away from areas in which the southwest willow flycatcher is nesting in saltcedar. The concern is that the natural enemies may greatly reduce saltcedar nesting sites available to this endangered bird before areas can be effectively reestablished in appropriate native vegetation. APHIS permitted releases of biological control agents in eight select sites in Wyoming, Colorado, Utah, Nevada, California, and Texas. Prior to any release of *Diorhabda elongata* into the environment, the FWS, ARS, APHIS, and associated cooperators have agreed to additional consultations regarding proposed actions and impacts on the southwest willow flycatcher. We are continuing to assess the effectiveness of agents in field cages and other issues regarding the southwestern willow flycatcher in FY 2000.

IMPORTED FIRE ANT

Mr. Skeen: What is the status of the research into the South American fly that attacks fire ants?

Response: ARS is continuing experimental releases of a species complex of Phorid flies at their quarantine facility in Gainesville, Florida. These studies, which will continue until FY 2001, are aimed at introducing the fly into the United States. Researchers at the University of Texas and the University of Tennessee are also working on Phorid flies. Different species of this fly attack different size IFA workers and some species are active at different times of the day. To date, Phorid flies have been released in Alabama, Arkansas, Florida, Oklahoma, Tennessee, and Texas. Though ARS' research has established that these flies attack IFA, we are unsure if they attack other ants that may compete with the IFA. If this research determines that these flies are an effective deterrent to IFA, our rearing facility in Mission, Texas will likely initiate a mass rearing program and distribute them --a significant development in IFA control in the United States. IFA currently lacks natural enemies and no effective, efficient, and environmentally acceptable control agents are available for large scale application on agricultural land.

WILDLIFE SERVICES AIRCRAFT OPERATIONS

Mr. Skeen: What are you doing in regard to safety in the Wildlife Services aircraft operations?

Response: APHIS began to establish a permanent internal aerial safety program. APHIS received $1.2 million in FY 1999 to apply recommendations from the Safety Review, Evaluation, and Recommendations Concerning the USDA, APHIS-Wildlife Services Aviation Program, the published findings of an independent review of Wildlife Services aerial operations program. The report noted priority recommendations for pilot training, helicopter conversion from piston to turbine engines, aircraft inspections, maintenance checks, and monitoring of flight operations.

With only partial funding to complete the recommendations of the report, we have addressed only the most critical issues. In FY 1999, APHIS hired two critical managers, an Air Worthiness Safety Inspector and a Flight Instructor/Training Officer, and two pilot trainers for fixed-wing aircraft.

We also developed a training program for flight crews and contracted for an A76 review to focus on the need for aerial services. Also, to improve personnel preparedness, we began standardization of pilot grade series.

To update equipment, Wildlife Services program purchased personal protective equipment. We began converting piston engine helicopters to turbine aircraft. APHIS acquired and rebuilt a surplus military turbine helicopter for the Montana program and replaced two contract piston-driven helicopters in Idaho and Utah with two turbine helicopter contracts. In addition we obtained certification of air worthiness for all Agency-owned and leased aircraft and certified that all contractor aircraft were air worthy. Many of the FY 1999 activities continue into FY 2000.

DORIS DAY ANIMAL LEAGUE

Mr. Skeen: What action has USDA taken and what action does it plan to take as a result of the lawsuit by the Doris Day Animal League?

Response: In June 1998, APHIS published an advance notice of proposed rulemaking on the regulation of dog and cat dealers. This notice announced USDA's formal consideration of amending the regulatory definition of retail pet store under the Animal Welfare Act--AWA. We considered requiring licensing of breeders of hunting, security, and breeding dogs; increasing the number of breeding female dogs and cats that may be owned without a license; and regulating both wholesale and retail activities. We believed the number of adult breeding females should fall between 3 and 60. We based the low end of this range on current regulations and the high end on our experience enforcing the AWA and our assessment of the impact this decision may have on current workload. The advance notice also requested input on the impact these rule changes would have on currently licensed and unlicensed dealers. APHIS received approximately 11,000 comments.

In July 1999, APHIS published its decision not to change the definition of "retail pet store" as requested in the petition from the Doris Day Animal League. However, we did agree to regulate wholesale dealers/breeders of dogs intended primarily for hunting, security, and breeding purposes. Because these dealers were previously not licensed, we have limited information on their number and size. We expect there are very few of these facilities and they will not greatly impact our existing resources.

Mr. Skeen: As a result of the lawsuit are you planning a reallocation of resources, either personnel or appropriated funds in fiscal years 2000 and 2001?

Response: As a result of APHIS' July 1999, decision not to change the definition of "retail pet store," there is minimal impact on APHIS resources, and appears to be no requirement for reallocation of either personnel or appropriated funds.

AGRICULTURAL QUARANTINE INSPECTION

Mr. Skeen: Did you open the new stations on the Canadian and Mexican borders?

Response: Yes, we opened two new, full scale facilities on the U.S./Mexico border in FY 1999. One new facility, located at the Veterans International Bridge at Los Tomates in Brownsville, Texas, opened in April 1999. The other facility, located in Eagle Pass, Texas, opened in July 1999. Both facilities conduct cargo, passenger, and pedestrian inspections.

SILVERLEAF WHITEFLY

Mr. Skeen: How much do you plan to spend on the silverleaf whitefly program in FY 2000?

Response: The silverleaf whitefly--SLW--project is part of the Biological Control program. In FY 2000, we plan to spend approximately $810,000 on SLW activities.

KUDZU

Mr. Skeen: Do you plan to spend any funds on kudzu control in FY 2001?

Response: In FY 2000, APHIS will continue to fund approximately $45,000 in a cooperative agreement with Mississippi State University for demonstration of Kudzu control techniques. Mississippi State University reported preliminary results from the Kudzu demonstration project at the 2000 Southern Weed Science Society meeting. Researchers are demonstrating and evaluating various control techniques. The project will continue in FY 2000 at a new site. In FY 2001, APHIS will reevaluate the Kudzu project to determine if the demonstrated project control techniques can be effective in widespread eradication.

ANIMAL IMPORT CENTERS

Mr. Skeen: What Animal Control Import Centers have been closed or are scheduled for closure in FY 2000 and 2001 and what centers will remain after FY 2001?

Response: Due to the declining demand and a perpetual funding deficit, APHIS closed the Harry S Truman Animal Import Center in FY 1999. APHIS has no plans to close its remaining two animal import centers, one located in Newburgh, New York, and the other in Miami, Florida.

NATIONAL CENTER FOR IMPORT-EXPORT

Mr. Skeen: What is the National Center for Import-Export?

Response: The National Center for Import and Export--NCIE--is located at APHIS' headquarters in Riverdale, Maryland. NCIE operations consist primarily of providing information, advising, and consulting with industry groups, the public, and other governments; conducting risk assessments; certifying export products; and developing and implementing standards, regulations, and policies. This work prevents animal disease introduction by ensuring that imported animals or animal products are free of disease and ensures that export animals offered by the United States meet the criteria of the importing country.

BRUCELLOSIS

Mr. Skeen: What is the status of the brucellosis quarantine facility for Yellowstone?

Response: The State of Montana and APHIS have discussed the location of the brucellosis quarantine facility for Yellowstone. Officials will make a final decision on the location after the Environmental Impact Statement (EIS) on brucellosis in Yellowstone is finalized. APHIS does not expect a finalized EIS until September 2000.

PREDATOR CONTROL PROGRAM

Mr. Skeen: What evidence do you have, beyond the 1990 GAO report mentioned in last year's hearing record, that predator control programs are effective?

Response: A number of researchers have identified the need for effective predator management programs for the protection of wildlife, agriculture, and

human health and safety, including: Boertje et al. 1996; Clark et al. 1994; Fritts et al. 1992; Knowlton et al. 1999; and Mech 1995. Effective predator management programs have helped in the recovery of threatened and endangered species (Mech 1995). They have also lead to increasing populations of native wildlife species (Boertje et al. 1996). Predator control programs also serve to protect agriculture (Knowlton et al. 1999), and ensure human health and safety, for example, through a reduction in rabies epizootic.

Experience has shown through operations and research that some form of removal (lethal, non lethal or both) is needed in response to predation of livestock by wildlife. Management based on the selective removal of predators for livestock or wildlife protection is dependent on the management technique identified and the ability to identify the problem individual. The use of livestock protection collars is the only technique that guarantees effectiveness in removing the species causing livestock losses (Burns, et al. 1996, Connolly and Burns 1990). Research in Utah and Idaho has shown that preventive predation management is effective when using aerial coyote hunting (Wagner 1997). Trapping is effective when used on individuals or small populations that account for most prey mortality (Hamlin 1997) and in Colorado, research has shown that predation was at its lowest when trapping, pesticides, and aerial gunning were used in combination (Gilbert et al. 1996).

Two surveys have shown our Wildlife Services' predator management program to be effective. During 1999 the National Agriculture Statistics Service surveyed livestock producers who used the USDA-APHIS-Wildlife Services program. Over 75 percent of the livestock producers surveyed were satisfied with the success of the program, including more than 54 percent who were very satisfied with APHIS's level of service. In a 1994 survey of cooperators, more than 94 percent stated that without APHIS' Wildlife Services' help, the level of loss, damage, hazard or nuisance would have increased.

The following is a list of peer reviewed publications cited in the previous information:

Boertje, R. D., P. Valkenburg, and M. E. McNay. 1996. Increases in moose, caribou, and wolves following wolf control in Alaska. Journal of Wildlife Management 60:474-489.

Burns, R. J., D. E. Zemlicka, and P. J. Savarie. 1996. Effectiveness of large livestock protection collars against depredating coyotes. Wildlife Society Bulletin 24:123-124.

Clark, K. A., S. U. Neill, J. S. Smith, P. J. Wilson, V. W. Whadford, and G. W. McKirahan. 1994. Epizootic canine rabies transmitted by coyotes in south Texas. Journal of American Veterinary Medical Association 204:536-540.

Connolly, G., and R. J. Burns. 1990. Efficacy of compound 1080 livestock protection collars for killing coyotes that attack sheep. Proceedings of the Vertebrate Pest Conference 14:269-276.

Fritts, S. H., W. J. Paul, L. D. Mech, and D. P. Scott. 1992. Trends and management of wolf-livestock conflicts in Minnesota. USDI, US Fish and Wildlife Service, Resource Publication 181.

Gilbert, D. W., D. R. Anderson, J. K. Ringelman, and M. R. Szymczak. 1996. Response of nesting ducks to habitat and management on the Monte Vista National Wildlife Refuge, Colorado. Wildlife Monographs 131:1-44.

Hamlin, K. L. 1997. Survival and home range fidelity of coyotes in Montana: implications for control. Intermountain Journal of Sciences 3:62-72.

Knowlton, F. F., E. M. Gese, and M. M. Jaeger. 1999. Coyote depredation control: an interface between biology and management. Journal of Range Management 52:398-412.

Mech, L. D. 1995. The challenge and opportunity of recovering wolf populations. Conservation Biology 9:270-278.

Wagner, K. K. 1997. Preventive predation management: an evaluation using winter aerial coyote hunting in Utah and Idaho. Ph.D. Dissertation, Utah State University, Logan, Utah.

NONLETHAL METHODS

Mr. Skeen: What is APHIS doing to increase the use of nonlethal methods of animal control?

Response: APHIS' NWRC devotes 75 percent of its research effort to development of non-lethal wildlife management methods. In the case of livestock predators, we dedicate all research to examining and developing non-lethal approaches for capture and control. We make all research results accessible to the public via the APHIS and Wildlife Services web sites. NWRC also holds training seminars and scientific symposia on the latest non-lethal technologies in wildlife management.

We recently implemented methods based on completed research for effective use of llamas as livestock guarding animals, tranquilizers for human capture of predators causing economic damage, and use of oral vaccination for carnivores involved in spreading rabies in areas of the eastern and western United States.

APHIS is developing and testing several promising new methods, including oral sterilization to reduce depredation associated with animals provisioning young, animal activated frightening devices that inhibit movement of predators into areas with vulnerable livestock, and several capture devices that could reduce reliance on padded foothold traps when capture is required for management of problem animals. We are investigating attractant systems, including visual, sound, and odor applications, necessary to support field use of these methods.

TRAP TESTING

Mr. Skeen: How much does APHIS plan to spend on trap testing in fiscal year 2000 and 2001 and how much of this is on non-lethal methods of trap testing?

Response: All of APHIS's planned trap testing will involve non-lethal live capture devices. APHIS plans to spend about $260,000 in FY 2000 and $240,000 in FY 2001 on the new project, "Alternative Capture and Aversive Stimulus Applications for Managing Predation." The purpose of the project is to develop new, more humane capture systems for predators on livestock.

In addition APHIS will spend $450,000 each year on cooperative programs with State wildlife management agencies to test existing commercially available traps. The U.S. Government made an agreement with the European Union to develop Best Management Practices to improve animal welfare in U.S. trapping policies, and this project will help to comply with the agreement. To date this work has included 32 trap types for 13 species of animals involving 2 State wildlife management agencies. The emphasis in this program has been on commercial live restraint capture devices, including conventional and improved foothold traps, cage traps and restraint snares.

AGRICULTURAL QUARANTINE INSPECTION

Mr. Skeen: How much overtime was paid in the Agricultural Quarantine Inspection Program in fiscal year 1999?

Response: We paid approximately $34.7 million in AQI overtime in FY 1999. Of this amount, $10.3 million was paid directly by brokers through reimbursements to APHIS for the cargo inspection services we provided. We are currently developing enhanced staffing models for airports, sea ports, and land border locations using pest risk analysis data. These models should eventually reduce the amount of overtime required.

PSEUDORABIES

Mr. Skeen: Has the program for voluntary reduction of swineherds with pseudorabies ended, and what is the total cost to date?

Response: No, the voluntary reduction program of swineherds has not ended. We are continuing to conduct the accelerated program to buy herds with pseudorabies-infected swine at a fair market price and reduce the risk of the virus spreading. To date, 806 herds have been depopulated through the accelerated program. The Accelerated Pseudorabies Eradication Program began in FY 1999. The Secretary transferred $80 million dollars from the CCC to fund the program in FY 99 and an additional $40 million in early FY 2000. As a result, the Agency has successfully decreased the total number of quarantined herds by more than 70 percent. The level of infected herds is the lowest since the pseudorabies eradication program began in 1988.

Response: Of the $120 million transferred from CCC to APHIS, we have spent $94.7 million to date.

SHARED ADMINISTRATIVE COSTS

Mr. Skeen: How much does APHIS expect to reimburse the Department of State for shared administrative costs in fiscal year 2001?

Response: APHIS expects to reimburse the State Department approximately $2,309,020 in FY 2001 for their shared administrative costs.

JOHNE'S DISEASE

Mr. Skeen: How many herds have you enrolled in the Johne's disease program and what is their location?

Response: To date, States have enrolled 129 herds in Johne's disease certification programs. Of these, 18 herds are in Minnesota; 2 are in New York; 26 are in Ohio; 40 are in Pennsylvania; 33 are in Wisconsin; and 10 are in Missouri. Many states have not yet instituted a certification program. For example, New Jersey has 30 herds on clean up plans, but these herds are not in a certification program. The State has yet to adopt a program. In total, 3,602 herds, nationwide, are on Johne's disease control plans.

ANIMAL HEALTH EMERGENCY MANAGEMENT

Mr. Skeen: What role do the Centers for Disease Control and Prevention play in animal health emergency management?

Response: APHIS collaborates with the CDC on mutual agency concerns involving diseases which can be transmitted from animals to humans. Examples of such zoonotic diseases include anthrax, bovine spongiform encephalopathy, and tuberculosis. To strengthen this relationship, APHIS has stationed a veterinarian at the CDC to act as a liaison. In the event of an animal health emergency, CDC and other public health agencies would get involved only if there was threat to public health.

ASIAN LONGHORNED BEETLE

Mr. Skeen: In what areas of the United States have you found infestations of Asian long horned beetles?

Response: Since late 1996, we have found ALB infestations in five locations in NYS and in four locations in the Chicago, Illinois, area. In NYS, we have participated with the USDA Forest Service and State and local

agencies since 1997 to eradicate ALB infestations in the Greenpoint area of Brooklyn and Amityville, Long Island. In February 1999, we found a third infestation in Bayside-Queens and in August 1999 a fourth infestation in Manhattan, within a mile of Central Park and approximately two miles from the Greenpoint/Brooklyn infestation. We found a fifth NYS infestation in September 1999 in Islip, NY. This find is located 7 miles from the quarantine boundaries that surround the area in Amityville, Long Island. It is also nine miles from any other infested tree inside the quarantine area. In the Chicago, Illinois, area we found ALB infestations in three locations in the summer of 1998: in Ravenswood--Cook County, 8 miles north of northwest of downtown Chicago; Addison--DuPage County, 22 miles west of downtown Chicago; and suburban Summit--Cook County, 11 miles southwest of Downtown Chicago. We found a fourth infestation in Illinois in September 1999 near O'Hare International Airport.

Mr. Skeen: Please describe APHIS's work to date with the Chinese Government regarding Asian long horned beetles in packing materials used in exporting Chinese products?

Response: We have been working with the Chinese Academy of Science and the Chinese Academy of Forestry on several research projects. These projects involve testing fumigation and kiln drying as regulatory treatments for the *Anoplophora* species; identifying wood types used in solid wood packing--SWP; conducting pest risk analyses for various wood imported from China as packing material; characterizing genetic variation within the *Anoplophora* species; developing and using microwave as a thermal regulatory treatment to eliminate *Anoplophora* introductions in SWP; and determining ALB distribution in Japan and Korea. Since our SWP rule took effect in November 1999, we have had excellent compliance from Chinese exporters. A great majority of SWP materials are now fumigated before they reach the United States and many exporters are no longer using wood packing materials.

Mr. Skeen: What is your estimate of the total amount spent by federal and local governments for eradication of the Asian long horned beetle?

Response: From FY 1997 through the end of FY 2000, we will have spent approximately $25 million to eradicate the ALB. During the same period, State and local governments in NYS and Illinois have spent approximately $5.6 million.

Mr. Skeen: What is your estimate of the total damage caused by the Asian long horned beetle in the U.S.?

Response: We do not have an estimate yet. However, if allowed to spread unabated the ALB has the potential to cause more damage than Dutch Elm disease, chestnut blight, and gypsy moths combined. The total amount of damage could ultimately reach $41 billion nationwide, with recovery and replacement efforts costing $500 per tree.

BRUCELLOSIS

Mr. Skeen: What is the incidence of transmission of brucellosis from bison to cattle?

Response: The incidence of transmission of brucellosis from bison to cattle in the wild is unknown. The risk of transmission is determined by the number of abortions occurring in the bison, the presence and survival of ***Brucella abortus*** organisms in aborted tissues, and the exposure to susceptible hosts. It is difficult to document these abortions and exposures in the wild. In the past two decades, officials have documented only two abortions in

Yellowstone Park. Researchers have been able to demonstrate transmission between the species in experimental studies. Cattle, bison, and elk are all susceptible to the same strain of the bacterium. In addition, epidemiologic evidence, particularly that from the Grand Teton National Park and the National Elk Refuge, points to transmission between free-roaming bison and elk, as well as cattle.

TRUST FUND AGREEMENTS

Mr. Skeen: Please list the trust fund agreements you have with major exporting groups.

Response: We have agreements with the following export groups:

AUSTRALIAN HORTICULTURAL CORP
ASOCIACION DE EXPORT DE CHILE
LAURITZEN REEFERS A/S
FL CITRUS PACKERS
JAPAN PLANT QUARANTINE ASSOC.
BOND VAN BLOEMBOLLENHANDELAREN
FISHER BROS SALES INC
NISSUI SHIPPING CORPORATION
GREAT WHITE FLEET
FRUITS BOTNER, LTD
CITRUS MKTG BOARD
UNIFRUCO LTD
FISHER BROS. SALES INC.
AGREXCO
GEBR. VAN DIEPEN
MINISTRY OF AGRICULTURE OF FRANCE
FISHER BROS. SALES INC
LINGARDEN LTD
NEW ZEALAND APPLE & PEAR
OFC NATIONAL DES DE BOUCHES
IBERTRADE COMMERCIAL CORP
SOUTHERN FRUIT IMPORT
COPEXEU
SYNDICAT DES NEGOCIANTS EXPORT
FISHER BROS. SALES, INC.
KOSMOS
LEONHARDT & BLUMBERG
ENTERPRISES SHIPPING & TRADING
A.C. OERSSLEFF'S EFTF. A/S
KANASASHI SHIPBUILDING CO., LTD
INSTIT. COLOMBIANO AGROPECUARIA
CHESTNUT HILL FARMS (DIAGRO)
KUSU SHIPPING
PRILUMO
INT'L REEFER SERVICES, S. A.
FAO NORTH AFRICA SCREWWORM ERAD
NORFRUIT, S. A.
INTERFRUTA C. A.
AKRA SHIPPING COMPANY, LTD
MARINE MANAGEMENT SERVICES
NARCISSUS SHIPPING CORPORATION
SEATRADE
SABROE MARINE
FRUITFORT AGRICOLA EXPORT
IMABARI SHIPBUILDING CO., LTD
NORBULK SHIPPING UK LIMITED
AGRICOLA PROAGIVEN, C. A.
NATIONAL AG COOP FED (NACF)
FISCHER GERANIUMS USA
NORTHERN NAVIGATON
CONERPO SOC. COOP A. R. L.
ASOCIACION HOT WATER TREATMENT
TIMBAUBA AGRICOLA , S. A.
MANDACARU COMERCIAL LTDA
COMPANHIA JOFRA AGRICOLA
TROPICAL FRUTOS CANAA COMISION
HONORARIA NACIONAL DEL
PLAN CITRICOLA
UNIVERSAL REEFERS (UK), LTD
FRUTOS DEL PAIS, S. A.
GREEN CHARTERING A/S
ARMADA SHIPPING A/S
LASKARIDIS SHIPPING
OUTSPAN INTERNATIONAL, LTD
ALL-COAT FOREST PRODUCTS
CARGILL COMMODITIES
PROFOOD USA
HUADU CITY FOREIGN ECON. RELATIONS
& TRADE DEVELOPMENT
SEATRADE REEFER CHARTERING
PENNY/NEWMAN GRAIN COMPANY
INTERNATIONAL SAUSAGE CASING ASSOC
PAPAYA/REGION II
WALLEM SHIPMANAGEMENT, INC.
J. G. BOSWELL COMPANY
TOKUMARU KAIUN CO., LTD
AGROMAR INDUSTRIAL, S. A.
SUNSHINE EXPORT, S. A.
ESPIAGRO, S. A.
DECIDUOUS FRUIT PRODUCERS TRUST
HANSON MUELLER CO.
AGROWEST, S. A.
UNION AGRICOLA REG DE FRUTICULTORE
ASOC DE FLORICULTORES DE MEXICO
OIRSA
CONFEDERACION NACIONAL GANADERA
LEOCO, S. A.
SECRETARIAT OF ST FOR AG
GEXPRONT
OIRSA
UB SHIPPING LIMITED
JAMAICA EXPORTERS ASSN
HANS KRUGER G. M. B. H.
ZODIAC MARITIME AGENCIES LTD

NASHI-ASIAN
DRYTANK, S. A.
NATIONAL AG COOP FED (NACF)
NOR INDUSTRIAS, S. A. (NISA)
FRUTILLA C. A.
REEFER & GENERAL SHIP-MGMT
A/S THOR DAHL SHIPPING
SHIN KOCHIJYUKO CO., LTD
EASTWIND MARITIME, S. A.
ROMERO TRADING (PEISER)
OIRSA NICARAGUA
MIGRANJA, S. A.
NOVA FRONTEIRA, S. A.
PROEXANT
TOYO SHIPPING LINE CO.
TARGET MARINE, S. A.
P. M. POOL, INC.
STAR REEFERS
DAIKIN INDUSTRIES, LTD
MAPEL
COMERCIAL E EXPORTADORA
PROGRAMA NACIONAL DEL BANANO
IICA
OCEAN REEF TRANSPORT, LTD
ADEX
FUNDACION PROPARAGUANA
COLUMBIA SHIPMANAGEMENT
SCA/ SHIP AND CONTAINER AGENCY
UNITED AMERICAN ENGINEERS
PIER FRUIT LTD
SAGAR-SA (ANIMAL DISEASE)
COMITE REG. DE SANIDAD VEGETAL
DEL VALLE DE MEXICALI
MICHOACAN AVOCADO ASSN
ACOMARIT (UK) LTD
HOLY HOUSE SHIPPING
REEFER EXPRESS LINES
GUEZURAGA VIGO S. L.
ERNST JACOB (GmbH & Co)
SOUTHERN ROUTE MARITIME S.A.
HOEGH FLEET SERVICES
FINCANTIERI
VALEXPORT
FIESTA FRUIT
PRODESA
NICOLAS RODRIGUEZ
CHARTWORLD
ASSOCIATION NATIONALE DES EXPORT
JOINT HAITI ACCOUNT (ACCT TRACKING)
FRUTAS INTERNACIONALES (FRUTI) CA
JOSSCO, USA
ECUADOR EXPORTERS ASSOCIATION

ARGENTINE CITRUS

Mr. Skeen: What is the status of the agreement on importation of Argentine citrus?

Response: Our Final Rule concerning the importation of Argentine citrus was submitted for clearance in December 1999. Because this was considered a significant rule, it required extensive clearance. The Rule would amend citrus fruit regulations to allow the importation of fresh grapefruit, lemons, and oranges from select areas of Argentina into the U.S. under a series of overlapping safeguards aimed at mitigating the risks presented by all identified pests and diseases of concern. It was based on our determination that the importation of Argentine citrus presents negligible risk of introducing either citrus black spot or sweet orange scab. Based on this determination and the safeguarding measures Argentina has employed to further mitigate any risk, we believe that the possibility of disease introduction through the importation of Argentine citrus is tremendously low. If these measures were to fail repeatedly, Argentine citrus exports would not be permitted.

FUMIGATION

Mr. Skeen: How does APHIS plan to monitor fumigation conducted in China? How many inspectors will be sent to China? How many personnel are assigned to China? Will specific methods and procedures be required to ensure that 100% of pests are destroyed?

Response: Chinese agricultural officials are monitoring fumigation procedures in that country; APHIS expects China to ensure these fumigations meet USDA requirements. An APHIS employee already stationed in Beijing, China educated Chinese agricultural officials and fumigators on USDA fumigation

standards. We plan to monitor China's compliance with our standards through the agricultural inspection process when ships arrive at U.S. ports. APHIS has been monitoring arriving shipments and our records indicate a 98 percent compliance rate.

Mr. Skeen: Is all cargo from China subject to APHIS inspection? If not, what steps is USDA taking to prevent infested cargo with Chinese fumigation certificates from entering the country?

Response: We are carefully monitoring all shipments from China and are conducting intensive cargo inspections of these shipments based on the pest risks associated with the cargo onboard. For example, we check all shipments from China carrying high-risk commodities such as furniture and other large, heavy commodities because such cargo is usually packed in wooden pallets or crating. We conduct inspections on a smaller percentage of shipments carrying low-risk commodities, such as clothing, which are normally packed in synthetic or highly processed wood containers.

If we find that a shipment containing SWPM from China contains plant pests, or that the SWPM have not been heat treated, fumigated, or treated with preservatives, or there is no accompanying certificate documenting such treatment, an APHIS inspector may deny entry to the entire lot or shipment (cargo and SWPM). The inspector may allow the importer to separate the cargo from the SWPM, at a location and within a time period specified by the inspector, and destroy or re-export the SWPM, if the inspector determines that this can be done without risk of spreading plant pests. This may only be done in cases where there is a secure facility for separation of the cargo, available means to destroy the SWPM (incineration, or chipping and incineration, are the authorized methods), and available APHIS inspectors to supervise the process. The importer is responsible for all expenses associated with this process. Because this is a very expensive and time consuming procedure for the importer, it enhances the probability that they will ensure proper fumigation certification. APHIS has monitored shipments with Chinese fumigation certificates. We have found pests on a few of these monitored shipments, but the vast majority, over 98 percent, have been pest free.

Mr. Skeen: Fumigation in the U.S. requires that all lethal gas be removed from cargo after fumigation. Gas levels are routinely measured and monitored throughout the fumigation procedures. Does APHIS require that Chinese fumigators measure the levels of gas in cargo during treatment and prior to shipment? What steps is USDA taking to protect American workers at US ports from being exposed to dangerous levels of gas remaining in cargo from China?

Response: Many fumigated containers arriving from China have warning labels affixed to the tailgate indicating that toxic gas may be present inside the containers. We are working with Chinese officials to encourage the use of these warning labels on all fumigated containers. In addition, APHIS ensures inspector safety by requiring use of dreager tubes to measure residue levels of methyl bromide gas when inspecting fumigated cargo. APHIS, in monitoring the gas levels of these shipments, has found residue gas in some containers. APHIS sent a delegation to China to review the Chinese operational procedures and discuss the residual gas issue. As a result of APHIS' visit, the Chinese government now requires that all treated material be aerated for 24 hours before shipment is allowed. The number of containers reporting residual gas has dropped drastically.

Mr. Skeen: The Chinese government has said it cannot effectively treat all cargo leaving China because the country lacks the infrastructure and skilled fumigators. Has USDA taken any steps to educate Chinese fumigators

about the strict methods and procedures that must be followed to ensure that 100% of all pests are eliminated?

Response: APHIS sent a delegation to China to review the Chinese operational procedures and discuss the fumigation issue. As a result, the Chinese government made changes to their export procedures. The Chinese have made great strides in eliminating pest presence in cargo shipments. Shipments from China are now meeting our requirements at a compliance rate of approximately 98 percent.

AGRICULTURAL QUARANTINE INSPECTION

Mr. Skeen: What are the "high risk locations" on the Canadian border for which you propose additional support?

Response: We are proposing additional support for border locations in Detroit, Michigan; Port Huron, Michigan; Buffalo, New York; Rouses Point, New York; Maine; Vermont; and New Hampshire.

AQI USER FEES

Mr. Skeen: By how much did you increase AQI user fees and how much additional income will that generate?

[The information follows:]

AQI USER FEE INCREASES

Category	Fees before 1/1/00	Fees effective 1/1/00	Increase
Commercial vessels	$461.75	$465.50	$3.75
Aircraft clearance	$60.25	$64.00	$3.75
Commercial trucks	$4.00	$4.25	$0.25
Commercial truck decals	$80.00	$85.00	$5.00
International air passengers	$2.05	$3.00	$0.95

For FY 2000, we expect to collect approximately $188 million, as opposed to $148 million we had projected before the new fees were implemented. For FY 2001, we expect to collect approximately $215 million, as opposed to $153 million we had projected before the new fees were implemented.

MEDFLY

Mr. Skeen: Why are Medfly outbreaks increasing in Mexico?

Response: The Medfly first entered Mexico in 1977. Following a $100 million eradication effort, a USDA/Mexico program eliminated Medfly from the country in 1982. In 1984, Mexico, the US and Guatemala began efforts to eradicate Medfly from Guatemala to prevent the risk of re-infestation into Mexico. The program was successful in areas near the Mexican border. By 1988, however, the funding was not adequate to continue a push south in Guatemala. A barrier program took over which protected Mexico from re-infestation until 1992. However, every year since 1988 the number and severity of outbreaks increased. A combination of factors led to erosion of the barrier, leaving the Medfly free to spread north into Mexico. Due to environmental and health concerns in Mexico and Guatemala, Guatemala banned the use of malathion spray, the program's principal pesticide. At the same time, climatic conditions favorable to the spread of Medflies persisted for several seasons. Additionally, in the end of the 1980s, coffee prices dropped, resulting in high numbers of Medfly from unharvested coffee. These high numbers put further pressure on the sterile fly barrier.

In 1998 Mexico had 258 sites affected by Medfly outbreaks. Considering the threat these outbreaks posed to the U.S., USDA reacted by declaring an emergency in Mexico. Beginning in 1999, APHIS has been cooperating with the Government of Mexico to address the Medfly outbreaks in southern Mexico and prevent their northward spread to the U.S. The program has been successful in reducing the number of outbreaks from a 1998 high. To prevent future emergencies, the program must now work to eradicate Medfly from Mexico and to push the barrier back into Guatemala.

Mr. Skeen: What is the Mexican Government doing to reduce Medfly presence?

Response: The Mexican Government is concerned about the large number of outbreaks in the southern part of the country. They are aware that the loss of agricultural markets would be extensive if the pest were to spread throughout Mexico. They have been cooperating extensively with APHIS through the Moscamed program. They have provided approximately $12 million per year to the eradication efforts since the start of the emergency.

Mr. Skeen: How far north can the Medfly survive?

Response: Although the Medfly can survive during certain times of the year in locations as far north as Michigan, it can only survive year-round as far north as citrus grows. The two main barriers to the Medfly's northern progression are cold weather and the absence of host crops. In California, for example, the northernmost area where a Medfly could be found would probably be Sacramento. Elsewhere in the United States, the pest would not be able to survive year-round in any location north of the southernmost States.

ILLEGAL IMPORTATIONS

Mr. Skeen: Does the increase in illegal importation of solid wood packing into the United States (p. 14-29) indicate that China and other countries are not cooperating with APHIS requirements?

Response: In general, we are seeing a high level of cooperation, estimated at roughly 94 to 98 percent, from Chinese exporters since our SWPM rule took effect in November 1999. The great majority of SWP materials have been fumigated before they reach the United States, and exporters in increasing numbers are ceasing the use of wood altogether. However, it is the small percentage who either inadvertantly or deliberately flaunt our regulations that causes concern and threaten introduction of devastating pests such as ALB.

Mr. Skeen: Is the growth in illegal importation of prohibited fruits, vegetables and plant material from Canada (p. 14-29) a result of criminal activity or is it the result of increased border traffic by persons unaware of U.S. importation requirements?

Response: While some of the illegal importation from Canada is attributable to increased border traffic by persons unaware of our requirements, we believe a large share is a result of smuggling of commercial quantities. There is an increasing demand in the United States for many of the prohibited fruits and vegetables that originate in Asian or Central and South American countries. This demand has created a financial incentive for smugglers to bring these products in illegally. We pursue criminal penalties whenever possible, but the value of the commodities often fall below the Department of Justice's threshold for prosecution. Passage of the proposed Plant Protection Act would increase civil penalties from the current $1,000

per violation up to $250,000 for illegal commercial importations made for financial gain.

EMERGENCY MANAGEMENT OPERATIONS CENTER

Mr. Skeen: What type of equipment do you propose to purchase for the National Emergency Management Operations Center?

Response: To properly support the Emergency Management Operation Center--EMOC, APHIS proposes to install state-of-the-art equipment to communicate and disseminate information. With the current world situation and the increased threat to American agriculture, both from accidental and intentional introduction of pests and diseases, there exists a crucial need to have a center to effectively monitor and manage such events. Due to this increased threat, both the Secretary's Foreign Animal and Poultry Disease Advisory Committee and a Quadrilateral Nations Review Team--with representatives from Australia, Canada, New Zealand, and the United States--have recommended the establishment of a state-of-the-art emergency response center as an integral part of the APHIS Emergency Management System. In addition, the Agency recognized the need for such a center after conducting a test exercise of the Agency's response capabilities in November 1998. The EMOC will be located on the 5th floor of the USDA Center at Riverside in Riverdale, Maryland.

APHIS proposes to purchase audio/visual equipment for the Center including display and lighting systems; matrix switches; satellite feed; video conferencing; and cabling. APHIS also proposes to purchase communications equipment including secured and non secured phones and fax machines; secured and non secured phone lines; and Intel-link access. Visual/audio and communications equipment will be the heart of the Center and will allow APHIS to communicate with State and local governments, industry, international trading partners, and the public. APHIS also proposes to purchase information technology equipment including computers, software, printers, telecomm/data interfacing, and video conferencing/tele-medicine. In addition, APHIS will purchase integrated security management equipment including a closed circuit and television system and video time-lapse recorder. Other purchases will include a Geographic Information System mapping system; a plotter; a portable digitizer; projectors; screens; copiers; and an emergency generator.

BOLL WEEVIL

Mr. Skeen: How much cost sharing do you propose as a result of reducing the appropriated request for boll weevil?

Response: The $2.856 million in funding requested in the Department's budget for FY01 would provide approximately $1.8 million to maintain the current level of APHIS technical support to the active program areas. This also would leave $828,000 for cost-share funding, with an additional $228,000 going to cover agency level support.

WILDLIFE SERVICES

Mr. Skeen: Last year Congress authorized research at the National Wildlife Research Center--NWRC--to investigate the effectiveness of nicarbazin in inhibiting reproduction in resident Canada geese populations. What is the status of this project?

Response: The NWRC has implemented an aggressive research program to develop nicarbazin as a reproductive inhibiting agent for wild Canada geese. Three laboratory studies are currently underway. Two are investigating the dose required to inhibit reproduction in the goose. The other study is to develop a highly palatable treated food item to deliver an effective dose. In

addition, NWRC scientists are conducting field studies in Nebraska, Colorado, and New York testing the feasibility of delivering to wild geese effective levels of nicarbazin. To complete the laboratory, field, and analytical chemistry work required for this effort, NWRC has assigned numerous staff, including five senior scientists and one Ph.D. candidate to this research. Because this research is conducted in multiple locations, NWRC cooperative efforts are underway with the University of Georgia, Cornell University, and a private power company in Colorado.

PINK BOLLWORM

Mr. Skeen: What is a larval cut out rack (p. 14-34)?

Response: There are three types of racks specifically designed for the pink bollworm--PBW--mass-rearing process. The first piece of equipment we use is the larval cut-out rack. It is made of stainless steel and weighs approximately 300 lbs. PBW eggs are placed into larval cut-out racks, where they feed on an artificial diet until they hatch into larvae. We then move the larvae into pupal maturation racks, where the larvae spin into cocoons and begin maturing into moths. Finally, in pupal emergence racks, the pupae emerge as adult moths. Once collected from the pupal emergence racks, we irradiate the moths to render them sterile and ship them to the field for eventual aerial release.

SCRAPIE

Mr. Skeen: Please break out the activities that would be funded with the proposed $5,037,000 increase for scrapie?

Response: The increased FY 2001 funding would allow APHIS to accelerate the scrapie eradication program using slaughter surveillance and live animal testing. Initially slaughter surveillance will used to determine the prevalence and geographical distribution of scrapie. Once this is completed slaughter surveillance will be targeted to find infected flocks so that they can be cleaned up. The increase in funding would provide for personnel ($649,000), laboratory resources ($1.5 million), data management resources ($263,000), equipment and supplies ($450,000), travel ($257,000), shipping primarily of diagnostic specimens ($235,000), indemnity funds ($1.2 million), printing ($120,000), rent and utilities ($203,000), and animal identification devices ($160,000) to assist in (1) conducting slaughter surveillance, (2) conducting live-animal scrapie tests, (3) cleaning up the additional infected and source flocks identified as a result of live-animal tests, slaughter surveillance, and requirements under the proposed rule, (4) accommodating the anticipated increase in flocks enrolled in the Voluntary Scrapie Flock Certification Program, and (5) conducting State program reviews.

Several major issues that will impact the success of the program significantly include: (1) validation of live-animal tests, (2) initiation of slaughter surveillance, (3) funding adequate to purchase all known and newly discovered high-risk and test-positive animals, and (4) identification of sheep and goats in interstate movement. On November 30, 1999, APHIS published the proposed rule that provides the regulatory framework needed to administer an effective scrapie eradication program. The proposed rule would: (1) restrict the interstate movement of sheep and goats from States that do not quarantine scrapie source and infected flocks and from States in which scrapie is not a reportable disease, (2) provide indemnity funds for high-risk and test-positive animals, and (3) require the identification of sheep and goats in interstate movement. The comment period closed on January 14, 2000. APHIS received 171 comments. APHIS expects to finalize the part of the proposed rule dealing with the identification of sheep and goats in interstate commerce and repropose the remainder of the rule as soon as possible.

The proposed increase also will support the small farm initiative by providing indemnity funds for high-risk and test-positive animals on small farms (most sheep farms qualify as small farms), thereby providing an economically viable means by which small farmers can eliminate scrapie from their flocks. The increase will also help the program maintain current efforts.

Mr. Skeen: When do you expect the proposed rule for scrapie to go into effect?

Response: APHIS expects to finalize the part of the proposed rule dealing with the identification of sheep and goats in interstate commerce and repropose the remainder of the rule as soon as possible probably May or June 2000.

Mr. Skeen: Please explain the term "third eyelid" in the third eyelid test?

Response: Third eyelid is the common term for the nictitating membrane, which is a thin membrane found in many animals at the inner angle of the eye. A small area of lymphoid tissue resides on the back of the membrane. This tissue is biopsied to run the test.

WILDLIFE SERVICES BUDGET

Mr. Skeen: Your budget proposal justified the proposed decrease in wildlife services operations because those activities "often primarily benefit private landowners."

Would it not then be consistent to decrease appropriations for other programs which the APHIS explanatory notes say support the private sector?

Response: While all APHIS programs help the private agricultural sector as well as the general public, most of our efforts benefit industries generally rather than individual farmers and ranchers. In the case of some of our Wildlife Services operations, we perform wildlife nuisance abatement for specific farmers. It is a general tenet of Federal financial practice to seek reimbursement from clearly identifiable individual beneficiaries of Government services. We have applied that tenet not only to Wildlife Services, but to other APHIS programs. For example, we have proposed charging fees in the Biotechnology and Animal Welfare programs to recoup the costs of performing services for which there is a clearly identifiable beneficiary. For Wildlife Services we have not proposed user fees, but rather suggested that States, local governments, and individual farmers assume more direct costs.

CITRUS CANKER

For example, why not have the U.S. exporters who benefit from plant and animal health monitoring activities (p.14-28) and the "thousands of homeowners" who benefit from citrus canker eradication (p. 14-40) pay for those activities?

Response: U.S. exporters already pay for the costs associated with certifying the health of birds and animals being exported. APHIS ensures that all certifications are free of contagious diseases to comply U.S. health agreements with importing countries. This function is vital to the protection and expansion of the $6 billion U.S. animal and animal product export market. In FY 1999, APHIS collected a total of $4.7 million in user fee from U.S. exporters.

The recipients who directly benefit from the Agency's animal health management programs are not as easy to identify. The impact of these programs

benefit the U.S. consumer, in terms of a safe and affordable food supply, as well as the U.S. agricultural industry.

In essence, private homeowners are not benefiting from citrus canker eradication. Instead, their door-yard citrus trees are being removed and destroyed to protect the citrus industry. The "Shade Florida" program is essentially a public relations activity to gain support for the citrus canker eradication effort. Homeowners are not being fully compensated for the loss of their shade trees. New eradication protocols support removing all exposed citrus trees with 1,900 feet of an infected tree. Each individual homeowner receives a maximum of $100 through a voucher to purchase replacement trees and other garden products, regardless of how many trees are removed and destroyed.

Mr. Skeen: Why discriminate against private landowners in WS?

Response: Our intention is not to discriminate against private landowners who benefit from Wildlife Services. The Budget represents a balanced program of spending by both the Federal government and beneficiaries, while still providing a substantial amount of funding to provide the infrastructure of employees who perform the services farmers and ranchers will receive. In this context, the general tenet of having clear individual beneficiaries of Government services bear a larger share of the costs seems to be applicable in the case of Wildlife Services.

Mr. Skeen: What are civil penalty "stipulations" (p. 14g-19) as opposed to civil penalties?

Response: The "stipulation" is a mechanism used to settle violations at the Agency level prior to initiating formal administrative or criminal action. Upon receipt and review of the investigative file, APHIS sends violators a civil penalty stipulation which is an offer to settle for a reduced fine if the violator agrees to waive their right to a hearing before an Administrative Law Judge. We routinely use stipulations for first time violators and minor violations. This allows us to resolve cases in a fraction of the time it takes for formal administrative prosecution. This results in significantly lower costs to the Department allowing APHIS to handle a much larger workload of violation cases. Cases not resolved by the stipulation mechanism require formal administrative procedures.

GRASSHOPPER/MORMON CRICKET

Mr. Skeen: What is APHIS's estimate of the need for funds to combat grasshoppers and Mormon crickets in Western states in FY 2000 and FY 2001?

Response: We will conduct spring predictive surveys to determine the needs for crop protection programs. At this time, there is no clear indication of the funds required for the crop protection programs in FY 2000.

The FY 2001 funding needs to combat grasshoppers and Mormon crickets will depend on this year's weather conditions--lack of a cool, damp spring will promote the development of high grasshopper/Mormon cricket populations in areas where they previously existed. Dry weather conditions in the spring exacerbate higher grasshopper/Mormon cricket populations because there will be increased numbers of grasshopper/Mormon cricket eggs laid and less forage, increasing the competition between livestock and the pests for survival. While we can not predict at this time what our funding needs will be in FY 2001, we do know that we will need to continue survey work to determine where problems will exist and how to combat them.

RABIES CONTROL

Mr. Skeen: If rabies in raccoons is spreading (p. 14g-37) why reduce wildlife services operations?

Reponse: The budget request proposes that state and local cooperators assume a greater share of the costs for wildlife services activities, including rabies control. The budget request reflects funding based on competing priorities.

SCREWWORM

Mr. Skeen: When was the most recent cost-benefit analysis of moving the screwworm facility from Mexico to Panama?

Response: The most recent cost-benefit analysis was completed in 1985 with regards to moving the screwworm production facility from Mexico to Panama. This study was reviewed and reverified in 1991 as part of the development of the 6-Year Strategic Screwworm Eradication Program for Central America. It was also reviewed as part of the Dr. Eden and the Arthur Anderson Privatization Studies in 1995 and 1997.

Mr. Skeen: Do you plan to do another cost-benefit analysis before the move from Mexico to Panama?

Response: We do not plan on another cost-benefit study before making the final move of the screwworm production facility from Mexico to Panama. We know that the plant in Mexico's operating costs are too high because of its antiquated design--the entire facility must be in operation while only producing 30 percent of its potential.

The continued cost of transporting pupae from Mexico to Panama is also an important factor. Currently each shipment of pupae from Mexico costs $2,850 plus the $29,000 monthly cost to maintain two aircraft for pupal transport. In a 10-year period our costs would be approximately $8.7 million. In addition, the quality of the pupae would suffer because we would be holding over newly-produced pupae for 1 day to make a shipment worthwhile.

In addition to monetary considerations, we are basing the decision to move the plant on other important factors. The program considers the issue of biosecurity to be a top priority. On any given day within the Mexico Plant there are 54 million fertile adult flies and developing pupae within the brood colony, as well as other pupae and larvae that may emerge as fertile adults. This quantity of fertile material located inside a screwworm-free country so close to the United States constitutes a real threat. The costs of re-eradicating screwworm from Mexico would be high. The new plant in Panama will be located within the barrier zone and will continue to receive airdrops of sterilized flies.

WILDLIFE SERVICES BUDGET

Mr. Skeen: Included in the Administration's fiscal year 2001 budget request is a proposal to continue providing $1.2 million for Wildlife Services' aerial safety program. Please specify how these funds are being used. Are the safety concerns being addressed with this level of funding?

Response: APHIS is addressing the most pressing issues to alleviate safety concerns using the $1.2 million appropriated in FY 2000. This is the same level of funding as provided in FY 1999. In FY 2000, APHIS has identified $657,000 in recurring costs associated with corrective measures undertaken in FY 1999. We will implement as many recommendations as possible with the $543,000 of available, nonrecurring funds. The major items include continuation of conversion from piston engine helicopters to turbine engine aircraft (including replacement of 2 helicopters); modification of Agency-owned aircraft; training; continuing with the standardization of pilot grades and series; additional pilot positions and permanent flight crew members; aircraft communication equipment; and acquisition of additional leased

aircraft. While an additional $1.9 million is needed to complete the recommendations of the Aviation Safety Review Board, we will prioritize needs within the available $1.2 million.

WOLF CONTROL

Mr. Skeen: Wolves in Wyoming, Montana, and Idaho continue to expand their numbers and range. Over the past four years, the wolf population in these three states has more than tripled (101 wolves in 1995 to 332 in 1999). Wildlife Services cooperates with the States and the US Fish and Wildlife Service to control Wolves that prey on livestock. Is Wildlife Services able to provide adequate services with existing resources?

Response: In FY 1999, APHIS employees investigated 124 wolf complaints, verified 37 incidents of damage, and captured 29 animals in the three-state area, with the majority of the activity occurring in Montana. In FY 2000, APHIS increased assistance to Montana livestock producers. With expanding wolf populations in the three-state area, resources will be stretched as APHIS-Wildlife Services is increasingly called upon to respond to problems of livestock depredation.

Mr. Skeen: What impact are the wolf/livestock incidents having on Wildlife Services' ability to provide other routine activities?

Reponse: APHIS's responsibility has increased significantly as a result of the wolf recovery efforts in Montana, Idaho, and Wyoming. There are over 300 wolves in these three states, and the populations have begun dispersal from Yellowstone Park and Idaho into neighboring states. These increasing populations have made it necessary for APHIS-Wildlife Services to divert resources from other predator control activities.

Mr. Skeen: Please update the table that appears on page 594 of last year's hearing record showing scrapie program spending to include fiscal year 1999 actuals and fiscal year 2000 estimates.

Response: The information follows:

Scrapie Program Spending

ACTIVITY	FY 1998	FY 1999	FY 2000 (est.)	TOTAL
Research.....	$194,000	$114,000	$34,000	$342,000
Other.....	2,582,625	2,735,830	2,955,000	8,273,455
TOTAL.....	$2,776,625	$2,849,830	$2,989,000	$8,615,455

Mr. Skeen: Did APHIS make a regulatory change regarding residential breeders of cats and dogs? If so, what is the affect of this change?

Response: In response to the Doris Day Animal League lawsuit, APHIS considered a regulatory change that would impact a large number of retail dog and cat breeders by bringing them under our regulatory authority. In June 1998, APHIS published an advance notice of proposed rulemaking requesting information on the potential impact such a change could have on APHIS as well as the regulated community. We reviewed those comments and decided not to change the definition of retail pet stores. However, we did agree to regulate wholesale dealers/breeders of dogs intended primarily for hunting, security, and breeding purposes.

Questions submitted by Ms. Kaptur

PEST AND DISEASE CONTROL

Ms. Kaptur: What federal programs are available to help farmers and ranchers meet the cost of controlling pests and diseases?

Response: In FY 1999 APHIS spent $208 million for programs to detect, prevent, manage, and eradicate pests and diseases which are harmful to the agricultural and pursuits of farmers and ranchers. This included $90 million for ongoing programs including aquaculture, biological control, boll weevil eradication, brucellosis eradication, emerging plant pests, golden nematode, gypsy moth, noxious weeds, pink bollworm, pseudorabies eradication, scrapie eradication, bovine tuberculosis eradication, wildlife services operations, and witchweed eradication. The remaining $118 million was spent for emergency programs including Mediterranean fruit fly--Medfly--eradication, citrus canker eradication, and accelerated pseudorabies eradication.

COMPENSATION LOSSES

Ms. Kaptur: What, if any, programs are available to help compensate for losses caused by pests and diseases, including losses incurred as a result of a need to destroy trees, crops, or animals to prevent the spread of disease?

Response: In FY 1999, APHIS spent approximately $63 million in compensation payments and indemnities to assist farmers and growers in replacing crops or animals destroyed in connection with efforts to prevent the spread of disease. Of this amount, $57 million represents CCC funds transferred to APHIS and subsequently paid to producers for destruction of animals in connection with the accelerated pseudorabies eradication program. Other programs in which funds were spent for compensation payments and indemnities include brucellosis, pseudorabies, scrapie, and tuberculosis eradication; disposal of cattle condemned at slaughter for neurological disease; imported sheep from Belgium; and karnal bunt. In FY 2000, APHIS plans to provide for tree replacement in connection with the Plum pox emergency. APHIS did not spend any Federal funds to replace trees destroyed in FY 1999; however, in FY 2000 we plan to spend an estimated $16 million for this purpose ($9 million for commercial and $7 million for noncommercial tree replacement) under authority of Public Law 106-133, Title II, Section 204 (Consolidated Appropriation Act). In no case did APHIS provide Federal funds to assist beyond the cost of replacement of animals or crops destroyed, i.e., for economic or other losses.

Ms. Kaptur: Is there a general federal policy on providing compensation in such cases? Does it depend on the circumstances? Are we just doing this on an *ad hoc* basis?

Response: There is not a specific federal policy on providing compensation. The Secretary has authority to declare an extraordinary emergency in cases where he deems a disease or pest poses a threat to an industry in the United States, or would seriously burden interstate and foreign commerce. Factors in deciding whether the Secretary uses his authority to declare an extraordinary emergency, and thus allow payment of compensation, include a program's objectives, the threat to interstate commerce and the affected industry, whether or not compensation is mandated, the degree of industry or State cooperation, availability of agency or alternative sources of funding, and the risk that infection may go unreported if compensation is not made available.

INSTITUTE FOR WILDLIFE DAMAGE ECONOMICS

Ms. Kaptur: Under Secretary Dunn, does USDA and APHIS support establishing an Institute for Wildlife Damage Economics at North Dakota University in Fargo, ND?

Response: APHIS supports the creation of an Institute for Wildlife Damage Economics at North Dakota State University in Fargo, North Dakota. Wildlife-human interactions result in significant losses annually. It is important to analyze the economic impact of these interactions to prioritize research efforts and develop effective management policies that optimize returns on private and public expenditures for wildlife damage management. The establishment of an Institute for Wildlife Damage Economics would provide graduate and undergraduate training in the economic foundations of wildlife damage management. This institute would be the only one dedicated to wildlife damage economics in the United States, if not the world.

The Institute for Wildlife Damage Economics would help APHIS in: developing a pool of professionals trained in the application of economic principles of wildlife management methods; fostering an increased appreciation of the economic benefits of wildlife damage management throughout the wildlife profession; and providing data, analysis and expertise to help agencies comply with the Government Performance and Results Act. While APHIS supports the creation of the institute, there is no funding request for it in the proposed budget.

RISK ANALYSIS AND SAFEGUARDING

Ms. Kaptur: In your testimony you talked about a 132-page report from the National Plant Board that made recommendations for more collaborative approaches to risk analysis and other safeguarding mission functions. Can you summarize this report for us, highlight its major conclusions, and tell us how your budget proposal reflects those recommendations and conclusions?

Response: The National Plant Board's--NPB--safeguarding report proposed 306 recommendations designed to transform APHIS into "an Agency that effectively safeguards American plant resources in a global marketplace." These recommendations can be categorized into four major areas: pest exclusion, international information, pest permits, and pest detection and response. To address these recommendations, we identified 17 issue areas. These issue areas address issues such as leadership and organizational structure, civil penalties, information technology, pest detection and response, and risk management. We have also established 17 committees--comprised of representatives from APHIS, the NPB, and stakeholders--to evaluate the recommendations in each area. Committee leaders helped develop the organizational structure, evaluation criteria, and templates that we will use to develop action plans to implement the recommendations. These processes will ensure a thorough and consistent evaluation of each recommendation and will provide clear mechanisms for review, accountability, and implementation. Currently, each committee is developing and prioritizing action plans for three to five projects within its particular issue area. In late March, we will convene a meeting of all committees to discuss the progress they have made on their action plans. Some plans will be completed by then, while others will not be completed until the fall of 2000. We will be able to implement some of the earlier action plans before FY 2001.

FOREIGN ANIMAL DISEASE OUTBREAKS

Ms. Kaptur: You also talk about the need for a nation-wide emergency animal disease response system. While I do not doubt the value, I get concerned about what will be done to educate the public about the reasons for

this system so that they can view the system as reassuring rather than threatening. What kind of public education component is included in your budget request? If it doesn't include this effort, what would be required and how would you go about providing this education?

Response: APHIS has included nearly $1 million in the FY 2001 President's budget for public education and training for private practitioners, State and Federal emergency managers, and possibly farm managers in the awareness, recognition, and proper response to foreign animal disease--FAD--outbreaks. APHIS believes that an education program, aimed at informing local, State, and Federal agriculture personnel to the threats of FADs, is an important first step in protecting the Nation's food supply. Therefore, APHIS will initiate the development of an animal health awareness education program for agriculture personnel. The program will have a website-based component which will be available for distance learning via the Internet. APHIS will contract with a University, preferably a leading Veterinary College, to develop the program. APHIS also will use various other media including print and multimedia to educate the public on potential threats to animal health and APHIS' role in responding to these threats. In addition, APHIS has hired a public relations specialist to work with the industry and public to keep them informed of its animal health programs. APHIS also has been involved with publishing several articles pertaining to emergency management on the Federal Emergency Management Agency's website.

Ms. Kaptur: Last year we also talked about whether or not there was any way to hold an exporting country or company liable for the damage caused by a pest or diseases introduced to the United States by that exporter. Has anything happened over the past year to change your authority in this regard, or has the Administration further developed it position or own proposal?

Response: The United States does not have the authority to hold an exporting country or company liable for damages caused by pests or diseases introduced through trade. We do, however, have emergency powers to restrict trade based on perceived threats. As trade partners have the right to demand proof that our products are not going to adversely affect their agriculture, we may quarantine products coming from countries from which we believe there is danger of introducing foreign pests or diseases.

Carriers, brokers, and importers who conduct business in the US are subject to punishment for violating trade regulations. Foreign countries and exporters operating outside of the U.S., however, are not under the jurisdiction of the U.S. government and cannot be punished.

FOREIGN PESTS AND DISEASES

Ms. Kaptur: At this point, which five countries do you think offer the greatest risk for the transmittal of pests and diseases, and what are you doing to deal with that threat?

Response: There are two large threats which currently call for APHIS' attention to prevent harm to U.S. agriculture. The first is the presence of Mediterranean fruit fly outbreaks in the southern part of Mexico. If the Medfly were to enter into greater Mexico, it would be impossible to prevent the movement of the pest into the U.S. This would result in billions of dollars of losses for our agricultural producers in terms of control efforts and lost trade. APHIS is working with the government of Mexico and has transferred Commodity Credit Corporation funds in FY 1999 and 2000 to begin work in Mexico and Guatemala. To continue this work, we have requested an increase of $23.2 million in the FY 2001 budget. The goal is to push Medfly to Guatemala and establish a viable barrier there to prevent movement of Medfly into greater Mexico. Which could have serious consequences for the spread of this infestation into the United States within the next few years.

Another significant issue is the existence of classical swine fever on the island of Hispanola. Due to the frequent travel between the US and these two countries, it is difficult to prevent the transfer of the disease to the U.S. Reintroduction of classical swine fever would result in significant losses to the US pork industry. APHIS has transferred Commodity Credit Corporation funds to this emergency. We will sign an agreement with the Dominican Republic to cooperate on control efforts. An APHIS veterinarian will go to the island. Programs will include a passenger predeparture initiative and domestic surveillance of swine herds.

Beyond these two areas, it would be difficult to pinpoint countries that pose the biggest risk to U.S. agriculture. There are many pests and diseases, both plant and animal, that concern APHIS officials. These pests and diseases are usually not limited to one country, but rather exist throughout regions, such as BSE in Europe. With increased international trade and travel comes greater risk of introductions of exotic diseases into the U.S. More vigilance is required to mitigate these risks.

CITRUS CANKER

Ms. Kaptur: Many people think of your work as an effort that is overwhelmingly rural. However, I found it fascinating that in Florida you had to destroy more than 158,000 trees infected with citrus canker on more than 74,000 residential properties. How would you identify the split of your resources between urban and rural areas?

Response: We would identify the split of our citrus canker resources as being 80 percent urban and 20 percent rural. This disease has serious effects on dooryard trees, as well as the commercial citrus industry. Most of our activity is in urban areas because canker was first found and spread in these areas. It will continue to spread by natural movement throughout citrus production areas unless it is eradicated.

Ms. Kaptur: What was the response of the residential owners with whom you worked on citrus canker?

Response: There is considerable reluctance among residential owners to cooperate in the destruction of their trees, especially when it involves what appears to be healthy trees. But current eradication procedures rely upon establishing a buffer around diseased trees in order to reduce the risk of spread. Since 1995, we have had to remove over 200,000 residential trees and plan to remove over one million more in the next year. The program mitigated the owner's reluctance by providing vouchers redeemable at local stores for replacement trees not susceptible to citrus canker.

RABIES CONTROL

Ms. Kaptur: You also testified about rabies in raccoons spreading around the country, including westward across Ohio. Can you more fully describe the nature of this problem, what states and state agencies are involved, and what resources are provided in the current fiscal year as well as your FY 01 request to deal with this problem?

Response: APHIS has been involved in a multi-state effort to control rabies in coyotes, gray foxes, and raccoons. To alleviate the rabies threats to humans, livestock, and wildlife, APHIS cooperates with various States with identified wildlife rabies problems. Cooperators in rabies control efforts include State Health Departments, State departments of agriculture, local wildlife agencies, Ontario Ministry of Natural Resources, Cornell University, CDC officials, Southeastern Disease Study Group at the University of Georgia at Athens, Texas National Guard, and others.

In Texas there have been two ongoing epizootics since 1988, canine and gray fox. In 1988 a rabies epizootic began in coyotes in south Texas. The outbreak resulted in two human deaths in 1990 and 1994, which led then Governor Ann Richards to declare a public health emergency in the State. At the same time, a gray fox epizootic was spreading in Central Texas. In December 1999, a 6 year old girl and her 3 year old brother were attacked by a rabid fox in their back yard in Sanderson, Texas, illustrating the danger of the disease spreading into increasingly populated areas.

Raccoon rabies is present throughout the Northeastern United States. The current risk is that the disease is spreading and threatens to move into the Midwest states and Canada. Ohio has spent $7.5 million since 1998 to establish a vaccination barrier against raccoon rabies on its Eastern border. This barrier, which extends from Lake Erie to East Liverpool, Ohio, is located in a strategic region for preventing the westward spread of raccoon rabies. APHIS has spent $1.2 million aiding Ohio to establish and maintain the vaccination barrier since 1998.

The raccoon rabies epizootic extends into Vermont, New York, and other States of the Northeast which have a common border with Canada. For this region, there is a threat of expansion northward into much of the heavily populated areas in Canada. APHIS has committed $1 million since 1998 toward establishing a vaccination barrier to prevent the northward movement of the disease. APHIS collaborates with the Departments of Health in Vermont and New York, several New York Counties, Cornell University, and the Canadian provinces of Quebec and Ontario in this endeavor.

The northeast vaccination zone runs along the US-Canadian border. It currently extends from the Niagara Frontier in western New York to the St. Lawrence River Valley, the upper Lake Champlain Valley, and terminates in north central Vermont. A gap in the barrier needs to be filled from its eastern point to the Connecticut River Valley in eastern Vermont and New Hampshire.

APHIS and its cooperators have an opportunity to contain the movement of the disease by bridging the gaps in the barriers before the currently vaccinated area is compromised. The further north and west the disease moves, the more likelihood of human, domestic pet, and livestock exposure to infected wildlife. This would raise the medical and animal control costs associated with exposure to raccoon rabies.

In FY 2000, APHIS is spending $1.5 million to assist in the control of coyote, fox, and raccoon rabies in Texas, Vermont, Ohio, and New York. In the FY 2001 budget, which requests a $2.7 million reduction, we have not determined how much, if any, of the reduction would be made in rabies activities.

Ms. Kaptur: Can you more completely describe the rabies control program operated in each of the States, including Ohio, and identify for us which states could or should be doing more?

Response: APHIS is currently providing assistance to the States of Texas, Ohio, New York, and Vermont in an effort to control canine, fox, and raccoon rabies.

In 1995, the Texas Department of Health began an Oral Rabies Vaccination Program--ORVP--with the goal of containing the two epizootics by creating barriers of vaccinated animals. The Texas ORVP has distributed 13 million doses of vaccine over 206,000 square miles in Texas. From March 1996 until October 1999, the program managed to maintain a barrier to the north and east of the rabies infected area with the help of APHIS. Since then, the State of Texas has been unable to continue the entire program throughout all of the infected areas. They are maintaining only the eastern side of the former gray fox barrier, near the larger human population centers. Failing to maintain the integrity of this barrier at this time would allow the gray rabies epizootic to spread beyond the reaches of its former range and head into rural and populated areas in the north and east, potentially exposing humans,

livestock, and domestic pets to rabies. In addition, expansion of the gray fox epizootic will negate the efforts that the State and APHIS have already undertaken. Recent human exposures to rabid foxes in Sanderson, Texas underscore the need to take immediate action to reduce the threat of rabies.

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The goal of the Ohio regional cooperative management plan is to expand the barrier so that its southern edge articulates with the Appalachian Mountains to provide an integrated natural immune barrier to prevent the westward expansion of the disease. By bridging the gap between the current Ohio barrier and the Appalachian Mountains, the program will reduce the risk of the disease entering Midwestern states. If raccoon rabies should spread to these states, it will increasingly threaten human populations, livestock, and domestic pets and significantly raise control costs throughout the region.

Recently, however, there has been evidence that the current barrier may not be adequate to prevent westward expansion of raccoon rabies. The West Virginia Department of Health has confirmed a rabid raccoon in the State, which is beyond the southern reaches of the current barrier. Unlike Ohio, West Virginia has not implemented a significant effort to control wildlife rabies; nor has Pennsylvania. West Virginia is unable to expand the Ohio barrier southward to the Appalachian ridge to stop the westward movement of the disease and Pennsylvania has not reinforced the barrier along its border with Ohio.

The raccoon rabies epizootic also extends into Vermont, New York, and other States of the Northeast which have a common border with Canada. For this region, there is a threat of expansion northward into much of the heavily populated areas in Canada. APHIS has committed $1 million since 1998 toward establishing a vaccination barrier to prevent the northward movement of the disease. APHIS collaborates with the Departments of Health in Vermont and New York, several New York Counties, Cornell University, and the Canadian provinces of Quebec and Ontario in this endeavor.

The northeast vaccination zone runs along the US-Canadian border. It currently extends from the Niagara Frontier in western New York to the St. Lawrence River Valley, the upper Lake Champlain Valley, and terminates in north central Vermont. A gap in the barrier needs to be filled from its eastern point to the Connecticut River Valley in eastern Vermont and New Hampshire.

APHIS and its cooperators have an opportunity to contain the movement of the disease by bridging the gaps in the barriers before the currently vaccinated area is compromised. This area is particularly susceptible due to the large raccoon populations present along the river systems and which can vector the disease. The further north and west the disease moves, the more likelihood of human, domestic pet, and livestock exposure to infected wildlife. This would raise the medical and animal control costs associated with exposure to raccoon rabies.

ILLEGAL IMPORTATION OF PLANT AND WOOD PRODUCTS

Ms. Kaptur: Is APHIS able to do an adequate job of investigating violations involving illegal importation of plant and wood products? Your budget justifications indicate that the number of APHIS field investigators has dropped from 73 in FY 1992 to 56 in the current year. Given the potentially devastating consequences of these violations, shouldn't we be doing more--not less--in this area?

Response: We agree that the steady erosion of purchasing power in this program is cutting into the muscle of our enforcement efforts, and needs to be addressed. The program has not had a substantive budget increase in 8 years, which means that as positions become vacant we lack the resources to fill them. Because over 75 percent of the program's costs are for salary and benefits, annual cost-of-living increases consume approximately $100,000 each year, which we have been forced to fund through attrition. With fewer investigators in the field, the number of cases handled has dropped from over 2,500 in 1992 to today's level of about 1,500. With the increase in trade and traffic through our border ports, we are increasingly unable to provide investigative and enforcement support in as timely a manner as we would like. Our proposed funding increase request is a step toward ameliorating the situation.

Ms. Kaptur: In addition to a possible shortage of investigators, are current laws and penalties adequate to discourage illegal imports of prohibited agricultural and wood products?

Response: No, we do not believe they are adequate. The present maximum civil penalty of $1,000 per violation for most illegal importation tends to be viewed as little more than "another cost of doing business" by those with intent to violate the agricultural quarantine laws. In addition, the current laws do not provide authority for the Department to issue a subpoena to require testimony or the production of documents. Requiring the attendance and testimony of witnesses at administrative hearings is a key factor in pursuing successful prosecution of illegal importation. The subpoena is also needed to obtain records necessary to trace the pathway and identify the smuggler of illegal fruits and vegetables being offered for sale in the United States. We advocate passage of the proposed Plant Protection Act, which would increase civil penalties for illegal importation to a maximum of $250,000 per violation--with limits of $50,000 for an individual--and provide the Department with subpoena authority.

Ms. Kaptur: Is there a need for stronger penalties against those who willfully violate the agricultural quarantine laws?

Response: We believe there is a definite need for stronger penalties. The current penalties have not kept pace with inflation and must be significantly increased to discourage the willful smuggling of prohibited animal and plant products, diseases, and pests. The passage of the Plant Protection Act would significantly increase the maximum civil penalties for violators. This would allow the Agency to continue assessing minor civil penalties against those moving regulated articles not for monetary gain, and to pursue commercial violators with a penalty commensurate with that activity. This would encourage voluntary compliance and deter both large and small entities from future violations.

EMERGENCY FUNDING

Ms. Kaptur: One of the basic themes of this year's APHIS budget is replacing emergency funding that has come through the special authorities of the CCC in past years with appropriated funding for APHIS. This seems to account for the bulk of the $74 million appropriations increase being requested. Yet the proposed appropriations would produce *less* funding for control of pest and disease emergencies than has recently been available through the CCC. Why the change?

Response: We are requesting funds through the appropriations process in amounts which we believe will be adequate to deal effectively with the citrus canker, Asian Longhorned Beetle, and Medfly infestations in FY 2001. We did

not feel it was appropriate to continue to rely on CCC funding when it became apparent that these programs would require more than 2 years to complete. Also, using the appropriations process provides the Congress with the opportunity for oversight of the program.

Ms. Kaptur: Authority exists in current law -- reaffirmed in annual appropriations acts -- to rely on the CCC for funds to deal with such emergencies. Why not continue to use the authority you have? Given the tight constraints facing the Appropriations Committee, I would not be optimistic about being able to fully make up for reduced CCC funding with higher discretionary appropriations.

Response: The Secretary's emergency transfer authority is a vital tool in enabling APHIS to respond quickly and effectively to incursions of exotic pests and diseases. The difficult issue is trying to determine the best funding mechanism when a given pest or disease incursion requires a multi-year eradication effort. Because we know that it will take more than 2 years to complete the citrus canker, ALB, and Medfly programs, we believed requesting funds through the regular budget process is appropriate. The distinction therefore is between emergency needs that require immediate response, that cannot be accommodated within the normal appropriations, for which CCC is appropriate; and anticipated outyear costs which we can project, and for which there is no time to seek Congressional guidance.

Ms. Kaptur: How much money has been transferred from the CCC to APHIS in each of the last three years for emergencies involving pests and diseases? Please indicate the specific purposes of each transfer and the amounts involved for each purpose.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY TRANSFERS, FY 1997 - FY 1999

Year and Purpose	Amount
FY 1997, Total	**$29,310,862**
Karnal bunt	$25,399,072
Medfly	3,911,790
FY 1998, Total	**30,991,288**
Karnal bunt	10,800,000
Karnal bunt	3,622,500
Karnal bunt	4,132,083
Fruit Fly	12,436,705
FY 1999, Total	**142,939,736**
Asian Longhorned beetle	5,509,920
Asian Longhorned beetle	1,400,000
Citrus Canker	25,000,000
Classical swine fever	5,294,816
Fruit Fly	3,159,000
Fruit Fly	22,576,000
Pseudorabies	80,000,000

EMERGENCY MANAGEMENT SYSTEM

Ms. Kaptur: You are asking for an increase of about $5 million to implement a new emergency management system. What is this system? What will it do?

Response: The emergency management system will protect our nation's food supply from all types of animal health events, both intentional and unintentional, and help reduce losses to U.S. Agriculture industries. We will accomplish this goal through a comprehensive, risk-based, emergency management program of mitigation, preparedness, response, and recovery. APHIS will work with State and local emergency managers, the military, the Federal Emergency Management Agency, and intelligence agencies to reduce risks, strengthen support systems, and help the agricultural community prepare for and deal with animal health emergencies. Mitigation is a key element to emergency management because it helps to reduce losses up front so fewer resources are needed in the event of an animal disease outbreak. Mitigation includes ongoing efforts to reduce or eliminate disease and pest risk to animal populations. For example, farms and stockyards can change biosecurity or management practices to reduce their susceptibility to certain diseases. Other mitigation efforts include international animal disease surveillance; animal disease risk assessments; and regionalization.

Another key element to emergency management is preparedness. This element includes training, public education, test exercises, and response planning at the Federal, State, and local levels. These activities ensure that when an event occurs, emergency managers will be ready to provide the best response. In this area, APHIS will fund an education campaign using various media aimed at providing information on FAD's to Federal, State, and local governments, industry, and the public. APHIS also will fund specialized training in emergency management to Federal and State emergency managers and possibly farm managers. In addition, APHIS will prepare or update six disease response plans and conduct one National and two regional test exercises. Response and recovery also are key elements to emergency management. This involves those activities undertaken to contain, control, and eradicate a FAD.

APHIS will position emergency managers in the field to assist State and local governments in establishing animal health emergency standards and provide support in actual responses; establish a genetic fingerprinting library for numerous disease agents; and continue to develop epidemiologic investigation and geographic information systems. APHIS also will partially equip the Emergency Management Operations Center--EMOC--in Riverdale, Maryland. APHIS will equip the facility with the latest communications technology used for information gathering and dissemination including Intel connections, data search tools, software, GIS mapping capabilities, and visually enhanced display devices. The EMOC will be a state-of-the-art facility to serve the US agriculture community and the public.

This system will enable the Agency to improve its response to agriculture disease events that threaten the economic viability of the U.S. animal industries and the safety of the U.S. food supply. Studies indicate that a FAD introduction into the United States could result in losses in the billions of dollars to the U.S. livestock and poultry industries. A recent study from California suggests that losses from an outbreak of foot-and-mouth disease--FMD--could range from $6 to $13 billion in just 1 month. The study also predicts that for each day of delay in controlling the outbreak, $1 billion per day could be lost in trade sanctions. The Netherlands, whose animal health infrastructure is similar to ours, lost a total of $3.3 billion in a recent outbreak of Classical Swine Fever. Taiwan's once lucrative billion dollar pork export market literally disappeared overnight following the diagnosis of FMD in March 1997. Taiwan's losses to FMD are expected to reach $25 billion.

ANIMAL WELFARE

Ms. Kaptur: You are proposing an almost 50 percent increase for animal welfare activities, an area in which I understand there is a large unmet need. Could you please elaborate on the needs that exist in this area and the purposes of the proposed increase.

Response: The Animal Care inspection force has been reduced from 86 field inspectors in 1992, to 64 field inspectors in 1999. In addition, the number of compliance inspections performed per year has decreased from 17,764 to 9,096 over the same time frame. The number of animal sites subject to inspection have remained relatively constant at approximately 10,400. This lower inspection level is insufficient to ensure adequate enforcement of the Animal Welfare Act--AWA. During this time, several lawsuits have been filed against the Agency demanding increased coverage under the provisions of the AWA. In addition, Office of the Inspector General audits of AWA inspections found that "APHIS does not ensure all sites are periodically inspected: and "APHIS did not perform all required reinspections."

This increase will allow APHIS to maintain all current activities, increase the number of inspections, and improve follow-up to verify correction of violations found during these inspections. APHIS will hire additional inspectors, train them, and purchase necessary equipment. We would also increase searches conducted for unlicensed or unregistered facilities and other illegal activities under the AWA. We would handle animal care complaints more quickly and would make complaint follow-up inspections. As hiring and training allows, program activity will begin to return to the 1992 level of inspection. With an additional 25 inspectors, routine compliance inspections would return to approximately 17,000 per year by FY 2002 or 2003, an increase of 7,000 inspections compared to 1999. Prelicensing inspections could increase to over 2,000 compared to 1,400 for 1999. This increase will enhance the enforcement of the AWA and ensure the humane care and treatment of animals at facilities covered by the AWA.

APHIS will also expand its outreach efforts to the general public and regulated facilities by increasing the amount of educational material available, participating in more industry meetings, and developing industry specific training courses. Additionally, APHIS employees would receive continual animal welfare training to improve the consistency and quality of AWA inspections.

VETERINARIAN SHORTAGE

Ms. Kaptur: Is there a shortage of veterinarians in US agricultural schools? If so, what might be the reason?

Response: According to the Association of American Veterinary Colleges--AAVC, there is no shortage of veterinary students in U.S. veterinary colleges. In fact, the number of individuals applying to these colleges has increased in recent years, from 4,296 in 1991 to 6,695 in 1999. Of the 6,695 individuals applying to veterinary colleges in 1999, 1,674 were accepted. Due to limited slots, these colleges are only able to select 1 out of every 4 applicants. Last year, a total of 2,462 students graduated from veterinary colleges within the United States. Most of these graduates pursued employment in private and group practices; food and pharmaceutical companies; state and local governments; and the Federal Government. The AAVC admits that in some areas of the country there may be a shortage of veterinarians, while other areas may have a surplus.

Questions submitted by Mr. Dickey

CORMORANTS

Mr. Dickey: The large and growing cormorant population continues to pose a major threat to industrial and recreational fisheries. Last year the Wildlife Services said it was investigating how to address the problem with cormorants destroying the fish population. Please give me a status report on this effort.

Response: APHIS's Wildlife Services is involved in several activities aimed at controlling the cormorant depredation of aquaculture. APHIS is currently conducting research activities at its Starkville, Mississippi Research Station to develop control methods to reduce aquaculture damage by fish eating-birds in the mid-South. APHIS is cooperating with the US Fish and Wildlife Service--FWS--in the development of an Environmental Impact Statement--EIS--that will lead to a cormorant management plan for mitigating damage to aquaculture facilities. We expect the FWS to complete the EIS and management plan in the fall of 2001. In addition FWS, working with Wildlife Services, developed a depredation order for aquaculture producers in the mid-south, allowing them to control cormorant populations affecting their ponds without a permit. APHIS is assisting implementing the depredation order by certifying producer-use of non-lethal methods prior to their implementation of lethal control.

In addition, APHIS increased assistance in FY 2000 to aquaculture producers. APHIS stationed a new aquaculture biologist in Blountstown, Florida to provide on-site assistance to producers in the area.

Mr. Dickey: Can we solve this cormorant problem by issuing population limitation permits to Wildlife Services employees?

Response: The ability to control cormorant numbers can be enhanced by providing WS the opportunity to work with the States and the private sector to implement a comprehensive cormorant depredation management program. At the present time, WS can only implement cormorant management activities if WS employees have a migratory bird depredation permit issued by the US Fish and Wildlife Service.

Mr. Dickey: Could the cormorant problem be related to regulations under the National Environmental Policy Act (NEPA)? It has become an expensive bureaucratic nightmare for the folks in my district. Is there any way that we can get migratory bird management under the framework of NEPA?

Response: APHIS must comply with NEPA regulations before implementing any action. NEPA compliance for a state cormorant control program would probably require an Environmental Assessment. APHIS must obtain a migratory bird depredation permit to conduct cormorant work. These are both very time consuming processes. The private sector activities do not require NEPA compliance and aquaculture producers can take action against cormorants without a permit under the authority of the cormorant depredation order. WS will not operate without NEPA compliance and a migratory bird depredation permit.

NATIONAL ENVIRONMENTAL POLICY ACT

Mr. Dickey: The Wildlife Services program allocates $500,000 for NEPA compliance in the West but nothing in the East. For predatory control, the West gets $16 million while the East gets only $6 million. Would more equitable funding help address this problem?

Response: The $500,000 allocation for Western Region NEPA compliance is the result of direction that the Appropriations Committee first made in FY 1995 and has continued since then. The scope of the program is larger in the West and the Committee recognized the substantial NEPA compliance costs and provided the funding. We understand that program activities and, consequently, NEPA compliance costs are increasing in the East. However, appropriations have not allowed us to expand to meet demands in the East or the West.

In addition we use appropriated funds to match cost sharing funds from cooperators such as State, county, and local entities. Significant shifts in our allocation of appropriated funds would skew the current balance we are trying to achieve and would result in a loss in cooperative funds in the West.

Questions submitted by Mr. Bonilla

WILDLIFE SERVICES REDUCTION

Mr. Bonilla: Within the President's budget proposal for USDA, APHIS/WS is recommended for a $3.5 million reduction while APHIS/Animal Care is recommended for over a $5 million increase. It appears that funding is begin diverted from Wildlife Services to Animal Care. What is the rationale for this?

Response: We are not diverting funding from Wildlife Services to Animal Care. In fact, under the President's Budget, Federal taxpayer support for both programs would be reduced while overall program operations would increase or remain steady. For Wildlife Services, the budget recommends that cooperating agencies and individuals take on a larger share of the costs for projects currently underway. Activities would remain at the current level, but a larger proportion would be funded by the beneficiaries. For animal welfare, it is true that additional resources would be devoted to program inspections to address a steady decline in purchasing power and inspections over the past decade. APHIS inspections declined in 17,764 in 1992 to 10,709 in 1998. However, at the same time we are proposing that one-third of the animal welfare program be funded from new user fees which would have the net effect of reducing the program's cost to taxpayers in FY 2001 compared to FY 2000.

Mr. Bonilla: The President's budget proposes an overall budget reduction of $2.7 million to the Wildlife Services operations line item and recommends that cooperators assume a larger share of the program's costs. How much are cooperators already paying? If cooperators are unable to pay more, what programs will APHIS reduce to meet this objective?

Response: Wildlife Services cooperators are paying more than 50 percent of the cost of shared program services. APHIS share for these programs was $20,995,742 in FY 1999, while cooperators paid $32,603,963. APHIS' share of the cooperative funds include Congressional directives, human health and safety work, protection of endangered species, and basic infrastructure. If these Federal costs are excluded from the cooperative calculations, cooperators in every state pay at least 50 percent of the cost for the services that APHIS provides.

We have not placed into priority order how we would implement program reductions if cooperators are unable to assume a larger share of the costs of providing services.

Mr. Bonilla: The $2.7 million reduction to the APHIS/WS operations line item in the President's proposed budget is misleading. It is my understanding that it consists of a program reduction of $3,234,000 and pay cost increase of $523,000. Please clarify this. What is the real impact to the program?

Response: You are correct. Our budget request is $28,684,000. This is a decrease of $2,711,000 from the FY 2000 appropriation of $31,395,000. The request includes $523,000 for pay costs. The pay costs bring the overall program reduction to $3,234,000.

WILDLIFE SERVICES LEADERSHIP EXCELLENCE PROGRAM

Mr. Bonilla: APHIS/WS provides professional leadership in wildlife damage management throughout the nation and abroad. Numerous constituents have expressed a concern about recruiting, training and retaining an adequate pool of managers for the future. What is APHIS/WS doing to ensure that there is an adequate number of managers to draw from?

Response: In September 1999, APHIS/Wildlife Services initiated its second Leadership Excellence Program designed to prepare employees for administrative, research, and operational program positions. The program targets employees from the GS-7 to GS-12 level who exhibit leadership qualities and prepares them to move into projected administrative officer, research station leader, district supervisor, and state director position vacancies. There are currently 19 employees participating in the program.

In addition APHIS/WS has cooperative agreements with the Jack Berryman Institute at Utah State University and Lincoln University in Jefferson City, Missouri to train wildlife biologists in wildlife damage management to fill entry level biologist positions.

NARROWBAND RADIOS

Mr. Bonilla: In 1993 Congress mandated federal agencies to convert radio operations to narrow band communications by FY 2005. I understand from our constituencies that APHIS/WS radio system is 15 to 20 years old and has become obsolete, placing employees at risk in remote areas of the western US. What is APHIS doing to address this safety issue and the mandated frequency conversion to narrow banding by January 1, 2005?

Response: Other APHIS programs as well as Wildlife Services rely on radios to carry out important services. We recognize the need to update equipment in the most cost-effective manner, keeping in mind current technologies and FCC regulations. We are currently investigating the costs of various radio communication systems and assessing their relative benefits in the field. We must also determine how to fund an estimated $21 million for the new equipment without detracting from other program objectives.

AERIAL OPERATIONS SAFETY

Mr. Bonilla: What is the status of the 1998 aerial operations safety review? Have all of the recommendations been implemented? If not, why?

Response: APHIS began to establish a permanent internal aerial safety program. APHIS received $1.2 million in FY 1999 and 2000 to implement recommendations from the Safety Review, Evaluation, and Recommendations Concerning the USDA, APHIS-Wildlife Services Aviation Program, the published findings of an independent review of Wildlife Services aerial operations program. The report noted priority recommendations for pilot training, helicopter conversion from piston to turbine engines, aircraft inspections, maintenance checks, and monitoring of flight operations.

With only partial funding to complete the recommendations of the report, we have addressed only the most critical issues. In FY 1999, APHIS' Wildlife Services hired two critical managers, an Air Worthiness Safety Inspector and a Flight Instructor/Training Officer, and two pilot trainers for fixed-wing aircraft. We also developed a training program for flight crews and contracted for an A76 review to focus on the need for aerial services. Also, to improve personnel preparedness, we began standardization of the pilot grade series.

To update equipment, Wildlife Services purchased personal protective equipment. We began converting piston engine helicopters to turbine aircraft. APHIS acquired and rebuilt a surplus military turbine helicopter for the Montana program and replaced two contract piston-driven helicopters in Idaho and Utah with two turbine helicopter contracts. In addition we obtained certification of air worthiness for all Agency-owned and leased aircraft and certified that all contractor aircraft were air worthy. Many of the FY 1999 activities continue into FY 2000.

WILDLIFE SERVICES RABIES MANAGEMENT PLAN

Mr. Bonilla: Wildlife rabies is of concern to agricultural and suburban communities because of the high incidence of human/wildlife interactions in these areas. What is the status of the WS rabies management plan? What are the major issues and what will it take to implement such a plan?

Response: APHIS has participated in a "National Rabies Planning" process that began in 1992 at the Centers for Disease Control and Prevention --CDC--in Atlanta, Georgia. This planning process produced three published articles during 1999-2000 which discuss issues and needs critical to national rabies planning. From December 1999 to February 2000, APHIS personnel participated in three rabies scoping and planning meetings to determine sound strategies for rabies control using oral rabies vaccination programs--ORVP. State health department officials; wildlife and agriculture agency officials; provincial wildlife and health personnel; representatives from Cornell, Tufts and Ohio State Universities; CDC; Agriculture Canada; and APHIS officials attended meetings in Burlington, Vermont; Columbus, Ohio; and Riverdale, Maryland.

In FY 2000, APHIS completed the first phase of a cost-benefit analysis to contain raccoon rabies. This study has been instrumental in helping formulate regional plans for the northeast U.S.-Canada and Ohio, West Virginia, and Pennsylvania. APHIS officials are working with Ohio and West Virginia health officials to declare a raccoon rabies emergency. In Texas, despite a declared rabies emergency in the State, State officials are concerned by the 12 confirmed fox rabies cases in Terrell County this fiscal year.

In addition, APHIS participates in Bi-National meetings among Texas, New Mexico, Arizona, and California and the Mexican Border States with officials from the Mexican Federation, the CDC, and the Pan American Health Organization--PAHO. Meeting participants began developing plans to control canine rabies along the Texas-Mexico border.

In FY 1999, APHIS spent $1.5 million to assist in the control of coyote, fox, and raccoon rabies in Texas, Vermont, Ohio, and New York. APHIS also provided $225,000 in contingency funds to assist with emergency rabies control efforts in Ohio and Vermont. In FY 2000, APHIS plans to spend $1.5 million to support States in their control of wildlife rabies. In January 2000, APHIS personnel assisted in the distribution of 1,970,000 doses of oral rabies vaccine over 24,000 square miles in Texas during a 21-day period. Since 1994, there has been a 96-percent reduction in rabies cases reported in domestic and wild animals in south Texas. There are strong indications that APHIS and its partners can achieve similar success in central Texas in controlling gray fox rabies.

Ohio and Texas are reaching the limits of their participation in control efforts. APHIS hopes to aid New York, Ohio, Pennsylvania, Texas, Vermont, and West Virginia in FY 2000 and FY 2001 so that past efforts and resources expended on rabies control are not wasted.

WILDLIFE SERVICES BUDGET CUT

Mr. Bonilla: For the past several years, an amendment has been introduced in the House attempting to cut the WS budget anywhere from $7 to $10 million. Each year this amendment has been defeated. What will be the impact to the program if this were to take place?

Response: The proposal to cut the WS budget by $7 to $10 million would have a wide reaching effect on our ability to protect US agriculture. In FY 1999, APHIS dedicated nearly $27.2 million to protecting agriculture, natural and industrial resources, and people from conflicts with wildlife. To cut $7 million from the Wildlife Services budget, we would have to let go 96 employees. To pay the $2.8 million in severance costs resulting from this

loss, APHIS would have to cut an additional 42 positions. Thus, the true impact of a $7 million cut would be $9.8 million and 138 lost jobs.

The loss of personnel means a significant reduction in wildlife services. Important programs, such as livestock protection against predators would be reduced. Federal Government wolf reintroduction leaves livestock producers with no alternatives to deal with offending wolves. We would reduce or eliminate activities to protect human health. For example, APHIS Wildlife Services works with local airports to reduce bird strikes at airports. When animals come into contact with aircraft, it threatens human safety. APHIS would have to reduce programs that humanely and safely control bird populations around airports if we lost $7 to $10 million.

APHIS provides leadership in mitigating human-wildlife conflicts and works with many cooperators. In most cases cooperators are responsible for a majority of the costs associated with the programs. If APHIS lost personnel and cut programs, cooperator funding would also be lost. Wildlife Services state directors estimate that a $7 million cut to their programs would result in a cooperative funding loss of over $14 million.

Recent appropriations acts have included direction to use Wildlife Services employees and their expertise to handle specific problems. From dealing with bird damage to sunflowers and the aquaculture industry, to helping to stop the spread of rabies with its enormous human health implications, Congress has recognized the importance of this program. Cuts of $7 to $10 million would devastate our basic infrastructure that responds to both traditional predator control needs and emerging ones such as airport safety.

BOLL WEEVIL

Mr. Bonilla: For FY00, only $10.3 million is being provided for the APHIS costs share contribution (less than 4% of the program's projected annual cost). Please provide a detailed account for the $5.021 million that is being retained for APHIS overhead expenses. Since the funds being made available to the field for FY00 ($10.3 million) are less than those available for FY99 ($11.25 million) while the participating acreage will increase and farmers are under significant financial stress, is there any possibility of reducing the APHIS overhead to release more funds to the field?

Response: Agency level support is provided to all APHIS programs including the boll weevil program. Agency level support includes traditional administrative functions such as procurement, personnel, budget, travel management, auditing, and cooperative agreement functions. We also include costs associated with providing automated information technology, economic analysis, regulatory drafting, and public awareness and education. The appropriation structure does not specifically provide for these types of fixed expenses, so they are implicit in each budget request and the ultimate appropriation. These activities allow all programs, including the boll weevil program to operate as efficiently and effectively as possible and use about 8 percent of the funding. Any reduction of support charged to the boll weevil program would require an offsetting increase in other programs because of generally fixed support costs.

There is also program level support, which provides overall program direction and operational support. These costs include allocating funding according to eradication zones or areas within active States, coordinating technical assistance, and monitoring program progress. These activities use about 6 percent of the funding.

Mr. Bonilla: The Administration chose to cut the FY00 appropriated level by 15% and the FY01 budget proposal includes only $3.0 million, yet the program continues to document significant economic and environmental benefits for a relatively small federal contribution - even at a 30% cost share. Further, it is clear that the timely completion and lasting benefits of the

Southeastern program are largely attributable to the availability of a 30% federal cost share. Please provide the subcommittee with an explanation of what information and data is needed from the industry so that this program can regain its priority status for federal funding.

Response: The Boll Weevil Eradication Program--BWEP--has been a very successful program in the fight against the destruction and loss caused by the Boll Weevil, the primary insect pest of cotton. The BWEP is a grower-funded and grower-run program. Since eradication activities began in 1983, this program has eradicated boll weevil from 4.7 million acres of cotton in sequential expansion across the southern and southwestern United States. As of October 1999, the program has eradicated boll weevils from Arizona, California, Florida, Georgia, North Carolina, South Carolina, Virginia, most of Alabama, middle Tennessee, northwestern Mexico, and the Southern Rolling Plains in Texas. Growers who invest in boll weevil eradication efforts reap enormous benefits. In areas where boll weevil eradication has been achieved, producers have been able to reduce pesticide applications by 40 to 90 percent, lowering production costs and yielding environmental benefits. The rate of return on funds invested on boll weevil eradication efforts is estimated to be at least $12 for every $1 in program costs. Economic studies indicate that once boll weevil eradication is accomplished, there is an estimated yield increase of at least 69 pounds per acre, pesticide savings of at least $30 per acre, and land value increase of $14 per acre.

To assist growers with the startup costs of implementing the program, the Farm Service Agency--FSA--has made up to $100 million in loans available to growers. The FSA also provides loans for operational costs in existing eradication zones to improve cashflow. The availability of these loans, coupled with the direct benefits cotton growers can achieve, argue for using fewer taxpayer dollars for the program. APHIS expects the program to remain on target to eradicate the boll weevil from all cotton growing areas of the US and northern Mexico by the year 2004, in cooperation with States, the cotton industry, and Mexico.

Mr. Bonilla: Since the budget request for the boll weevil eradication program will not even cover the amount spent last year on administrative expenses, how would the budget request be spent and how much would be taken out for administrative expenses.

Response: The administrative expenses for program support as a percentage cost will be the same for FY01 as for FY00 so the actual number of dollars will be far lower. In addition, APHIS will provide an equitable, but less than customary cost-share percentage, to all active eradication zones. However, the boll weevil eradication foundation in these areas will be encouraged to make optimal use of up to $100 million in loans available from the Farm Service Agency. The boll weevil spending by State for FY 1999-2001 is as follows:

BOLL WEEVIL PROGRAM
FY 2001 OBLIGATION
(Dollars in Thousands)

State	FY 2001
Arkansas	322
Louisiana	396
Mississippi	456
Missouri	6
New Mexico	60
Oklahoma	66
Tennessee	230
Texas	1,293
Mexico	27
Total	2,856

Questions submitted by Ms. Emerson

BOLL WEEVIL

Ms. Emerson: Why do you propose to replace the cost-share program with a loan program at this juncture? Is such a proposal not unfair to Missouri cotton producers and others who are preparing to enter this program, who ought to receive the same cost-share benefits that producers in other regions have already received?

Response: Limited funds and competing priorities make it very difficult for APHIS to request additional funding for boll weevil eradication. The benefits to growers as a result of eradication are significant. It is reasonable for the industry to provide more funds for the program's operation and for farmers to use the USDA loan program.

Growers who participated during the early years of the eradication program faced greater risks of possible program failure. As a result, those financial risks were mitigated with a 30 percent Federal cost-share. In 2000, nearly 5 million acres of cotton are now weevil-free. An additional 7 million acres are in active eradication programs. The risk of the program not working has largely been diminished. Based on the program's overwhelming success, it is reasonable to ask the producers in Missouri and other weevil-infested areas to pay more for the program as it moves into their area. Many States, understanding the program's benefits, have appropriated State funds to offset the cost of the program to their producers.

Ms. Emerson: As more regions and more acreage has gone into the Boll Weevil Eradication Program--BWEP--and as funding has not kept pace, the level of cost-share benefits to producers has decreased. For example, the program once operated at a 70/30 cost-share basis, with growers providing the 70 percent. Can you advise the Subcommittee as to what level of cost-share is required of growers this year? Please provide for the Subcommittee a table indicating the level of cost-share required of the growers since the program's inception.

Response: In 2000, cotton producers involved in boll weevil eradication will be providing approximately 96 percent of the funds needed to operate the program. In a number of program areas, State funding is being used to reduce the growers' contribution by up to 50 percent. The table below indicates the grower cost-share since the eradication program began in FY 1983.

APHIS/Grower Contributions to
BWEP Since Program Inception
(numbers in percentages)

Fiscal Year	Grower & State Cost-Share
1983-1994[1]	70
1995[1]	70
1996[1]	70
1997	73
1998	87
1999	95
2000	96

[1]APHIS also provided funding for capital equipment

Ms. Emerson: It is my understanding that the overhead expenses in the Boll Weevil Eradication Program--BWEP--are eating up a disproportionate share of the program's funding. Can you advise the Subcommittee on how much of the fiscal year 2000 appropriation for this program is going toward cost-share contributions by USDA and how much is going toward overhead? Can USDA reduce these overhead costs and thereby make more money available for cost-share contributions?

Response: Approximately 88 percent of the FY 2000 appropriation is going to cost share contributions by USDA. Agency level support is provided to all APHIS programs, including the boll weevil program. The activities associated with this support allow the program to operate efficiently and effectively. The agency level support is approximately 8 percent of the funding and the program level support is approximately 4 percent of the funding. APHIS has reduced overall overhead costs consistently for the past several years, but reducing the boll weevil program's share of current costs would simply transfer its costs to other programs.

Ms. Emerson: Please provide for the Subcommittee a table indicating the levels of USDA cost-share contributions and overhead expenses since the program's inception.

Response: The agency level support has historically been 8 percent. Agency level support includes traditional administrative functions such as procurement, personnel, budget, travel management, auditing, and cooperative agreement functions. We also include costs associated with providing automated information technology, economic analysis, regulatory drafting, and public awareness and education. The appropriation structure does not specifically provide for these types of expenses, so they are implicit in each budget request and the ultimate appropriation. These activities allow all programs, including the boll weevil program to operate as efficiently and effectively as possible and use about 8 percent of the funding.

There is also program level support, which provides overall program direction and operational support. These costs include allocating funding according to eradication zones or areas within active States, coordinating technical assistance, and monitoring program progress. These activities use about 4 percent of the funding.

APHIS Contributions to
BWEP Since Program Inception
(numbers in percentages)

Fiscal Year	APHIS Cost-Share
1983-1994[1]	30
1995[1]	30
1996[1]	30
1997	27
1998	12
1999	5
2000	4

[1]APHIS provided funding for capital equipment

AGRICULTURAL MARKETING SERVICE

QUESTIONS SUBMITTED BY MR. SKEEN

MICROBIOLOGY DATA PROGRAM

Mr. Skeen: Last year, the Committee asked the agency to provide for the record the specifics of initiating a scientifically-sound microbiological surveillance program for foodborne pathogens and spoilage microflora on domestic and imported fruits and vegetables. Have AMS plans or policies changed since that time? If so, please update the Committee.

Response: AMS plans and policies have not changed in the past year. Certain observations were made during the pilot study that may require methodology modifications, but the overall plans and policies remain the same.

Mr. Skeen: You have been working on the microbiological data program as a component of the Food Safety Initiative, and state that in fiscal year 1999 AMS worked on method evaluations and a pilot program. For what organisms do you currently have validated test methods? Please provide a table showing the organisms currently tracked and for which rapid test methods are available.

Response: Most methods to be used in the project would be AOAC International (formerly *Association of Official Analytical Chemists*) Official Methods. These methods are published and have undergone multi-laboratory validation studies. In those few instances where there is no AOAC method available, Food and Drug Administration methods, as published in the Bacteriological Analytical Manual, will be used. There are AOAC methods available for: Aerobic plate counts, Coliforms, Fecal Coliforms, Yeast and Mold Counts, *Escherichia coli*, *Escherichia coli* 0157:H7, *Staphylococcus aureus*, Thermophilic bacteria, *Clostridium botulinum*. *Bacillus cereus*, *Salmonella*, *Listeria monocytogenes*, *Listeria* species, *Vibrio cholerae*, and *Vibrio vulnificus*. Many of the methods for these organisms are "rapid methods," but the value of a "rapid method" is only to determine the samples that are negative for the organism. If a "rapid method" indicates the presence of a specific pathogen, the standard cultural methodology must then be employed to isolate and confirm its presence. Consequently, the analytical time saved by a "rapid method" only refers to a negative sample.

The methodology development that AMS performed was an attempt to determine the most efficient method for removing microorganisms from produce for analysis. There is uncertainty among the scientific community as to whether more organisms can be isolated by macerating the produce itself, or by surface washing of the produce. Though much of the literature shows the surface washing procedure to be the method of choice for the majority of researchers, there is no consistency as to how that washing should be performed. When washing the surface of produce, each fruit or vegetable has a different surface configuration and consequently a different efficiency for retaining the organism or releasing it into a wash liquid. To illustrate, consider the surface configuration of a tomato and compare it to that of a lettuce leaf. One is very smooth with few places for organisms to hide; the other offers many small areas of protection for the organisms. A wash method for tomatoes may not be sufficient for lettuce. It would be expected that the Microbiology Data Program would use a wash method that is most efficient for the produce being tested.

The pilot study utilized tomatoes and lettuce as the test produce. The organisms we looked for were generic *Escherichia coli* and *Salmonella*. The analyses were performed in two State laboratories; one in Ohio and the other in New York. The protocol permitted the laboratories to utilize any AOAC method for the detection of *Salmonella* since the purpose was to detect

presence or absence, but they were instructed to utilize a specific Most Probable Number, or MPN, method for enumerating the generic *Escherichia coli*. Since the generic *Escherichia coli (E. coli)* is an indicator organism for fecal contamination and not a specific pathogen, we determined that knowing the number of organisms/gram is valuable information. It was also speculated that the presence of these organisms would be in very low numbers. The MPN method is the only method presently available that can reliably detect very low numbers of these organisms. A table on the pilot study follows:

State	Commodity	Organism	Screening method	Confirmation Method
Ohio	Tomato	*Salmonella*	Vidus, AOAC 989.12	Cultural, AOAC 996.08
		Generic *E. Coli*	-	Most Probable Number
	Lettuce	*Salmonella*	Vidus, AOAC 989.12	Cultural, AOAC 996.08
		Generic *E. Coli*	-	Most Probable Number
New York	Tomato	*Salmonella*	Vidus, AOAC 989.12	Cultural, AOAC 996.08
		Generic *E. Coli*	-	Most Probable Number
	Lettuce	*Salmonella*	Vidus, AOAC 989.12	Cultural, AOAC 996.08
		Generic *E. Coli*	-	Most Probable Number

The purpose of the pilot study was not to produce statistical data, but to determine where problems might occur that could cause variation in results between the various State laboratories that would be performing the analyses. Consequently, we obtained valuable information concerning problems, such as the lettuce head did not fit in the specified bag, or unusual observations, such as the lettuce and tomato, although shipped in the same shipper, differed in temperature.

Mr. Skeen: Provide an object class breakout of the $6.2 million request for a microbiological data program.

[The information follows:]

Microbiological Data Program Increase
(Dollars in thousands)

Salaries and Benefits	607
Travel and Transportation	42
Rent, Communications, and	88
Printing	12
Other Contractual Services	5,441
Equipment	45
Total	6,235

PESTICIDE DATA PROGRAM

Mr. Skeen: Last year AMS received a $2,398,000 increase targeted to the Pesticide Data Program. What accomplishments do you expect to achieve in the current year with this funding?

Response: In FY 2000, $2,398,000 in additional funding will be used to enhance the program's rapid response capabilities to accelerate delivery of data needed for implementation of the Food Quality Protection Act, or FQPA, and to begin monitoring pesticides in poultry. Participating states received $1,094,000 of these funds to maintain sampling operations and increase laboratory capability, including replacement of equipment. An additional $911,000 was used to develop a poultry residue testing program that is scheduled to begin in April this year. AMS reimbursed the Grain Inspection, Packers and Stockyards Administration, or GIPSA, an additional $145,000 for method development, sampling, and testing procedures for oats and peanut butter. AMS provided $96,000 to replace instrumentation at the Animal and Plant Health Inspection Service Laboratory in Gulfport, Mississippi. The remaining $152,000 was used to support program infrastructure.

Accomplishments expected in the current year include:

- Enhanced laboratory productivity at the state level - replacement and upgrade of aging instrumentation to reduce down time
- Critical staffing needs addressed at state and federal facilities to eliminate bottlenecks in sampling and testing operations
- Developed and validation of a method for testing poultry to provide the Environmental Protection Agency, or EPA, with critical data to address FQPA issues
- Completion of an apple study requested by EPA that provides information on pesticide residues in single serving portions. The data are very valuable to estimate acute exposures to various pesticides and are also useful to test statistical models currently under evaluation by EPA.
- Peanut butter sample collection started. Methods development and validation are underway with testing to begin in April at GIPSA.
- Oat survey will be completed in April at GIPSA. Since most domestic oats are used for forage, this survey included mainly imported rolled oats and oat bran and required a special method of analysis.
- Previously tested commodities: lettuce, grapes, oranges, green beans, apples and peaches were reintroduced to assess residue profile changes, to provide data on metabolites not previously tested, to add new pesticides, and to meet the 5-year verification of residues required by the FQPA. For apples and peaches, a different testing protocol was designed so that the data could be used for acute exposure estimates. The apple study has been completed and the peach survey is in progress.

In FY 2000, PDP will have completed additional comparisons of fresh versus processed products, and comparisons of residue profiles of U.S. versus foreign products. Other commodities to be introduced in FY 2000 are seasonal crops such as sweet cherries, plums, and nectarines.

Mr. Skeen: Provide a table for the record showing funding for the Pesticide Data Program since fiscal year 1996 to include fiscal year 2001 estimates.

[The information follows:]

Fiscal Year	Funding ($ in thousands)
1996	$11,591
1997	11,082[1]
1998	10,278 (8,000+2,278)[2]
1999	10,747
2000	13,150[3]
2001 est.	14,287[4]

[1] Includes $10,221,000 in EPA's budget plus funding for program shutdown ($406,000 for AMS and $455,000 for APHIS)
[2] Amount includes $2,278,000 carry over from EPA 1997 funding
[3] Amount includes $911,000 used for poultry residue testing
[4] Includes $1,137,000 request for the water testing program

Mr. Skeen: Please provide a list of the ten states that are participating in the Pesticide Data Program and the amount of federal funds spent in each state for fiscal years 1999-2001.

Response: The following is a table illustrating the federal funds to participating States for FY 1999, allocations for FY 2000, and projections for FY 2001.

Pesticide Data Program State Participation

State	FY 1999 Actual	FY 2000 Estimate	FY 2001(a) Estimate
California	$2,409,367	$2,693,000	$2,700,000
Colorado	$74,500	$75,000	$82,000
Florida	$1,028,132	$1,150,000	$1,150,000
Maryland	$50,950	$60,000	$62,000
Michigan	$1,026,000	$1,130,000	$1,130,000
New York	$1,595,000	$1,740,000	$1,750,000
Ohio	$672,510	$813,000	$815,000
Texas	$913,255	$1,056,000	$1,100,000
Washington	$706,000	$827,000	$830,000
Wisconsin	$40,286	$48,000	$50,000
Total	$8,516,000	$9,592,000	$9,669,000

(a) Does not reflect funds requested for collection and testing of drinking water which will be done by Federal or State environmental/health organizations.

ORGANIC CERTIFICATION PROGRAM

Mr. Skeen: The Committee was concerned with the timeline for implementation of the Organic Certification Program and the publication of the

final rule. Please provide a brief update of the agency's accomplishments this year and progress toward these goals.

Response: A new proposed rule was published on March 13, 2000, with public comments due June 12, 2000. Response to the rule thus far is very favorable. If the additional one-time funding request of $639,000 is appropriated, the Department expects to publish the final rule by the end of the calendar year. In response to Congressional concerns about the impact of new accreditation and certification fees on small organic farmers, the new proposed rule indicates that accreditation fees would not be charged during the initial 18 months of the program. The issue of fees and their impact on small producers was one of the top comment generators in the first proposed Organic rule. If start-up funding is not provided and we are required to charge partial or full fees during the first 18 months, the proposed rule will require significant revisions and will have to be reissued, thus delaying final implementation.

Mr. Skeen: What does it mean in your witness statement where you state that "Americans are embracing organic foods at a rate of 20% a year?"

Response: Americans are purchasing organic foods at unprecedented levels, with market growth following a steady upward trend. The best information available indicates that sales of organic foods are increasing 20 percent or more annually according to studies by Natural Foods Merchandiser.

Mr. Skeen: How did the AMS arrive at the $639,000 needed to cover "start-up" costs for the organic certification program?

Response: We estimate that during the first 18 months of the Organic Program, it will cost a total of $639,000 to provide the initial accreditation services at no cost to certifiers, as well as developing and issuing a program manual, and finally, developing and distributing educational materials to consumers, producers, handlers, certifying agents, and trading partners.

The requested $639,000 in start-up costs cover the entire implementation period spanning most of fiscal year 2001 and part of fiscal year 2002. During that time, AMS expects to receive applications for accreditation from 59 certifying agents -- 49 domestic and 10 foreign. Accreditation requires that AMS staff review certifier quality manuals and perform on-site audit evaluations.

If funding is not provided for start-up costs and we are required to recover partial or full costs, legal counsel advises us that we will have to develop and issue another interim proposal. The result of the additional rulemaking will be further delays and increased costs that would especially impact small farmers.

Mr. Skeen: Provide any supporting material that may be available for the $639,000 request.

Response: AMS estimates it will accredit 40 certifying agents during fiscal year 2001, and an additional 19 certifying agents during the first six months of fiscal year 2002. In FY 2002, we estimate that organic producers will total 17,150--12,150 certified and 5,000 noncertified. Along with accrediting certifying agents, the AMS staff will review certifier quality manuals for accuracy and completeness and perform at least one on-site audit evaluation. During an on-site audit, certifiers will be assessed for business capacity and competency in accordance with International Organization for Standardization Guide 65, as well as their ability to attest to the technical standards for organic production and handling.

Mr. Skeen: How long does the agency anticipate the "start-up" program to run?

Response: AMS expects the "start-up" program to run for approximately 18 months from the effective date of the final rule. We expect to accredit all certifying agent applicants within that time. After the first round of accreditations (18 months), we will charge fees for accreditation reviews.

Mr. Skeen: Has AMS determined the amount of funding that would be needed should the start-up program go beyond the one-year cost indicated in the budget request?

Response: AMS is requesting $639,000 in the FY 2001 budget to fund the full cost of implementation. AMS anticipates that implementation costs incurred during FY 2001 will total $450,680 and that implementation costs for the first 6 months of FY 2002 will total $188,320. AMS is requesting that $639,000 be appropriated to the "Expenses and Refunds, Inspection and Grading of Farm Products" fund account for the cost of the National Organic Program so that these funds remain available until expended. The costs of AMS's accreditation activities will be charged to this no-year account. In the future when fees are assessed to applicants, those revenues will be deposited in the same account to offset accreditation costs.

Mr. Skeen: Does the agency anticipate the need for further "start-up" funding beyond the one-year request in the budget? If so, how much?

Response: AMS does not anticipate the need for additional "start-up" funds beyond the existing one-time request, as this funding covers the anticipated 18-month implementation period.

Mr. Skeen: How does the agency estimate that it will accredit at least 49 certifying agents in the organic program? Why not 39 or 59? Does the budget request of $639,000 allow the agency to accredit only 49 certifying agents?

Response: The most reliable data available to AMS indicate that there are 49 domestic State and private certifying agents. Over the past few years, the number of certifying agents has remained relatively stable, fluctuating between 40 to 50 as entries and exits offset one another. AMS has made the following assumptions based on the best available data:

- 49 domestic certifying agents will apply for accreditation within 18 months from the effective date of the final rule
- 10 foreign certifying agents will apply for accreditation within 18 months from the effective date of the final rule

The budget request of $639,000 includes funding for review and accreditation of approximately 59 certifying agents -- 49 domestic agents and 10 foreign.

Mr. Skeen: How much of the organic certification program increase is devoted to developing the domestic program versus the international program? Can the $639,000 request be categorized this way? If so, please provide the estimated amounts for each.

Response: AMS anticipates that approximately 1 of every 6 applications for accreditation will be received from foreign certifying agents. Therefore, we estimate that about 83 percent of the program increase will support the 49 domestic accreditations that will be performed over the 18-month period of implementation and that the remaining 17 percent will fund the 10 foreign accreditations. Under disciplines provided for by the World Trade Organization and the North American Free Trade Agreement, AMS is obligated to

treat imported and domestic goods equally, which is why AMS has included expenses for accrediting foreign certifiers. Also, at least some of the foreign certifying agents will be government entities where government-to-government recognition will be expected.

Although accrediting foreign certifying agents could be considered part of an "international program", the purpose is to assure U.S. consumers that all products in our markets, regardless of their origin, meet domestic standards. In that sense, accreditation of foreign certifying agents is a part of our program to protect domestic consumers.

Mr. Skeen: Provide an object class table for the $639,000 request for organic certification.

[The information follows:]

Organic Certification Program (Dollars in thousands)	
Salaries and Benefits	$496
Transp. of Materials	20
Printing	66
Contractual Services	50
Supplies	7
Total	$639

Mr. Skeen: Does the $639,000 request for fiscal year 2001 assume that the final rule will be published in fiscal year 2000? If the rule is not published in fiscal year 2000, will the amount needed for implementation be less?

Response: Funding of the $639,000 one-time request is essential for publishing the final rule by the end of this calendar year. If these funds are not appropriated, legal counsel has indicated that significant changes to the proposed rule will be required, and an additional interim rule will have to be published to allow for charging fees in the first 18 months. This will further delay program implementation. Regardless of when the final rule is issued, we estimate the need for $639,000 to cover implementation costs for the entire 18-month initial accreditation period.

MARKET NEWS PROGRAM

Mr. Skeen: In the current year, what market information is being collected about organic products?

Response: AMS currently collects price data on organically grown carrots, lettuce, and mushrooms.

Mr. Skeen: What is being spent in the current year for developing data on organic products; and what percent increase will the $614,000 offer the program if it is received?

Response: AMS currently spends very little on collecting data on organic products. The exact number is hard to quantify, as the information collected on organically grown fruits and vegetables is an extremely small part of the data collected daily by market reporters during their usual coverage of the wholesale produce markets. Therefore, the $614,000 requested represents

approximately a 100 percent increase in funding for reporting on organic products.

Mr. Skeen: Provide an object class breakout of the $6,969,000 request for an increase to market news.

[The information follows:]

Mandatory Market News Program Increase
(Dollars in thousands)

Salaries and Benefits	$4,342
Travel and Transportation	519
Rent, Communications, Utilities	490
Printing	46
Other Contractual Services	1,192
Supplies	76
Equipment	304
Total	$6,969

Mr. Skeen: Provide an object class breakout of the $614,000 request for an increase for reporting organically grown fruits and vegetables.

[The information follows:]

Organic Market News Program Increase
(Dollars in thousands)

Salaries and Benefits	$420
Travel and Transportation	111
Rent, Communications, Utilities	52
Other Contractual Services	8
Equipment	23
Total	$614

ORGANIC CERTIFICATION PROGRAM

Mr. Skeen: When will AMS publish a final rule on national organic standards?

Response: AMS expects to publish a final rule by the end of this calendar year if start-up funding is provided and no significant revisions to the rule are necessary.

Mr. Skeen: You state in the written testimony that the $1,137,000 request under section 32 is devoted primarily to determining the impact of marketing order programs on organic foods. How much of the total AMS increase request is related to organic products?

Response: In total, $2.3 million of AMS' total increase request is related to organic products--$1.3 million of the $15.4 million increased requested from discretionary funds and $1 million of the $2 million requested in mandatory funding.

Specifically, AMS is requesting an increase in discretionary funds of $614,000 to expand market reporting of organic fruits and vegetables, and $703,000 for

the organic certification program, of which $639,000 is a one-time request for implementation funding. AMS is also asking for $1,010,000 in marketing agreements and orders administrative funding (scored as mandatory). These funds will be used to study the impacts of marketing order programs on organic production and marketing.

Mr. Skeen: Please update the table that appears on pages 687 and 688 of last year's hearing record showing how much has been spent by year for the Organic Certification Program, along with a brief description of the purpose.

[The information follows:]

Activity	Year	Amount Spent
Developed a charter for the National Organic Standards Board, or NOSB, and initiated a process to receive nominations in the event Federal Advisory Committee funds became available for the NOSB.	1991	None
The Department allocated $120,000 to NOSB from the Department's advisory committee account. We arranged 3 NOSB meetings and 11 meetings of committees of the NOSB following Federal Advisory Committee Act, or FACA, procedures. We continued to provide communication to the organic community and encouraged them to work together with the NOSB to assist the program.	1992	$120,000
The Department allocated $45,646 to NOSB from the Department's advisory committee account. We provided support for three NOSB meetings and served as liaison with other agencies and the organic community. . . .	1993	45,646
Provided $500,000 from AMS' Marketing Services account to arrange meetings, prepare public notices of the meetings, prepare minutes, copy documents, cover handling expenses, negotiate with the European Union, and help the private certifiers develop and submit technical dossiers. We arranged and conducted four livestock hearings across the country, issued contracts to technical advisers to coordinate the materials review process, participated in international standards development at Codex, and coordinated with other agencies and Departments on program activities related to their missions. The Department allocated $57,571 to NOSB from the Department's advisory committee account, and two meetings were held.	1994	557,571
Provided $500,000 from AMS' Marketing Services account to draft regulations, communicate with the organic community on issues and concerns, provide mailings on USDA recommendations, and participate in development of international guidelines development under Codex. We also coordinated and implemented the required Technical Advisory Panel reviews of substances under consideration for the national list. The Department allocated $40,000 to NOSB from the Department's advisory committee account, and two meetings were held.	1995	540,000

Activity	Year	Amount Spent
Provided $500,000 from AMS' Marketing Services account for drafting regulations subsequent to NOSB recommendations for the program. We participated in a Codex meeting to develop international guidelines for organic production and processing, continued to provide support for the NOSB, and discussed the proposed organic rule with other agencies that may be affected, such as the Environmental Protection Agency and the Food and Drug Administration. The Department allocated $33,000 to NOSB from the Department's advisory committee account, and one meeting was held..	1996	533,000
Provided $500,000 from AMS' Marketing Services account. We continued drafting the proposed rule for publication and public comment. No additional funds were available from the Department's advisory committee account for fiscal year 1997..	1997	490,000
The proposed rule was published December 16, 1997. The public comment period was extended to close April 30, 1998. We supported a meeting of the NOSB in March of 1998 to review the proposed rule..	1998	880,645
Over 275,000 public comments were received on the initial publication of the proposed rule, mostly in opposition. A second public comment period was opened for 45 days to receive input on three issue papers concerning animal confinement, animal medications, and termination of certification. We again participated in the Codex Committee on Food Labeling and provided support for two meetings of the NOSB.	1999	1,014,656
A reproposed rule was published on March 7, 2000, to be open to public comment for 90 days. We will hold four public workshops on organic seafood production. We will again participate in the Codex Committee on Food Labeling. We anticipate supporting three meetings of the NOSB..	2000	998,000
Continue working on the reproposed rule, along with organic seafood production and participating with the Codex Committee on Food Labeling. With the additional funds from the AMS Marketing Services account, we will hire one full-time employee to assist the current NOP staff in the accreditation of certifying agents. We will begin the initial accreditation of domestic and foreign certifying agents, develop a program manual, and the develop and distribute educational materials to consumers, producers, handlers, certifying agents, and trading partners..	2001	1,701,000

Mr. Skeen: Provide a detailed breakout of the $139,000 requested increase for the budget year to continue implementation of the Organic Certification program.

[The information follows:]

Organic Certification Program Increase
(Dollars in thousands)

Salaries and Benefits	$80
Travel and Transportation	18
Rent, Communications, and Utilities	13
Printing	4
Other Contractual Services	19
Equipment	5
Total	$139

Mr. Skeen: How much do you plan to spend in the current year on organic certification implementation?

Response: In fiscal year 2000, AMS plans to spend $998,000 on the organic program. All of these expenditures are for work leading up to publication of the final rule, including meeting with foreign governments, U.S. representation at Codex meetings, ISO 65 program work, assisting FSIS with their labeling program, and providing the public with information on the organic program. None of these expenditures are related to the accreditation process that will occur after the Organic Standards are finalized.

Mr. Skeen: Provide a table showing the resources, both dollars and staff, which have been expended on this program since its inception, including fiscal year 2001 estimates.

[The information follows:]

Total Resources Expended on the National Organic Program Since Inception

Fiscal Year	Staff Years	Total Cost
1991	Negligible	$0
1992	2	120,000
1993	2	45,646
1994	5	557,571
1995	11	540,000
1996	11	533,000
1997	7	490,000
1998	14	880,645
1999	14	1,014,656
2000	15	998,000
2001	16	1,701,000

Mr. Skeen: How much did AMS spend on the proposed organic certification program in fiscal year 1999? How much do you plan to spend in fiscal year 2000 and 2001?

Response: In fiscal year 1999, AMS spent $1,014,656 on developing organic standards and the proposed rule. In fiscal year 2000, AMS plans to spend $998,000 and the fiscal year 2001 budget request includes $1,701,000 for the organic program. Although the lion's share of the funding has gone toward activities related to standards development and implementation, the National Organic Program relies on the funding for a variety of other needs as well, such as: U.S. representation at Codex meetings, meeting with foreign governments, the ISO 65 program, assisting FSIS with their labeling program, and providing the public with information on the organic program.

Mr.Skeen: How many AMS staff years were devoted to organic certification in fiscal year 1999?

Response: In fiscal year 1999, 15 staff years were devoted to organic certification.

MANDATORY MARKET NEWS

Mr. Skeen: The fiscal year 2000 appropriations Act provided the Secretary of Agriculture the use of up to $4.7 million that was allotted to AMS to initiate mandatory price reporting. How much of that $4.7 million has been obligated to date? Provide the Committee an overview of the work you are doing related to mandatory price reporting.

Response: The money was made available in the Omnibus Appropriations that was passed in November 1999, and AMS began immediate implementation of the program. Thus far, AMS has obligated $954,000 for program implementation. The following is an overview of AMS work related to mandatory reporting:

- AMS convened a task force for regulatory and forms development and began drafting rules and regulations with assistance from the Office of the General Counsel, or OGC.
- AMS met with OGC to outline procedures and to obtain their interpretation of the separate sections of the Act.
- The work plan was submitted to Marketing and Regulatory Programs November 1999.
- The proposed rule cleared the Office of Management and Budget on March 8, 2000.
- The proposed rule was published in the Federal Register on March 17, 2000, with a 30-day comment period.
- Plans have been developed to hire staff and implement information technology systems necessary to support the program.

Mr. Skeen: Has AMS added any new staff to implement the mandatory price reporting program? If so, how many? What is the full staffing level for this program? What is your timetable to get the required staff on board?

Response: As of March 15, AMS has not hired additional staff. A total of 56 additional positions will be required to implement this program. These positions will be announced in early April with hiring to be completed as soon

as possible.

Mr. Skeen: Is the $4.7 million that was provided for mandatory price reporting available until expended?

Response: Although funding came from USDA's CCC fund, which is a no-year account, the Market News program is funded from a single-year appropriation account in AMS - Marketing Services.

Mr. Skeen: Provide for the record the justification that AMS submitted to the Department for the use of the funds made available for the mandatory price reporting program in fiscal year 2000.

[The information follows:]

Livestock Mandatory Reporting Act 1999
FYOO Budget
Implementation July 2000

Staff Years Required:	Livestock and Grain Market News
Technical	17
Auditors	27
Clerical	12
Total Staff Costs:	$2,176,442

Offices that will require additional staff include St. Joseph, Missouri or Amarillo, TX; Des Moines, Iowa; Washington, D.C.; Greeley, Colorado

Technical: Including Computer Specialist					
Staff Years	Grade	Salary/Benefits(25%)	Mo. Required	Total	
1	GS15/4	$117,700	9	$88,275	
1	GS14/4	$96,800	9	$72,600	
1	GS13/4	$88,000	9	$72,600	
2	GS12/4	$70,400	8	$93,867	
8	GS11/4	$58,300	7	$310,933	
4	GS09/4	$48,400	7	$129,067	
Auditors:					
1	GS13/4	$83,600	9	$62,700	
14	GS12/4	$70,400	8	$657,067	
8	GS11/4	$58,300	7	$310,933	
4	GS09/4	$48,400	7	$129,067	
Clerical:					
8	GS05/4	$31,900	8	$170,133	
4	GS04/4	$29,700	7	$79,200	
	SubTotal (Salaries and Benefits)				$2,176,442
		Annual Cost			
Travel:		$524,700	8		$349,800
Transportation: (moves/household, etc)					$137,500
Rent, Communications & Utilities (office space, telephones, etc)		$275,000	8		$160,490
Printing		$55,000	8		$36,630
Contractual Serv.(State Agreemts)		$88,000	8		$58,630
Training (training of technical, auditor, and clerical staff)					$66,000
Supplies (offices)		$66,000	8		$44,000
*Computer Systems Contract (systems development)					$1,100,000
*Equipment w/o computers					$258,500
*Computer Hardware					$261,800
*Computer Software and Licenses					$33,000
Less 7.25 reporter positions currently available			7		<$339,900>
Total required to fund Mandatory Reporting					**$4,682,792**

Explanatory Notes
Livestock Mandatory Reporting Act 1999
October 25, 1999

Staff:

Technical

The GS 15 and GS 14 are needed for Branch Chief and Assistant Chief positions as new and increased responsibilities have been added to the positions, especially regulatory and auditing functions. GS14 and GS13 positions are currently in the appropriated budget funds and only the increased cost for GS15 and GS14 are included in the mandatory budget proposal. (Cost of the current GS14 and GS13 are subtracted from budget totals).

1-GS13 and 2-GS12 positions under technical are for computer specialist needed to support branch staff in operation of the electronic reporting systems.

The additional technical reporting positions will be needed at the major reporting offices (2 plus headquarters) for cattle, beef, hogs and most likely sheep. Reporters will be responsible for analyzing, editing and formatting reports from all price and volume data received. Reporters will be required to have knowledge of the industry and ability to format data presentations that provide producers and industry a transparent view of current marketing conditions.

Auditors

1-GS13 position to oversee the functions of the auditing group.

Auditor staff will be required to review sales data from all plants and assess the accuracy of reported information. Producer groups are very concerned regarding the accuracy of data reported and voiced concerns that adequate surveillance be implemented. Staff will be required to have knowledge of the industry marketing practices, understand accounting procedures and possess the ability to analyze data in relation to reporting procedures and mandated criteria.

According to the number of plants anticipated reporting information (cattle 56, hogs 53, cows and bulls 32) for a total of 141 plants, quarterly audits would total 564 per year. Normally 2 days are required to audit per plant plus travel. With approximately 48 weeks available for audits, it would require 12 audits per week. With 3 person audit teams, and 1.5 audits per week, it will require 27 auditors to complete the task including management staff.

Clerical

The major reporting offices will require additional clerical staff to maintain office functions. The ratio is approximately 4 technical to 1 clerical.

Other budget items:

Travel

Travel includes auditors travel to 141 plants quarterly, 12 audits per week at $10,931 cost, 48 weeks plus $45,000 for travel to industry meetings equals $524,700.

Transportation

Includes moves of new and transferred personnel as well as promotion and filling of job vacancies.

Rent, Communications & Utilities (Office space, telephones, etc.)

Additional space at the major reporting offices will be required as well as telephone and computer systems lines for communication and transmission of reports and reported data.

Printing

Additional printing cost will be incurred in providing reported data to the industry. There are many producers that still do not have electronic means of receiving information.

Contractual Services

Cost includes reimbursable agreements with states and other government agencies, National Finance Center service charges, temporary storage of household goods, health units charges, motor vehicles including maintenance.

Training

Continual training of computer specialists, auditors, reporters and clerical staff is required to maintain staff efficiency.

Supplies

Additional staff and office requirements will add to the annual supplies required for the program.

Computer Systems Contract

Initial start-up will require outside source contracting for development of an electronic data processing system to meet the requirements of the bill. Data transmission by industry, data storage of information and report generation will be required.

Second year cost will include system maintenance and modification services. After the system is developed, support will be needed to maintain daily operation and maintenance. In addition, as the industry makes marketing structure and data changes, these changes need to be made in data received, stored and reports generated which will require an outside source contractor.

Equipment w/o computers

Initial start-up will require workstations for new employees. At a cost of approximately $4,500 per employee, initial cost will total $220,500. In addition, offices will require copiers, facsimile, and other office equipment.

Second year cost are reduced to $88,000 to cover cost of office structure changes as well as cost to replace or purchase needed office equipment.

Computer Hardware

Initial start-up will require additional computer stations for new employees as well as servers to handle the data systems. Cost per employee for computer stations is approximately $4,200 for a total cost of $205,800. In addition two servers will be purchased along with required hookup hardware at a cost of approximately $56,000.

Second year computer hardware cost are reduced to $66,000 to cover a four year cycle replacement program which is normal for computer systems. Most computer system designers now suggest an even quicker replacement cycle than four years, as even faster technology changes seem to make systems obsolete.

Computer Software and Licenses

Initial start-up will require the purchase of software licenses for the new equipment stations and servers.

Second year cost are reduced to $22,000 covering new system modifications that will require additional licenses.

Mr. Skeen: Is AMS coordinating any of the work required by the new mandatory price reporting law with any other USDA agencies? If so, which ones?

Response: AMS is coordinating with the Economic Research Service, Foreign Agricultural Service, National Agricultural Statistics Service, Animal and Plant Health Inspection Service, Food Safety and Inspection Service, and Grain Inspection, Packers, and Stockyards Administration to ensure that there is no duplication of effort.

Mr. Skeen: Did the AMS coordinate with any other USDA agencies the fiscal year 2001 requests to carry out the work related to mandatory price reporting?

Response: Yes, AMS coordinated with the previously mentioned agencies in submitting FY 2001 requests for implementing the mandatory price reporting program.

Mr. Skeen: According to your witness statement, you are requesting "an increase of $5.9 million" to finance the annual cost of the mandatory price reporting program. Does that mean the requested total funding level for fiscal year 2001 is $10.6 million?

Response: The $4.7 million received in FY 2000 was part of a supplemental funding request and is not included in the FY 2001 base for marketing services. We estimate the annual cost of mandatory price reporting to be $5.9 million.

Mr. Skeen: How will the "extensive monitoring and review system" work?

Response: AMS is establishing compliance and review teams that will monitor information reported, packing plant purchasing records, and report content for compliance with the Livestock Mandatory Reporting Act of 1999.

Mr. Skeen: Please briefly describe the monitoring and review system planned for this program. Is it similar in function and cost to other monitoring systems AMS employs?

Response: Compliance and review teams will be in field locations that are in proximity to entities that are required to report under the Act. All reporting entities will be reviewed on a quarterly basis for compliance with the Act through plant or processor visits. The monitoring system is somewhat different from existing AMS monitoring systems in that plant and processor locations will require quarterly on-site visits by the compliance and review teams.

Our current market news reporting effort only requires a low level of compliance effort. AMS often gathers voluntary price data from two sources for each transaction, thereby ensuring the accuracy of data before it is included in our market news reports. As a result, our compliance efforts can focus on other aspects of market reporting. Data for the mandatory reporting program will be collected from only one source, so the legislation specifically requires an auditing component to ensure data accuracy and timeliness.

Mr. Skeen: What is the cost of the computer system needed to manage the data related to the new mandatory price information law? How much of the total cost of the computer system is related to hardware? How much of the total cost of the computer system is related to software?

Response: The exact cost of the computer system for data management under

the Livestock Mandatory Reporting Act is not fully known at this time. Our cost estimate for system development is $1.6 million, which is comprised of $262 thousand for hardware, $238 thousand for software and licenses, and $1.1 million for computer systems development.

Mr. Skeen: How many additional reporters will AMS hire in fiscal years 2000 and 2001 to implement the mandatory price reporting program? How many additional reporters has AMS hired, to date, to implement the mandatory price reporting program?

Response: AMS will hire 10 additional reporters and 27 additional monitoring staff in FY 2000 and FY 2001 to implement the program. AMS will be utilizing seven current reporter positions for implementing the program. No additional reporters or compliance and review staff have been hired as of March 15. These additional 37 positions will be needed in FY 2000 and in future years to implement the mandatory price reporting program.

Mr. Skeen: How many additional support staff will AMS hire in fiscal years 2000 and 2001 to implement the mandatory price reporting program? How many additional staff has AMS hired, to date, to implement the new mandatory price reporting program?

Response: AMS will hire 12 additional support staff in fiscal years 2000 and 2001 to implement the mandatory price reporting program. As of March 15, no support staff have been hired. Support staff will include computer specialists, computer systems maintenance technicians, and clerical staff. The support functions include systems maintenance and development, training, database management, query functions, and clerical work.

Mr. Skeen: Provide an object class table of the AMS fiscal year 2001 request for mandatory price reporting.

[The information follows:]

FY 2001 Costs	$ in millions
Salary and Benefits	$3.5
Travel, Transportation, Rent, Utilities, & Communications	0.6
Training, Agreements, & Supplies	0.6
Computer System Development Contracts	1.0
Equipment: Hardware, Software, & Licenses	0.2
Total	$5.9

Mr. Skeen: The mandatory price reporting program for livestock was appropriated $4,700,000 in the current year, through a transfer from the Commodity Credit Corporation. This year you request $5,902,000, a 26 percent increase over last year's start-up funding, and 56 staff years as a permanent increase. The $4,700,000 was granted to fund start-up costs, usually a more resource intensive activity than program maintenance. Why is the current request so high?

Response: The request for FY 2001 encompasses costs for a full fiscal year. The FY 2000 request is for a partial year and does not include full

cost levels for staffing, travel, transportation, rent, contractual services, training, supplies, or systems maintenance and modification.

Mr. Skeen: You state in the justification for the foreign market reporting that you will provide "export and import information relative to...dairy, meat, poultry and fruits and vegetables." You then state, under the livestock mandatory price reporting that the increase will fund acquiring data on imported and exported livestock and meat. How does the information differ? If both requests are funded, will any redundancy exist between programs?

Response: The information differs according to the commodity reported. Mandatory price reporting covers only exports of boxed beef and exports and imports of lamb. In addition, foreign market reporting will gather price data for products being sold in foreign markets, including domestic and third world products that compete with U.S. products in those foreign markets. There will not be a redundancy of export and import market data.

Mr. Skeen: When does AMS plan to publish the proposed rule for mandatory price reporting? Please provide a copy of the proposed rule for the record.

Response: AMS published the proposed rule in the Federal Register on March 17, 2000. I will provide a copy of the proposed rule.

[The information follows:]



Federal Register

Friday,
March 17, 2000

Part II

Department of Agriculture

Agricultural Marketing Service

7 CFR Part 57

Livestock and Grain Market News Branch; Livestock Mandatory Reporting; Proposed Rule

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 57

[No. LS–99–18]

RIN 0581–AB64

Livestock and Grain Market News Branch: Livestock Mandatory Reporting

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule and invitation for comment.

SUMMARY: This proposed rule would establish a mandatory program of reporting information regarding the marketing of cattle, swine, lambs, and products of such livestock under the "Livestock Mandatory Reporting Act of 1999." This proposed rule requires the reporting of market information by certain livestock packers, and livestock product processors and importers who annually slaughter an average of 125,000 cattle or 100,000 swine, or slaughter or process an average of 75,000 lambs. Importers who annually import an average of 5,000 metric tons of lamb are also required to report. These entities would be required to report the details of all transactions involving purchases of livestock and of domestic and imported lamb carcasses and imported lamb cuts, and the details of all transactions involving domestic and export sales of boxed beef cuts including branded product, sales of domestic and imported boxed lamb cuts including branded product, purchases of imported boxed lamb cuts including branded product, and lamb carcasses to the Agricultural Marketing Service (AMS). This program is intended to provide information on pricing, contracting for purchase, and supply and demand conditions for livestock, livestock production, and livestock products, that can be readily understood by producers, packers, and other market participants.

DATES: Written comments on this proposed rule must be received on or before April 17, 2000, and will be considered before the rule is made final. The AMS has requested and received approval from the Office of Management and Budget for a 30-day comment period on the information collection and recordkeeping requirements of this proposed rule. Accordingly, comments on the information collection and recordkeeping requirements (see Paperwork Reduction Act section of this action) must be received on or before April 17, 2000.

ADDRESSES: Send two copies of comments to John E. Van Dyke, Chief, Livestock and Grain Market News Branch, Docket No. LS–99–18, Room 2619–S; 1400 Independence Avenue, SW., Washington, D.C. 20250–0252. Comments may also be sent by fax to (202) 690–3732, by electronic mail to: john.vandyke@usda.gov, or filed via an on-line form through the AMS website at: http://www.ams.usda.gov/lsg/mprcomment.htm. State that your comments refer to Docket No. LS–99–18. Comments received may be inspected at the above location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except holidays, or over the AMS website at: *http://www.ams.usda.gov/lsg/price.htm.*

Comments sent to the above location that specifically pertain to the information collection and recordkeeping requirements of this action should also be sent to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: John E. Van Dyke, Chief, Livestock and Grain Market News Branch at (202) 720–6231, fax (202) 690–3732, or e-mail john.vandyke@usda.gov.

SUPPLEMENTARY INFORMATION:

Background

Market News

The current voluntary market news program for livestock is authorized under the provisions of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621 *et seq.*). In the Agricultural Marketing Act of 1946, Congress declared that a sound, efficient, and privately operated system for distributing and marketing agricultural products is essential. Furthermore, it is indispensable to the maintenance of full employment and to the welfare, prosperity, and health of the Nation. Agricultural products, capable of being produced in great abundance, must be marketed in an orderly manner and efficiently distributed. Some of the objectives of the Agricultural Marketing Act of 1946 are to improve marketing methods, reduce distribution costs, and narrow the price spread between the producer and consumer. Under the 1946 Act, the Market News Program provides for the collection and dissemination of information to facilitate the orderly and efficient marketing of agricultural products while aiding in the maintenance of farm income. Market News provides all market participants with the information necessary to make intelligent and informed marketing decisions.

Market News relies upon voluntary cooperation from the livestock, red meat, grain, and wool industry. In addition, Market News maintains voluntary working agreements with many States to cooperatively collect and disseminate market information. Market News reporters collect information daily by telephone, including talking directly with producers, packers, feedlot operators, retailers, distributors, brokers, and other industry participants. Reporters are on site at major auctions and terminal markets, gathering market information first hand. Regular trips are made to observe livestock in feedlots, on farms, ranches, and in packer holding pens. Meat packing and processing facilities are visited to observe current industry practices and conditions. Reporters attend industry meetings, seminars, and trade shows to keep abreast of the latest information. The information collected by reporters is included in reports that are available to all interested parties. These reports provide data on cattle, hog, sheep, and lamb sales, carlot meat sales of boxed beef, lamb, veal, and pork cuts, weekly wool and mohair sales, and grain and feed sales. Currently, there are a total of 800 individual reports which are released by Market News. Each day, the livestock and red meat industry uses these reports in conducting their business. Further, a wide range of users outside of and peripheral to the livestock and red meat industry depend on the information provided in these reports, including Federal and State governmental agencies, foreign governmental agencies, academia, analysts, and news media.

The Livestock Mandatory Reporting Act of 1999 (Act) was enacted into law on October 22, 1999 (Pub. L. 106–78; 113 Stat. 1188; 7 U.S.C. 1635–1636h) as an amendment to the Agriculture Marketing Act of 1946 (7 U.S.C. 1621 *et seq.*). The Act provides for the mandatory reporting of market information by Federally inspected livestock processing plants which have slaughtered an average number of livestock during the immediately preceding 5 calendar years (125,000 for cattle and 100,000 for swine), including any processing plant that did not slaughter during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on the plant's capacity. For entities that did not slaughter during the immediately preceding 5 calendar years, such as a new plant or existing plant that begins

operations the AMS will project the plant's annual slaughter or production based upon the plant's estimate of annual slaughter capacity to determine which entities meet the definition of a packer as defined in these regulations.

The Act gives the Secretary the latitude to provide for the reporting of lamb information. The Agricultural Marketing Service (AMS) is proposing in these regulations to require reporting of market information by Federally inspected lamb processing plants who have slaughtered an average of 75,000 head of lambs or processed an average of 75,000 lamb carcasses during the immediately preceding 5 calendar years. Additionally, a lamb processing plant that did not slaughter an average of 75,000 lambs or process an average of 75,000 lamb carcasses during the immediately preceding 5 calendar years will be required to report information if the Secretary determines the processing plant should be considered a packer based on its capacity. It is proposed that an importer of lamb that, for any calendar year, imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years report such lamb information as specified in these proposed regulations. Additionally, an importer that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years will be required to report information if the Secretary determines that the person should be considered an importer based on their volume of lamb imports.

These packers and importers would be required to report the details of all transactions involving purchases of livestock (cattle, swine, and lambs), lamb carcasses and lamb cuts, and the details of all transactions involving domestic and export sales of boxed beef cuts including branded product, sales of boxed lamb cuts, including branded product, and lamb carcasses to AMS. This information would be reported to AMS according to the schedule established by the Act and these regulations with purchases of swine reported three times each day, purchases of cattle and lambs reported twice each day, domestic and export sales of boxed beef cuts including branded boxed beef cuts reported twice each day, sales and purchases of lamb carcasses and boxed lamb cuts, including branded boxed lamb cuts, to be reported once daily, purchases of imported lamb carcasses, and sales and purchases of imported lamb cuts once weekly.

In some instances, mandatory reporting will provide new information which has never been reported under the existing voluntary reporting program AMS anticipates that this information will provide the basis for newly published market news reports not previously provided for under voluntary reporting, including reports covering the prior day swine market, forward contract and formula marketing arrangement cattle purchases, packer-owned cattle and sheep information, sales and purchases of imported boxed lamb cuts, including branded product; purchases of imported lamb carcasses; and live lamb premiums and discounts. In other instances, mandatory reporting will provide information which is already being provided under voluntary reporting. This would include packer direct purchases of slaughter cattle, packer sales of boxed beef and lamb cuts including branded boxed cuts, packer sales of lamb carcasses, and packer negotiated purchases of swine. AMS anticipates that, in such cases, the market reports reflecting this information will continue to be published but the basis of the market reports will become mandatory information. Lastly, many voluntary-based market news reports will not be affected by mandatory reporting, including reports covering livestock auction sales, packer sales of pork cuts and byproducts, and grain trading.

Initially, AMS expects that mandatory information will be reflected in market news reports on a national level. AMS will start with the issuance of national reports to ensure the confidentiality is preserved regarding the identity of persons, including parties to a contract, and proprietary business information. In time, when and where possible, these reports may be further refined and subdivided to reflect regional and, possibly, statewide markets. AMS anticipates that it would provide notice in the **Federal Register** and opportunity for public comment in such an instance. Again, refinement and subdivision of reports will be made only where the confidentiality can be preserved regarding the identity of persons, including parties to a contract, and proprietary business information. In order to effectively address the statistical disclosure issues surrounding reporting of data elements below the national level, AMS will consult with appropriate experts in the field of statistical disclosure limitation during program development. During program development, AMS will also include industry participants in discussions regarding confidentiality issues surrounding data aggregation and reporting.

The program developed to collect and manage data received from those entities required to report will ensure security of data transmission and storage, and confidentiality of information that is maintained by AMS. During program development, AMS will include industry participants, as well as technical experts, in discussions regarding issues surrounding data security and confidentiality.

In all cases, AMS intends to continue to publish a mix of existing voluntary market reports along with the proposed mandatory market reports where duplication and inferential disclosure (disclosing information in such a way that the identity of a respondent can be inferred) is not an issue. Any duplication will be resolved with the discontinuation of the voluntary report version.

The Livestock Mandatory Reporting Act of 1999 (Act)

The Act establishes a program of information regarding the marketing of cattle, swine, lambs and products of such livestock. AMS is responsible for implementing the mandatory reporting of market information on livestock and livestock products, which is contained in Sections 211 through 256 of the Act. The Sections on mandatory reporting of livestock are divided into five Chapters. Chapter 1 and Chapter 2, Definitions and Administration, respectively, apply to all species of livestock and livestock products required to be reported. Chapters 3, 4, and 5 apply to beef, swine, and lamb, respectively, and except for lamb, establish the requirements for mandatory reporting. AMS is proposing regulations in this rulemaking to implement these sections of the Act.

The Act also directs the Secretary to encourage continued voluntary reporting by packers to which these mandatory reporting requirements do not apply. Other Agencies in the Department are responsible for implementing the remaining sections of the Act. These sections include the following provisions Section 257 of the Act provides for the compilation and monthly publication of retail prices of beef, pork, lamb, chicken, turkey and veal and the initiation of a meat price spreads report. The Act also contains Related Beef Reporting Provisions, Sections 921 through 924 which provides for export certificates for meat and meat food products, and obtain information on imports of beef, beef variety meats, and cattle. Related Swine Reporting Provisions, Sections 931 through 934 calls for improving the hogs and pigs inventory report, the collection

of information on barrow and gilt slaughter, and the conduct of an average trim loss correlation study and preparation of report Swine Packer Marketing Contracts, Sections 221 and 222 require the establishment and maintenance of a library or catalogue of swine packer marketing contracts offered to producers and a monthly report of contracted swine numbers.

Cattle

The Act requires that a cattle packer whose Federally inspected plant slaughtered an average of at least 125,000 cattle per year for the preceding 5 calendar years or did not slaughter cattle during the preceding 5 calendar years but is considered a packer based on plant capacity as determined by the Secretary, report market information to the Secretary. They are required to report the prices for each type of cattle purchase, categorized to clearly delineate imported from domestic market purchases, negotiated purchase, formula marketing arrangement, and forward contract, the quantity of cattle, categorized to clearly delineate imported from domestic market purchases, purchased on a live weight basis and a carcass basis, the weight, the quality grade, and premiums and discounts. This information would be reported twice a day not later than 10:00 a.m. and 2:00 p.m. Central Time. The Secretary will issue reports to the public of this information at least three times each day.

The Act further requires that a packer report marketing information not later than 9 a.m. Central Time on the first reporting day of each week for cattle bought by the type of purchase for the prior week. In addition, packers must report weekly information on the first reporting day not later than 9 a.m. Central Time for cattle purchased on a formula or contract marketing arrangement and slaughtered the prior week. The Secretary will issue a public report not later than 10 a.m. Central Time on the first reporting day of the current slaughter week.

The Act also mandates that the packer report information on boxed beef cut sales to the Secretary at least twice each reporting day not less frequently than once before and once after 12:00 noon Central Time. This information includes the price per hundredweight, the quantity in each lot of boxed beef cuts sold, information regarding the characteristics of each lot (i.e., domestic vs. export sale, USDA Quality Grade, etc.), the type of beef cut and the trim specification. The Secretary will report this information to the public twice each reporting day.

Swine

The Act requires that a swine packer whose Federally inspected plant slaughtered an average of at least 100,000 swine per year for the preceding 5 calendar years or did not slaughter swine during the preceding 5 calendar years but is considered a packer based on plant capacity as determined by the Secretary, report market information to the Secretary.

The packer must report to the Secretary not later than 7:00 a.m. Central Time information on all swine purchased, priced, or slaughtered on the prior business day. The packer must report all purchasing data including the number of swine purchased, swine scheduled for delivery and the base price and purchase data for slaughtered swine for which a price has been established. The information also includes all slaughter data by class for the total number of swine slaughtered including information concerning the net price, average net price, lowest net price, highest net price, average carcass weight, average sort loss, average backfat, average lean percentage, and total slaughter quantity. When a packer reports the average lean percentage and whenever the packer changes the manner in which the average lean percentage is calculated, the packer shall make available to the Secretary the underlying data, applicable methodology and formulae, and supporting materials used to determine the average lean percentage, which the Secretary will convert to the carcass measurements or lean percentage of the swine of the individual packer to correlate to a common percent lean measurement. Additionally, the information to be reported includes packer purchase commitments, which shall be equal to the number of swine scheduled for delivery to a packer for slaughter each of the next 14 calendar days.

The Secretary will publish the information in a prior day report not later than 8:00 a.m. Central Time on the reporting day on which the information is received from the packer.

The Act also requires packers to report to the Secretary in the morning not later than 10:00 a.m. Central Time and in the afternoon not later than 2:00 p.m. Central Time each reporting day. The information to be reported is the same for the morning and afternoon reports and includes an estimate of (1) the total number of swine purchased by each method of pricing, (2) the total number of swine purchased up until the time of reporting, and (3) the base price paid for all negotiated purchases of market hogs and the base price paid for each type of purchase of market hogs other than through a negotiated purchase. The Secretary will make the morning report available to the public not later than 11:00 a.m. Central Time and the afternoon report at 3:00 p.m. Central Time on each reporting day.

The Secretary will compile and issue a weekly noncarcass merit premium report on the first reporting day of the week not later than 5:00 p.m. Central Time. This report is prepared from information furnished to the Secretary by packers who must report not later than 4:00 p.m. Central Time on the first reporting day of the week. The information required includes each category of standard noncarcass merit premiums and the amount in dollars per hundred pounds of carcass weight paid to producers by the packer.

Further, the Act provides that the Secretary review the information required to be reported by packers at least once very two years. Also, the Act directs the Secretary to promulgate regulations that specify additional information to be reported by packers if the Secretary determines information currently reported does not accurately reflect the methods by which swine are valued or priced, or account for the fact that packers that slaughter a significant majority of the swine produced in the United States no longer use backfat or lean percentage factors as indicators of price.

Lamb

The Act gives the Secretary the authority to establish a mandatory lamb price reporting program that will provide timely, accurate, and reliable market information. The Secretary proposes to establish a mandatory lamb price reporting program.

The Act does not specify the requirements for establishing a mandatory lamb price reporting program as it does for cattle and swine. Accordingly, AMS proposes to establish a mandatory lamb price reporting program based upon its extensive knowledge of the lamb industry and market news reporting of lamb. The Agency proposes the following requirements for a mandatory lamb price reporting program.

A lamb packer whose Federally inspected plant slaughtered or processed an average of at least the equivalent of 75,000 lambs each year for the preceding 5 calendar years would report to the Secretary twice daily the price of each type of lamb purchase, negotiated purchase, formula marketing arrangements, forward contract, quantity of lamb purchased on live

weight or carcass weight, a range and average estimated live weights, quality grade, premiums and discounts, state of origin, and estimated dressing percentage. The Secretary would issue a report to the public on this information not less than twice each day.

Lamb packers would be required to report to the Secretary on a weekly basis on the first reporting day of the week information from the prior week. This information would include the quantity and certain carcass characteristics of lambs purchased through a negotiated purchase, formula marketing arrangement or forward contract that were slaughtered, the quantity and carcass characteristics of packer owned lamb that were slaughtered. Reported information would include, by type of purchase, the quantity of lamb purchased on live weight and carcass weight basis that were slaughtered, the quality grade, premiums and discounts paid, dressing percentage, and shrink factor. In addition, a lamb packer would be required to report the quantity and basis level for forward contracts, the range and average of intended premiums and discounts, and the expected slaughter date.

The Secretary would make available to the public the information on the first reporting day of the current slaughter week.

Packers would report information on daily transactions of carcass lamb each reporting day and sales of boxed lamb cuts each reporting day. For transactions of carcass lamb, the information would include prices for sales, the type of sale, the branded product characteristics, the quantity of each sale, the USDA grade, trim specification, weight range, and delivery date. For sales of boxed lamb cuts, the packer would report the same information plus the quantity of boxes of each cut and the weight range of each cut. The Secretary will issue to the public a report on carcass lamb sales and boxed lamb cut sales once each reporting day.

For any calendar year, a lamb importer who imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years would report to the Secretary weekly the prices paid for imported lamb carcasses and boxed lamb cuts, and the prices received for imported lamb cuts sold on the domestic market. Additionally, an importer that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years would also be required to report the above information, if the Secretary determines that the person should be considered an importer based on their volume of lamb imports.

Lamb importers would be required to report weekly, prices paid for imported lamb carcasses during the prior week including the type of purchase, the quantity of each transaction, the estimated weight range of the carcasses, the product delivery date and the product nation of origin. Lamb importers would be required to report weekly, prices paid for boxed lamb cuts during the prior week including the quantity of each transaction, the type of purchase, the cut of lamb, the trim specification, branded product characteristics, the cut weight range, the product delivery date, and the product nation of origin. Finally, lamb importers would be required to report weekly, prices received for sales of imported boxed lamb cuts sold on the domestic market during the prior week including the quantity of each transaction, the type of sale, the branded product characteristics, the cut of lamb, the trim specification, the cut weight range, the product delivery date, and the product nation of origin.

Other Provisions of the Act Involving Administration

The administrative provisions of the Act set forth the requirements for maintaining confidentiality regarding the packer reporting of proprietary information and lists the conditions under which Federal employees can release such information. These administrative provisions also establish that the Secretary can make necessary adjustments in the information reported by packers and take action to verify the information reported, and directs the Secretary to report and publish reports by electronic means to the maximum extent practical. The Act provides for what constitutes violations of the Act, such as failure to report the required information on time or failure to report accurate information.

The section on enforcement establishes a civil penalty—$10,000—for each violation and provides for the Secretary's issuance of cease and desist orders. This section also provides for notice and hearing of violations before the Secretary, judicial review, issuance of an injunction or restraining order, and establishes a civil penalty for failure to obey a cease and desist order.

The fees section directs the Secretary to not charge or assess fees for the submission, reporting, receipt, availability, or access to published reports or information collected through this program.

The section on recordkeeping requires each packer to make available to the Secretary on request for 2 years the original contracts, agreements, receipts, and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock and livestock products, as well as such records or other information that is necessary or appropriate to verify the accuracy of information required to be reported. Also, the Act provides that reporting entities would not be required to report new or additional information that they do not generally have available or maintain, or the provisions of which would be unduly burdensome.

Further, the Act provides that the Secretary may suspend any requirement if the Secretary determines that the application of the requirement would be inconsistent with the Act.

Proposed Rule, New Part 57 of Title 7

This proposed rule would establish and add a new Part 57 to Title 7 of the Code of Federal Regulations, implementing the mandatory livestock reporting provisions of the Act. Accordingly, these regulations include appropriate definitions; a description of which entities would be required to report market information; a description of what information they would report, when they would report, and how they would report; a description of what information the Secretary would make available to the public and when this information would be made available; an explanation of what records would be required to be maintained and made available to the Secretary.

General Provisions

Part 57 would implement the provisions of the Act. Subpart A of Part 57, General Provisions, covers those requirements pertinent to all aspects of mandatory reporting. Section 57.10 details how packers and importers would be required to report information and how reporting will be handled over weekends and holidays. Electronic reporting would be required for all information collection. Electronic reporting would involve the transfer of data from a packer's or importer's existing electronic recordkeeping system to a centrally located AMS electronic database. The packer or importer would be required to organize the information in an AMS-approved format before electronically transmitting the information to AMS.

Once the required information has been entered into the AMS database, it would be aggregated and processed into various market reports which would be released according to the daily and

weekly time schedule set forth in these proposed regulations.

Section 57.11 identifies the recordkeeping requirements imposed by the Act and these regulations on packers and importers. Reporting packers and importers would be required to maintain and to make available the original contracts, agreements, receipts, and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock. In addition, they would be required to maintain such records or other information as is necessary or appropriate to verify the accuracy of the information required to be reported under these regulations. All of the above mentioned paperwork must be maintained by packers and importers for at least 2 years. Further, packers would be required to maintain a record of the time of day a lot of cattle, swine, or lambs was purchased, either before 10:00 a.m. Central Time, between 10:00 a.m. and 2:00 p.m. Central Time, and after 2:00 p.m. Central Time. However, to allow packers and importers time to collect, assemble and submit the information to AMS by the prescribed deadlines, all covered transactions up to within one half hour of the specified reporting times would be reported.

Lastly, under Subpart A, Section 57.20 establishes general definitions of terms used throughout the regulations which would be applicable to all subparts.

Cattle

Subpart B of Part 57 states what is required to be reported in the cattle and boxed beef sectors. Section 57.100 establishes definitions of cattle terms used in Subpart B including the definition of packer which identifies which entities would be required to report under this proposed rule. In any calendar year, the term cattle packer includes any Federally inspected cattle plant which slaughtered an average of 125,000 head of cattle a year for the immediately preceding 5 calendar years. Additionally, the term includes any processing plant that did not slaughter cattle during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on its capacity.

For entities that did not slaughter cattle during the immediately preceding 5 calendar years, such as a new plant or existing plant that begins operations the AMS will project the plant's annual slaughter or production based upon the plant's estimate of annual slaughter capacity to determine which entities meet the definition of a packer as defined in these regulations.

Section 57.101 discusses the daily reporting requirement for live cattle transactions including what information would be reported, when it would be reported, and when it would be published. Cattle plants covered under the rule would report the details of their cattle purchases twice each day to AMS (once by 10:00 a.m. Central Time, and once by 2:00 p.m. Central Time) and would include all covered transactions made up to within one half hour of the specified reporting time. Packers completing transactions during the one half hour prior to the previous reporting time would report those transactions at the next prescribed reporting time. The Secretary would publish the information not less than three times each day. Section 57.102 discusses the same types of requirements for weekly live cattle reporting. Packers would be required to report information regarding the prior slaughter week on the first reporting day of each week by 8:00 a.m. Central Time. This information would be published by the Secretary on the same day by 10:00 a.m. Central Time. Finally under Subpart B, Section 57.103 details the information required to be reported concerning sales of boxed beef cuts including what would be reported, when it would be reported, and when it would be published. Cattle plants producing boxed beef cuts would be required to report their domestic and export sales of boxed beef cuts including branded boxed beef cuts to AMS twice each reporting day, once by 10:00 a.m. Central Time and once by 2:00 p.m. Central Time, including all covered transactions made up to within one half hour of the specified reporting time. Cattle plants completing transactions during the one half hour prior to the previous reporting time would report those transactions at the next prescribed reporting time. This information would be published twice each day by the Secretary. These plants would be required to reference the USDA's Livestock and Seed Program Institutional Meat Purchase Specifications (IMPS), Fresh Beef Series 100.

Swine

Subpart C of Part 57 lists the requirements of swine reporting beginning with Section 57.200 which establishes definitions for terms used throughout the subpart including the definition of packer which identifies which entities would be covered under the regulations. In any calendar year, the term swine packer includes any Federally inspected swine plant which slaughtered an average of 100,000 head of swine a year for the immediately preceding 5 calendar years. Additionally, the term includes any processing plant that did not slaughter swine during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on its capacity.

For entities that did not slaughter swine during the immediately preceding 5 calendar years, such as a new plant or existing plant that begins operations, the AMS will project the plant's annual slaughter or production based upon the plant's estimate of annual slaughter capacity to determine which entities meet the definition of a packer as defined in these regulations.

Section 57.201 discusses the daily reporting requirement for live hog transactions including what information would be reported, when it would be reported, and when it would be published.

Swine packers required to report under this rule would report the details of their swine purchases three times each day including a prior day report not later than 7:00 a.m. Central Time, a morning report not later than 10:00 a.m. Central Time, and an afternoon report not later than 2:00 p.m. Central Time, including all covered transactions made up to within one half hour of each specified reporting time. Packers completing transactions during the one half hour prior to the previous reporting time would report those transactions at the next prescribed reporting time. This information would be published by the Secretary each reporting day not later than 8:00 a.m. Central Time, 11:00 a.m. Central Time, and 3:00 p.m. Central Time, respectively. Section 57.202 details the requirements for reporting weekly swine information to AMS including what would be reported, when it would be reported, and when it would be published. On the first reporting day of each week, not later than 4:00 p.m. Central Time, packers would be required to report information on noncarcass merit premiums used and paid to producers during the prior slaughter week by category. This information would be published on the first reporting day of each week not later than 5:00 p.m. Central Time.

Lamb

Subpart D of Part 57 covers the mandatory reporting of lambs. The Act gives the Secretary the authority to establish a mandatory lamb price reporting program but does not set forth the requirements. AMS proposes to

establish a mandatory lamb price reporting program.

Section 57.300 provides definitions for terms used throughout Subpart D including definitions for packer and for importer which identifies which entities would be required to report under this proposed rule. For any calendar year, the term lamb packers includes any Federally inspected lamb plant which slaughtered or processed the equivalent of an average of 75,000 head of lambs a year for the immediately preceding 5 calendar years. Additionally, the term includes any processing plant that did not slaughter or process an average of 75,000 lambs during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on the capacity of the processing plant.

For entities that did not slaughter lambs during the immediately preceding 5 calendar years, such as a new plant or existing plant that begins operations the AMS will project the plant's annual slaughter or production based upon the plant's estimate of annual slaughter capacity to determine which entities meet the definition of a packer as defined in these regulations.

For any calendar year, the term lamb importer includes any importer that imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years. Additionally, for any calendar year, the term importer includes any lamb importer that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years if the Secretary determines that the person should be considered an importer based on their volume of lamb imports.

For importers of lamb carcasses and cuts, AMS will annually review import lamb volume data obtained from the United States Customs Service to determine which importers are required to report imported lamb carcasses and boxed lamb cut purchase information and boxed lamb cut sales information under these regulations.

Entities covered under the 75,000 per year provision represent nearly all lamb packers and processors which currently contribute to voluntary reporting. The lamb packer definition varies from that of the cattle and swine definitions in that it includes entities that process as well as slaughter. The trading of lamb carcasses continues to be a mainstay of the industry and many of the major processors of lamb carcasses into boxed lamb cuts do not slaughter but, rather, purchase carcasses from slaughterers. The 75,000 head per year provision for both slaughterers and processors was included to ensure more comprehensive coverage of the lamb carcass and boxed lamb cut markets, similar to what is currently being reported under voluntary reporting.

Because imported products comprise 31% of the U.S. market, lamb importers were included for more complete information on lamb meat products being imported into the U.S., including the types, quantities, and prices of these products.

Section 57.301 covers the daily reporting requirements for live lamb transactions including what would be reported, when it would be reported, and when it would be published. Lamb plants covered under the rule would report the details of their live lamb purchases twice each day to AMS, to include all covered transactions made up to within one half hour of the specified reporting time. Lamb plants completing transactions during the one half hour prior to the previous reporting time would report those transactions at the next prescribed reporting time. The Secretary would publish this information not less than twice each day. Section 57.302 covers the same type of information for weekly reporting of live lamb transactions. Packers would be required to report information regarding the prior slaughter week on the first reporting day of each week to be published by the Secretary on the same day. Finally, Section 57.303 covers the reporting requirements for transactions of domestic and imported lamb carcasses and boxed lamb cuts including what would be reported, when it would be reported, and when it would be published. Packers would be required to report details of their domestic transactions of carcass lambs once each day and the Secretary would publish the information once each day. Packers would be required to report details of their domestic sales of boxed lamb cuts, including branded product. This information would be published once each day. These plants would be required to reference the USDA's Livestock and Seed Program Institutional Meat Purchase Specifications (IMPS), Fresh Lamb and Mutton Series 200.

Importers of lamb carcasses would be required to report the required information of their prior week imported lamb carcass purchases on the first reporting day of each week to be published by the Secretary on the same day. Importers of boxed lamb cuts would be required to report the required information of their prior week imported boxed lamb cut purchases including branded product on the first reporting day of each week to be published by the Secretary on the same day. Additionally, importers of boxed lamb cuts would be required to report details of their prior week sales of imported boxed lamb cuts on the domestic market including branded product on the first reporting day of each week to be published by the Secretary on the same day.

OMB Control Numbers

Lastly, Subpart E of Part 57 covers the OMB control numbers for the information collection requirements listed in Subparts B through D of Part 57. All required information must be reported to AMS in a standardized format. The standardized format is embodied in 16 OMB-approved data collection forms. Copies of these 16 forms are included in Appendices at the end of this rule. Cattle packers would utilize six of these forms (Appendix A) when reporting information to AMS including two for daily cattle reporting, three for weekly cattle reporting, and one for daily boxed beef cuts reporting. Swine packers would utilize three forms (Appendix B), two for daily reporting of swine purchases and one for weekly reporting of non-carcass merit premium information. Lamb packers would utilize seven of these forms (Appendix C) when reporting information to AMS including two for daily lamb reporting, three for weekly lamb reporting, one for daily and weekly boxed lamb cuts reporting and one for daily and weekly lamb carcass reporting. Lamb importers would utilize two of these forms when reporting information to AMS including one for reporting weekly imported lamb carcass and one for reporting weekly imported boxed lamb cut purchases and sales.

Executive Order 12866

Although not economically significant, this rule has been determined to be significant for the purposes of Executive Order 12866, and therefore, has been reviewed by the Office of Management and Budget (OMB). Regulations must be designed in the most cost-effective manner possible to obtain the regulatory objective while imposing the least burden on society. AMS has prepared a Regulatory Impact Assessment (RIA) consisting of a statement of the need for the proposed action, an examination of alternative approaches, and an analysis of the benefits and costs. A complete analysis of the number of affected entities and the required volume of reporting is discussed under the Paperwork Reduction Act section following this section.

Need for Proposed Action

As stated in the background section, currently, packers are not required to report prices or the terms of sale for the animals they buy from producers. Rather, AMS collects information on daily sales and price information from packers and others on a voluntary basis. However, in recent years more animals are now being transacted under marketing arrangements where neither the arrangements nor the final purchase prices are publicly disclosed. While some of these marketing arrangements are using publicly reported prices as a base, many use the base price plus a premium and a premium/discount schedule depending upon the quality of the carcass. Current market price reports do not capture these pricing mechanisms.

Likewise, importers of lamb carcasses and cuts are not required to report purchases and sales of such imported products.

In recent years, the livestock industry has undergone fundamental changes due to economies of size at both the producer and packer level. These changes are reflected in the structure and marketing practices used today. Today, four firms slaughter about 80 percent of all fed cattle, about 55 percent of all hogs, and about 80 percent of all lambs. On the producer side, about 105 feedlots account for about 39 percent of feedlot cattle marketings, the remaining 104,000 feedlots account for 61 percent of the marketings. About 2,005 hog operations control about 47 percent of the hog inventory and the remaining 90,000 farms hold 53 percent. To assure the packers consistent quantities and quality of animals, many of the larger producers, often at a premium price, will enter into private marketing agreements with the packers. The packer is assured of larger lots, scheduled delivery, and consistent quality animals yielding meat with characteristics desired by consumers. The producer gets a higher price than in the traditional open markets and reduced transaction costs.

Rather than buy and sell on the open market, many large slaughtering firms increasingly feed their own animals or utilize private marketing arrangements, such as forward contracts, formula pricing, and exclusive purchase agreements—for which prices and terms of sale are not publicly disclosed. The procurement methods make it difficult for producers, particularly smaller ones, who utilize open cash markets or wish to consider alternative marketing arrangements, to determine the actual purchase prices of livestock.

Most major packers provide information daily to Market News on cash prices and total numbers of livestock involved in transactions. This does not provide full coverage of animals purchased. Market News estimates that 60–65 percent of all slaughter steer and heifer transactions, 25 percent of slaughter hog transactions, and 60 percent of all slaughter lamb transactions are reported daily through the voluntary process. The remaining 35–40 percent of cattle transactions, 75 percent of the hog transactions, and 40 percent of the lamb transactions, which are not reported voluntarily, represent private marketing arrangements. As private marketing agreements become more prevalent, the number of reported transactions will further shrink and the accuracy and completeness of the information for U.S. marketings will erode.

Various groups have asked for mandatory price reporting of livestock products, arguing that fewer publicly reported marketing arrangements make it difficult for producers to determine the actual prevailing purchase prices of livestock. The pressure for mandatory reporting has steadily increased in recent years, though prior attempts to pass mandatory reporting legislation have been unsuccessful, largely due to a lack of broad, unified support from the industry. Over the past couple of years, reported price levels for cattle, hogs, and lambs have run below the 5-year average leading some to argue that it was due to market forces of supply and demand or lower quality animals in the cash market. In the fall of 1998, slaughter plants operated at full capacity and reported cash hog prices reached a 30 year low. During this period, producers and policy officials were looking for accurate and timely market information to guide their decisions. A true hog price picture eluded them as a large amount of unreported transactions kept market news from being able to report the actual purchase price of hogs.

Private marketing arrangements or otherwise coordinated agreements between hog producers and slaughter plants are increasingly the norm. As a result, spot-market demand for slaughter hogs is greatly influenced by slaughter capacity utilization. When the available supply of slaughter hogs exceeds the designed plant capacity, slaughter costs rise as packers turn to overtime labor. To compensate for sharply higher labor costs, slaughter plants lower their bids for slaughter hogs on the public cash markets. This reduces demand for the uncontracted supply of slaughter hogs and is reflected in sharply lower spot market cash prices. This was the situation in late 1998.

Many market participants were no longer able to obtain the actual purchase prices of hogs on which to base their marketing decisions. Even the large farm producers were unable to evaluate contracts because of the unknown premium/discount schedules, which may be different in each marketing agreement. These circumstances helped to galvanize industry support for mandatory reporting and industry groups worked throughout the latter half of 1999 to fashion a mandatory reporting proposal.

During the same time period, the General Accounting Office (GAO) was requested by members of Congress to conduct a study on USDA's pork price reporting system. The study found that USDA's current methods for reporting farm and retail prices did not accurately reflect actual prices for all methods of purchase. During periods of plentiful hog supplies, packers frequently pay a lower price for hogs procured through the spot market than those procured by contract. However, the study did point out spot market hogs are of generally lower quality and more variable in weight and availability which may explain why packers are willing to pay a premium for a stable flow of hogs with consistent quality and weights.

Ultimately, Congress passed the Livestock Mandatory Reporting Act of 1999 (Act) which seeks to provide more transparency in the price discovery process and, thereby, to encourage competition in the marketplace for livestock and livestock products. By mandating reporting, the Act seeks to provide more market information to all market participants. These proposed regulations would implement the Act. It would require packers to provide to Market News the terms of all their livestock purchases, including those obtained through private marketing arrangements. Moreover, it would require processors of boxed beef and lamb cuts, breakers of lamb carcasses, and importers of lamb carcasses and boxed lamb cuts to report all transactions.

In some instances, mandatory reporting will provide new information which has never been reported under the existing voluntary reporting program. AMS anticipates that this information will provide the basis for newly published market news reports not previously provided for under voluntary reporting, including reports covering the prior day swine market, forward contract and formula marketing arrangement cattle purchases, packer-owned cattle and sheep information,

sales and purchases of imported boxed lamb cuts, including branded product; purchases of imported lamb carcasses; and live lamb premiums and discounts. In other instances, mandatory reporting will provide information which is already being provided under voluntary reporting. This would include packer direct purchases of slaughter cattle, packer sales of boxed beef and lamb cuts including branded boxed cuts, packer sales of lamb carcasses, and packer negotiated purchases of swine. AMS anticipates that, in such cases, the market reports reflecting this information will continue to be published but the basis of the market reports will become mandatory information. Lastly, many voluntary-based market news reports will not be affected by mandatory reporting, including reports covering livestock auction sales, packer sales of pork cuts and byproducts, and grain trading. Collectively, the new mandatory information and the current voluntary information will provide more transparency in the price discovery process and, thereby, encourage competition in the marketplace for livestock and livestock products.

Alternatives

As required by E.O. 12866, various methods were considered by which the objectives of the rule could be accomplished. Most private marketing reporting services rely on basic AMS livestock prices and organize the data in a particular way for a client. Further, the Act directs the Secretary to, the maximum extent practicable, provide for the reporting and publishing of information by electronic means. However, in developing these proposed regulations AMS did consider other means by which the objectives of this proposed rule could be accomplished, including reporting the required information by telephone, facsimile, and regular mail. AMS believes these alternatives are not capable of meeting the program objectives, especially timely reporting. The Act prescribes specific times that reporting entities must report to AMS. Similarly, the Act prescribes specific times for publication of a report by AMS. AMS believes electronic submission to be the only method capable of allowing for AMS to collect, aggregate and publish reports while complying with the specific time-frames set forth in the Act. AMS believes it would not be possible for the Agency to receive information over the telephone, facsimile or regular mail and then transcribe the information into electronic format before aggregating and publishing the information while still complying with the publication time-frames set forth in the Act. However, AMS may provide for an exception to electronic reporting in emergencies or in cases when an alternative is agreeable to AMS and the reporting entity. The major cost of complying with this proposed rule involves the information collection and reporting process. The information collection and reporting process is explained in the Summary of Costs Section and is referenced in Section 57.10(f) Reporting Methods. We are inviting comments concerning both the potential cost burden and methods for expediting information collection. In particular, we are interested in any costs not discussed in the analysis and any additional electronic reporting methods that may provide greater cost efficiencies to the industry as a whole. A complete discussion of the cost analysis can be found in the summary of costs section.

Summary of Benefits

Many producers contend that they cannot obtain the market information needed to easily and quickly compare marketing possibilities available from different packers. This information is needed for producers to devise a marketing strategy that obtains the best possible prices for their livestock. Private advisory services would be able to provide a more in depth analysis to clients about alternative marketing strategies. In addition, producers selling under a private marketing agreement need benchmark prices and terms to evaluate their particular agreement to assure an equitable price for their livestock. Furthermore, the growth of private marketing arrangements in the red meat industry and declining participation in the public markets make it difficult for producers to determine prevailing market prices. Mandatory reporting would require packers to provide USDA all terms of their marketing contracts.

The implementation of this proposed rule would improve the price and supply reporting services of the USDA. In addition, participants in the marketplace for livestock and livestock products would be able to easily monitor price and market conditions. The price discovery process would become more transparent ensuring equal market information access for all participants. The increased transparency would more clearly transmit market signals about qualities first buyers demand thereby rewarding producers who produce animals that yield the meat consumers desire with a higher price. The increase in the quantity and quality of available market information would encourage competition in the marketplace while providing participants with the ability to make more informed marketing decisions.

Although quantities and prices of production inputs are obtained by surveys and production costs are derived, the question remains as to how to value the output in a complex marketing environment. Producers would benefit from the increase in information brought about by mandatory reporting by being able to consider more detailed market reports and previously unavailable data on non-cash market livestock procurements. These reports would better reflect the overall supply and demand situation of the marketplace and would allow producers to better determine prevailing market prices, conditions, and arrangements pertinent to the marketing process.

Summary of Costs

The proposed regulations have been designed to achieve the regulatory objectives in as cost-effective manner as possible. To the extent practicable, they draw upon current industry practices in order to minimize the burden to the industry. The regulatory objective is to increase the amount of information available to participants in the marketplace for livestock and livestock products by mandating reporting of market information by certain members of the industry. Methods of accomplishing the required information collection in the most timely manner while minimizing the opportunity for errors and maximizing existing systems and processes were contemplated. Electronic transfer of data from the reporting entity to the Agency was chosen as the least cost reporting method to accomplish all of the objectives of mandatory information collection.

AMS considered other alternatives for firms lacking electronic data transfer capabilities, such as faxing the required information to a Market News office for hand data entry. This was rejected because of the costs to both the respondent and to AMS, the amount of time required with this alternative is unworkable given the short time-frames required for public dissemination. However, there would be an exception in emergencies or in cases when an alternative method is agreeable to AMS and the reporting entity.

Electronic data transmission of information is accomplished using an interface with an existing electronic record keeping system. In most cases, the information packers and importers

are required to report already exists in internal computerized record keeping systems. Packers and importers would provide for the translation of the information from their existing electronic recordkeeping system into the required AMS standardized format. Once accomplished, the information would be electronically transmitted to AMS where it would be automatically loaded into an AMS database. We estimate that the cost in terms of time and money for this alternative is in the initial creation of the interface. We estimate that the creation of this interface by in-house computer personnel would require an industry average of 15 hours per respondent. Further, we estimate the cost per hour to average $50.00 for a total cost, on average, of $750.00. Those companies not having in-house computer personnel would incur such costs as are necessary to bring in outside computer programmers to accomplish the task. The Agency would estimate this cost to be from $750.00 to $1,000.00.

The respondent reporting costs vary widely by species and the size of lots purchased. Section 251 (c) General Provisions Reporting by Packers requires packers to report all information required under this subtitle on an individual lot basis. Therefore, larger lots bought by the larger packers would result in a lower reporting cost per head slaughtered. Respondent reporting costs of cattle packers are estimated to be $7,420 per plant, $5,308 for hog packers, $6,042 for sheep slaughtering plants, and $2,404 for lamb importers. Using 1998 federally inspected slaughter data; the cost per animal slaughtered would decline as slaughter volume increased. The smaller cattle packers would have the highest reporting cost per head slaughter, while the largest hog slaughtering firms would have the lowest. Based on a preliminary analysis by specie, cost for cattle would be 0.012 dollars per head, swine 0.002 dollars per head, sheep 0.013 dollars per head, and lamb importers 0.097 dollars per metric ton. Comments on costs are requested, particularly as they relate to size of operation are being sought. See Table 1 Respondent Cost.

TABLE 1.—RESPONDENT COST

Size Group	Plants	Head (1,000)	Respondent cost dollars	Cost per head dollars
Respondent cost per head slaughtered, Cattle 1998				
1–124,999 (Exempted)	746	3480.4	0	0
125,000–199,999	7	1,365.5	50,449	0 036945
200,000–299,999	11	2,695 8	79,277	0 029408
300,000–499,999	8	3,335.6	57,656	0 017285
500,000–999,999	9	5,856 6	64,863	0.011075
1,000,000–1,499,999	11	13,245.7	79,277	0.005985
1,500,000+	3	4,673 6	21,621	0.004626
Total (Subject to regulation)	49	31,172.8	353,143	0 011329
Respondent cost per head slaughtered, Hogs 1998				
1–99,999 (Exempted)	704	3,526 9	0	0
100,000–249,999	12	2,006 1	39,936	0.019907
250,000–499,999	4	1,367.7	13,312	0.009733
500,000–999,999	5	3,304 7	16,640	0.005035
1,000,000–1,499,999	3	4,396.5	9,984	0.002271
1,500,000–1,999,999	7	12,469.3	23,296	0 001868
2,000,000–2,999,999	11	24,333.3	36,608	0.001504
3,000,000–3,999,999	4	14,403.2	13,312	0.000924
4,000,000+	7	33,074 6	23,296	0 000704
Total (Subject to regulation)	53	95,355.4	176,384	0.001850
Respondent cost per head slaughtered, Sheep, 1998				
1–74,999 (Exempted)	548	594 2	0	0
75,000–499,999	6	1,814 3	29,232	0 018108
500,000+	2	1,448 8	9,744	0.006726
Total (Subject to regulation)	8	3063.1	38,976	0.012724

Respondent cost per metric ton (MT) imported, Lamb and mutton, 1998

Size Group	Importers	Metric tons imported	Respondent cost dollars	Cost per ton dollars
Under 5,000 MT (Exempted)	371	6,684.3	0	0
5,000 MT and over	5	26,738.4	2,600	0 097238429
Total (Subject to regulation)	5	26,738.4	2,600	0.097238429

In addition to these costs to packers for submitting information, the mandatory price reporting program will cost approximately $4.7 million in FY 2000 and $5.9 million in FY 2001. In order to implement the program in FY 2000, AMS is hiring additional staff, issuing regulations, and setting up an electronic database to capture data and

develop reports to begin in July. The 56 staff years required to administer and produce high quality mandatory price reports include reporters, auditors, clerical personnel, and computer specialists. These employees will be located in three AMS offices located across the country. Salary-related costs in FY 2001 are estimated at $3.5 million. Other costs include approximately $600 thousand for travel and transportation; $600 thousand for miscellaneous costs such as office space, utilities, communications costs, printing, reimbursements to cooperating States, training, and office supplies; $200 thousand for equipment, including computers, software, and licenses; and $1 million for a computer systems contract to develop the database required to manage the data.

Executive Order 12988

This proposal has been reviewed under Executive Order 12988, Civil Justice Reform, and is not intended to have retroactive effect. States and political divisions of States are specifically preempted by section 259 of the Act from imposing requirements in addition to, or inconsistent with, any requirements of the Act with respect to the submission or publication of information on the prices and quantities of livestock or livestock products. Further, the Act does not restrict or modify the authority of the Secretary to administer or enforce the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.); administer, enforce, or collect voluntary reports under the Act or any other laws; or access documentary evidence as provided under sections 9 and 10 of the Federal Trade Commission Act (15 U.S.C. 49, 50). There are no administrative procedures that must be exhausted prior to any judicial challenge to the provisions of this rule.

Civil Rights Review

AMS has considered the potential civil rights implications of this rule on minorities, women, or persons with disabilities to ensure that no person or group shall be discriminated against on the basis of race, color, sex, national origin, religion, age, disability, or marital or family status. This included those persons who are employees of those entities required to participate and those individuals who wish to use information collected by this proposed mandatory program of information regarding the marketing of cattle, swine, lambs, and products of such livestock. This proposed rule does not require affected entities to relocate or alter their operations in ways that could adversely affect such persons or groups. Further, this proposed program would not exclude from participation any persons or groups, deny any persons or groups the benefits of the program, or subject any persons or groups to discrimination.

Executive Order 13132

This proposed rule has been reviewed under Executive Order 13132, Federalism. This Order directs agencies to construe, in regulations and otherwise, a Federal statute to preempt State law only when the statute contains an expressed preemption provision. This proposed rule is required by the Livestock Mandatory Reporting Act of 1999. Section 259 of the Act, Federal Preemption, states, "In order to achieve the goals, purposes, and objectives of this title on a nationwide basis and to avoid potentially conflicting State laws that could impede the goals, purposes, or objectives of this title, no State or political subdivision of a State may impose a requirement that is in addition to, or inconsistent with, any requirement of this subtitle with respect to the submission or reporting of information, or the publication of such information, on the prices and quantities of livestock or livestock products.

For a number of years, States have operated programs of voluntary market reporting of livestock and livestock products. Many of these programs have been operated in conjunction with the USDA through Federal-State agreements. Under these agreements, the USDA and the States work cooperatively to gather and disseminate information on the livestock markets within the State. Until now, all of these programs have been based on voluntary reporting of market information. The Act and these proposed regulations are not intended to have an effect on any voluntary market reporting programs currently being operated by the States.

However, recently, several States have enacted legislation mandating, to various degrees, the reporting of market information on transactions of cattle, swine, and lambs conducted within that particular State. Currently, this includes the States of Iowa, Minnesota, Missouri, Nebraska, and South Dakota. Of these, only Minnesota and South Dakota are collecting mandated market information.

Section 259 of the Act, preempts States from imposing mandatory reporting requirements that are in addition to or inconsistent with any requirement of this proposed rule with respect to the collection and publication of information on the prices and quantities of livestock and livestock products. This preemption clause would affect all mandatory reporting programs currently in effect by the States and the implementation of any mandatory reporting programs currently developed, in the process of being developed, or that may be developed at a later date.

With regard to consultation with States, AMS has made sure that the States are aware of the Act and AMS has engaged in formal and informal discussions regarding the implications of Federal livestock mandatory reporting with those States which either currently have mandatory reporting programs or are in the process of developing mandatory reporting programs. Further, States and local jurisdictions are expressly invited to comment on this proposal as it relates to the operation of State livestock and livestock products reporting programs.

Regulatory Flexibility Act

In General

This proposed rule has been reviewed under the requirements of the Regulatory Flexibility Act (RFA)(5 U.S.C. 601 *et seq.*). The purpose of the RFA is to consider the economic impact of a proposed rule on small business entities. Alternatives, which would accomplish the objectives of the rule without unduly burdening small entities or erecting barriers that would restrict their ability to compete in the marketplace, have been evaluated. Regulatory action should be appropriate to the scale of the businesses subject to the action. The proposed collection of information is necessary for the proper performance of the functions of AMS concerning the mandatory reporting of livestock information. The Livestock Mandatory Reporting Act of 1999 requires AMS to collect and publish livestock market information. The required information is only available directly from those entities required to report under the Act and by these proposed regulations and exists nowhere else. Therefore, this proposed rule does not duplicate market information reasonably accessible to the Agency.

In formulating this proposed rule, particular consideration was given to reducing the burden on entities while still achieving the objectives of the proposed regulation. Accordingly, thresholds were set which defined those entities which would be required to report information on purchases of live cattle, swine, lambs, lamb carcasses, and boxed lamb cuts including branded product, as well as information on domestic and export sales of boxed beef cuts including branded product, and sales of lamb carcasses, boxed lamb cuts

including branded product, and imported boxed lamb cuts including branded product.

In any calendar year, only Federally inspected cattle plants which slaughtered an average of 125,000 head of cattle a year for the immediately preceding 5 calendar years are required to report. Additionally, any cattle plant that did not slaughter cattle during the immediately preceding 5 calendar years would be required to report if the Secretary determines that the plant should be considered a packer based on its capacity. For entities that did not slaughter cattle during the immediately preceding 5 calendar years, such as a new plant or existing plant that begins operations the AMS will project the plant's annual slaughter or production based upon the plant's estimate of annual slaughter capacity to determine which entities meet the definition of a packer as defined in these regulations. This accounts for approximately 49 out of 795 cattle plants or 6.2% of all Federally inspected cattle plants.

For any calendar year, any Federally inspected swine plant which slaughtered an average of 100,000 head of swine a year for the immediately preceding 5 calendar years would be required to report information. Additionally, any swine plant that did not slaughter swine during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on the capacity of the processing plant would be required to report. This accounts for approximately 50 out of 757 swine plants or 6.6% of all Federally inspected swine plants.

In any calendar year, Federally inspected lamb plants which slaughtered the equivalent of an average of 75,000 head of lambs a year for the immediately preceding 5 calendar years would be considered a packer and required to report. A packer includes a processing plant that purchases and processes an average of 75,000 lamb carcasses annually rather than slaughter live lambs. Additionally, any processing plant that did not slaughter an average of 75,000 lambs during the immediately preceding 5 calendar years if the Secretary determines that the plant should be considered a packer based on the capacity of the processing plant would be required to report.

For any calendar year, lamb importers that imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years would be required to report. Additionally, lamb importers that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years if the Secretary determines that the person should be considered an importer based on the volume of lamb imports would be required to report. Some lamb plants may also be importers. This accounts for approximately 16 out of 556 lamb plants and importers or 2.9% of all Federally inspected lamb plants and importers.

Fully 93.8% of all cattle, 93.4% of all swine, and 97.1% of all lamb plants in the U.S. would be exempted by this proposed rule from reporting information.

Accordingly, we also have prepared an initial regulatory flexibility analysis. The RFA compares the size of meat packing plants to the Standard Industrial Code (SIC) to determine the percentage of small businesses within the meat packing industry. Under these size standards, meat packing companies with 500 or less employees are considered small business entities.

Objectives and Legal Basis

The objective of this proposed rule is to improve the price and supply reporting services of the Department of Agriculture in order to encourage competition in the marketplace for livestock and livestock products by increasing the amount of information available to participants. This is accomplished through the establishment of a program of information regarding the marketing of cattle, swine, lambs, and products of such livestock as specifically directed by the Act and these proposed regulations, as described in detail in the background section.

Estimated Number of Small Businesses

This proposed rule provides for the mandatory reporting of market information by livestock packers who for any calendar year have slaughtered a certain number of livestock during the immediately preceding 5 calendar years. This number is 125,000 head per year for cattle and 100,000 head per year for swine. Lamb plants required to report include those that for any calendar year slaughter or process the equivalent of 75,000 head per year during the immediately preceding 5 calendar years. Additionally, for any calendar year lamb importers that imported an average of 5,000 metric tons of lamb meat products per calendar year during the immediately preceding 5 calendar years are also required to report details of their purchases. For cattle and swine processing plants that have not slaughtered livestock during the immediately preceding 5 calendar years are also required to report if the Secretary determines that the plants should be considered packers based on their capacity. Additionally, lamb packers and lamb meat processors and importers that did not slaughter or process the equivalent of 75,000 head per year or import 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years would be required to report if the Secretary determines that they should be considered an importer based on their volume of lamb imports.

These packers and importers would be required to report the details of all transactions involving purchases of livestock, of lamb carcasses, and of import lamb carcasses and boxed lamb cuts including branded boxed lamb cuts; and the details of all transactions involving domestic and export sales of boxed beef cuts including branded product, and sales of domestic boxed lamb cuts including branded product, imported boxed lamb cuts including branded product and lamb carcasses to AMS. Cattle and swine information would be reported to AMS according to the schedule directed by the Act and these proposed regulations with purchases of swine reported three times each day, purchases of cattle twice each day, and sales of domestic and exported boxed beef cuts, including branded product, reported twice each day. Lamb information would be reported to AMS according to the schedule mandated by these proposed regulations with purchases of lambs reported twice each day and sales and purchases of lamb carcasses reported once each day. Previous week purchases of imported lamb carcasses and boxed lamb cuts including branded boxed lamb cuts would be reported once weekly on the first reporting day of the week and sales of imported boxed lamb cuts including branded boxed lamb cuts would be reported once weekly on the first reporting day of the week.

The SIC size standard classifies a small business in the meat packing industry as a company with less than 500 employees. Although it is common in the red meat industry for larger companies to own several plants, some of which may employ less than 500 people, those companies and lamb importers with a total slaughter plant employment at all locations of less than 500 are considered to be small businesses for the purposes of this proposed rule even though individual plants are mandated to report as provided by the Act and these proposed regulations.

For any calendar year, Federally inspected beef plants required to report

include those that slaughtered an average of 125,000 head per year during the immediately preceding 5 calendar years. Also included are processing plants that did not slaughter cattle during the immediately preceding 5 calendar years but are determined to be a packer by the Secretary based on the capacity of the processing plant. By this definition, approximately 30 individual beef packing companies representing 49 individual plants would be required to report information to AMS. Based on the SBA size standard, 10 of these 30 beef packing companies would be considered small businesses, representing 10 plants that would be required to report. The figure of 49 plants required to report represents 6.2% of the cattle plants in the U.S. The remaining 93.8% of cattle plants, nearly all estimated to qualify as small business, are exempt from mandatory reporting.

For any calendar year, Federally inspected pork plants required to report include those that slaughtered an average of 100,000 head per year during the immediately preceding 5 calendar years. Also included are processing plants that did not slaughter swine during the immediately preceding 5 calendar years but are determined to be a packer by the Secretary based on the capacity of the processing plant. By this definition, approximately 29 individual pork packing companies representing a total of 50 individual plants, would be required to report information to AMS. Based on the SBA size standard, 15 of these 29 pork packing companies would be considered small businesses, representing 15 individual plants that would be required to report. The figure of 50 plants required to report represents 6.6% of the swine plants in the U.S. The remaining 93.4% of swine plants, nearly all estimated to qualify as small business, are exempt from mandatory reporting.

For any calendar year, lamb packers required to report include those that slaughtered or processed the equivalent of 75,000 head per year during each of the immediately preceding 5 calendar years. Also included are processing plants that did not slaughter or process an average of 75,000 lambs during the immediately preceding 5 calendar years but are determined to be a packer by the Secretary based on the capacity of the processing plant. For any calendar year, an importer that imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years would be required to report. Additionally, a lamb importer that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years if the Secretary determines that the person should be considered an importer based on the volume of lamb imports, would also be required to report. By this definition, 16 individual companies including importers representing a total of 14 plants, would be reouired to report information. Based on the SBA size standard, all 14 of these lamb plants would be considered small businesses with none employing more than 500 people. The figure of 14 plants required to report represents 2.9% of the lamb plants in the U.S. Nearly all of the remaining 97.1% of lamb plants are estimated to qualify as small businesses and are exempt from mandatory reporting.

Projected Reporting

This proposed rule requires the reporting of specific market information regarding the buying and selling of livestock and livestock products. The information would be reported to AMS by electronic means. Electronic reporting would involve the transfer of data from a packer's or importer's electronic recordkeeping system to a centrally located AMS electronic database. The packer or importer would be required to organize the information in an AMS-approved format before electronically transmitting the information to AMS.

Once the required information has been entered into the AMS database, it would be aggregated and processed into various market reports which would be released according to the daily and weekly time schedule set forth in these proposed regulations.

Information regarding the specific characteristics of each reported sale must be supplied by lot without aggregation. In order to adequately describe and categorize each transaction, as many as fifteen separate pieces of information are required to be reported. This information includes price, head count, weight, quality grade, and yield grade. The frequency respondents are required to report is 1 to 3 times each reporting day depending on the species and type of information required.

In 1999, an average of 700,000 cattle were slaughtered each week. Beef plants identified as small businesses contributed an estimated 7,000 head per day, on average, to this weekly slaughter with each business contributing an estimated 700 head per day on average based upon publicly available information. At a maximum, if each of these 700 cattle were purchased in lots of one head each and 15 pieces of information were required for each purchase, as many as 10,500 individual pieces of information would have to be reported by each small beef packing plant each reporting day. In addition, each of the small beef packing plants is required to report all domestic and export sales of boxed beef cuts including branded product. On average, each of these small entities slaughters an estimated 700 head per day. Since most beef carcasses are usually fabricated at the point of slaughter, each of these small beef packers would be processing about 700 beef cattle into boxed beef cuts each day. Normally, boxed beef cut sales average about 200 boxes per transaction and each head of cattle equals 7 boxes. This would represent 25 separate transactions which, if 15 pieces of information were required per transaction, would translate into 375 pieces of information reported by each small beef packing business producing boxed beef each business day AMS estimates the total annual burden on each small cattle packer and boxed beef processing entity to be $7,420, including $5,590 for annual costs associated with electronically submitting data and $1,830 for the storage and maintenance of electronic files that were submitted to AMS.

This figure was calculated by estimating the time required to complete the necessary data submission and factoring by the number of times reporting is required per day for an estimated total of 260 reporting days in a year (see Paperwork Reduction Act section for a complete, detailed discussion).

On average each week in 1999, 1.9 million swine were slaughtered. Pork plants identified as small businesses contributed an estimated 17,000 head per day to this weekly slaughter with each business contributing on average an estimated 1,125 head per day, based on publicly available figures. If each of these head were purchased in lots of one head each and 15 pieces of information were required for each purchase, 16,875 pieces of information would have to be reported by each small pork packing plant per day.

Using the same methodology as described above for cattle, AMS estimates the total annual burden on each small swine packing entities to be $5,308, including $3,478 for annual costs associated with electronically submitting data and $1,830 for the storage and maintenance of electronic files that were submitted to AMS. This estimate does not include costs associated with reporting sales of pork

products which would not be required to be reported.

Sheep slaughter in 1999 averaged 70,000 head per week. All lamb plants contributing to this weekly slaughter are identified as small businesses. On average, these lamb plants each slaughtered an estimated 2,200 head per day, based on publicly available information. If each of these lambs were purchased one at a time and 15 pieces of information were required for each transaction, 33,000 pieces of information would have to be reported by each small lamb packing plant. In addition, all lamb plants processing the equivalent of 75,000 lambs per year during each of the immediately preceding 5 calendar years, which are required to report, qualify as small businesses. These plants would be required by regulation to report information on their sales of boxed lamb cuts. It is estimated that negotiated sales comprise the majority of all boxed lamb cut sales. Based on publicly available information, lamb plants processing lamb into boxed lamb cuts, on average, process the equivalent of an estimated 1,200 head per day. It is normal business practice that these lamb cuts are sold in units averaging between 25–150 boxes per transaction, representing about 8–50 head of lambs (about 3 boxes per head). At 1,200 head per day, there could be as many as 150 transactions per day per reporting packer. Assuming that each of these 150 transactions required 15 pieces of information per transaction, 2,250 pieces of information would have to be reported by each small lamb packing plant.

In any calendar year, importers of lamb meat products that imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years would be required to report the details of their purchases and sales of boxed lamb cuts including branded product and their purchases of lamb carcasses to AMS on a weekly basis. Additionally, in any calendar year, lamb importers that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years if the Secretary determines that the person should be considered an importer based on the volume of lamb imports would be required to report the above information. AMS estimates that each of the 5 importers required to report import, on average, 180 metric tons of lamb products per week. AMS estimates that the majority of these imports are contracted over a period of time, usually from 3–6 months, possibly as much as 12 months. Price would normally be negotiated at the time the contract was entered into along with the particular cut of lamb and the volume. During the time the contract is in effect, prices would not be expected to change from week to week but quantities might. Assuming that an average importer would purchase an average of 10 different cut styles, each at a single price, from an average of 2 suppliers, AMS estimates that the weekly reporting burden for each importer would include information for up to 20 different transactions. Each transaction would require 7 pieces of information including, price, quantity, cut, trim, weight, delivery date, and nation of origin, for a total of 140 separate pieces of information.

AMS estimates the total annual burden on each small lamb packer would be $6,042 including $4,212 for annual costs associated with electronically submitting data and $1,830 for the storage and maintenance of electronic files that were submitted to AMS.

AMS estimates the total annual burden on each small importer of lamb to be $2,404 including $574 for annual cost associated with electronically submitting data and $1,830 for storage and maintenance of electronic files that were submitted to AMS.

Normally, few packers buy livestock or livestock products in one head or one head equivalent lots. Similarly, few importers buy imported carcasses or imported lamb cuts in less than carlot volumes. Therefore, the estimated reporting burden described here would reflect the maximum reporting burden on small businesses.

Projected Recordkeeping

Each packer and importer required to report information to the Secretary must maintain such records as are necessary to verify the accuracy of the information provided to AMS. This includes information regarding price, class, head count, weight, quality grade, yield grade, and other factors necessary to adequately describe each transaction. These records are already kept by the industry. Reporting packers and importers are required by these proposed regulations to maintain and to make available the original contracts, agreements, receipts, and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock. Reporting packers and importers are also required to maintain copies of the information provided to AMS. All of the above-mentioned paperwork must be kept for at least 2 years. Packers and importers are not required to report any other new or additional information that they do not generally have available or maintain. Further, they would not be required to keep any information that would prove unduly burdensome to maintain. The paperwork burden that would be imposed on the packers and importers is further discussed in the section entitled Paperwork Reduction Act that follows.

In addition, we have not identified any relevant Federal rules that are currently in effect that duplicate, overlap, or conflict with this rule. AMS will continue to report market information collected through its voluntary market reporting program provided the collection of such information does not duplicate the information collection requirements of this proposed rule.

Professional skills required for recordkeeping under this proposed rule would not be different than those already employed by the reporting entities. Reporting would be accomplished using computers or similar electronic means. AMS believes the skills needed to maintain such systems are already in place in those small businesses affected by this proposed rule. Comments are requested on the extent to which employees of these small businesses already possess the skills required to report and maintain recordkeeping systems.

Alternatives

This proposed rule as directed by the Act requires cattle and swine packing plants of a certain size to report information to the Secretary at prescribed times throughout the day and week. Further, lamb slaughter and processing plants and lamb importers of a certain size are required by these proposed regulations to report information to the Secretary at prescribed times throughout the day and week. These proposed regulations already exempt many small businesses by the establishment of daily slaughter, processing, and import capacity thresholds. Based on figures published by the National Agricultural Statistics Service (NASS), there were 795 cattle, 757 swine, and 556 lamb Federally inspected slaughter plants operating in the U.S. at the end of 1998. AMS estimates that approximately 49 cattle plants would be required to report information (6.2% of all Federally inspected cattle plants), 50 swine plants would be required to report information (6.6% of all Federally inspected swine plants), and 16 lamb packers and importers would be required to report

information (1.9% of all Federally inspected lamb plants and 1.3% of all lamb importers). Therefore, fully 93.8% of all cattle plants, 93.4% of all swine plants, and 98.1% of all lamb packers and 98.7% of lamb importers would not be required to report.

AMS recognizes that a major economic impact of this proposed rule on those small entities required to report involves the manner in which information must be reported to the Secretary. However, in developing these proposed regulations AMS did consider other means by which the objectives of this proposed rule could be accomplished, including reporting the required information by telephone, facsimile and regular mail. AMS believes these alternatives are not capable of meeting the program objectives, especially timely reporting. The Act prescribes specific times that reporting entities must report to AMS. Similarly, the Act prescribes specific times for publication of a report by AMS. AMS believes electronic submission to be the only method capable of allowing for AMS to collect, aggregate and publish reports while complying with the specific time-frames set forth in the Act. AMS believes it would not be possible for the Agency to receive information over the telephone, facsimile or regular mail and then transcribe the information into electronic format before aggregating and publishing the information while still complying with the publication time-frames set forth in the Act. However, AMS may provide for an exception to electronic reporting in emergencies or in cases when an alternative is agreeable to AMS and the reporting entity.

AMS cannot envision an alternative to the proposed method of data transmission that would be less burdensome to small businesses. Therefore, AMS is expressly seeking comment from those small businesses covered by this proposed rule regarding the burden imposed on them by this program. Specifically, AMS is seeking comments on the reporting format, including alternatives from small businesses that would be less burdensome. AMS will work actively with those small businesses required to report to minimize the burden on them to the maximum extent practicable.

Paperwork Reduction Act

This proposed rule contains recordkeeping and submission requirements that are subject to public comment and review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. Chapter 35). In accordance with 5 CFR Part 1320, we include the description of the reporting and recordkeeping requirements and an estimate of the annual burden on packers required to report information under this proposed rule. Because there is insufficient time for a normal clearance procedure, AMS has requested emergency processing and received temporary approval from OMB for the use of the information collection and recordkeeping requirements that we propose to use to implement the mandatory livestock reporting program on an expedited basis.

Title: Livestock Mandatory Reporting Act of 1999.

OMB Number: 0581–0186.

Expiration Date of Assessment: July 31, 2000.

Type of Request: Extension.

Abstract: The information collection and recordkeeping requirements in this regulation would be essential to establishing and implementing a mandatory program of livestock and livestock products reporting. Based on the information available, AMS estimates that there would be 49 beef packer plants, 50 pork packer plants, 11 lamb packer plants and 5 lamb importers that would be required to report market information under this proposed rule. These companies have similar recordkeeping systems and business operation practices and conduct their operations in a similar manner. AMS believes that all of the information required under this proposed rule can be collected from existing materials and systems and that these materials and systems can be adapted to satisfy the proposed forms. The PRA also requires AMS to measure the recordkeeping burden. Under this proposed rule, each packer and importer required to report must maintain and make available upon request for 2 years, such records as would be necessary to verify the accuracy of the information required to be reported. These records include original contracts, agreements, receipts, and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock. Under this proposed rule, the electronic data files which the packers would be required to utilize when submitting information to AMS would have to be maintained as these files provide the best record of compliance. The recordkeeping burden includes the amount of time needed to store and maintain records. AMS estimates that, since records of original contracts, agreements, receipts; and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock are stored and maintained as a matter of normal business practice by these companies for a period in excess of 2 years, additional annual costs would be nominal. AMS estimates the annual cost per respondent for the storage of the electronic data files which were submitted to AMS in compliance with the reporting provisions of this proposed rule to be $1,830.00. This estimate includes the cost of electronic data storage media, backup electronic data storage media, and backup software required to maintain an estimated annual electronic recordkeeping and backup burden of 42 megabytes, on average, per respondent. In addition, this estimate includes the cost per employee to maintain such records which is estimated to average 70 hours per year at $20.00 per hour for a total salary component cost of $1,400.00 per year. AMS welcomes any additional information from the industry regarding such costs.

In this proposed rule, information collection requirements include the submission of the required information on a daily and weekly basis in the standard format provided in the following forms: (1) Live Cattle Daily Report (Current Established Prices), (2) Live Cattle Daily Report (Committed and Delivered Cattle), (3) Live Cattle Weekly Report (Forward Contract and Packer-Owned), (4) Live Cattle Weekly Report (Formula Purchases), (5) Cattle Premiums and Discounts Weekly Report, (6) Boxed Beef Daily Report, (7) Swine Prior Day Report, (8) Swine Daily Report, (9) Swine Noncarcass Merit Premium Weekly Report, (10) Live Lamb Daily Report (Current Established Prices), (11) Live Lamb Daily Report (Committed and Delivered Lambs), (12) Live Lamb Weekly Report (Packer-Owned), (13) Live Lamb Weekly Report (Formula and Forward Contract Purchases), (14) Lamb Premiums and Discounts Weekly Report, (15) Boxed Lamb Report, and (16) Lamb Carcass Report. Copies of these 16 forms are included in Appendices at the end of this rule. Cattle packers would utilize six of these forms (Appendix A) when reporting information to AMS including two for daily cattle reporting, three for weekly cattle reporting, and one for daily boxed beef cuts reporting. Swine packers would utilize three forms (Appendix B), two for daily reporting of swine purchases and one for weekly reporting of non-carcass merit premium information. Lamb packers would utilize seven of these forms (Appendix

C) when reporting information to AMS including two for daily lamb reporting, three for weekly lamb reporting, one for daily and weekly boxed lamb cuts reporting and one for daily and weekly lamb carcass reporting. Lamb importers would utilize two of these forms when reporting information to AMS including one for reporting weekly imported lamb carcass and one for reporting weekly imported boxed lamb cut purchases and sales.

These information collection requirements have been designed to minimize disruption to the normal business practices of the affected entities. Each of these forms requires the minimal amount of information necessary to properly describe each reportable transaction, as required under this proposed rule. The number of forms is a result of an attempt to reduce the complexity of each form.

1. Live Cattle Daily Report (Current Established Prices): Form LS–113.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .17 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live cattle purchases to the Secretary.

Estimated Number of Respondents: 49 plants.

Estimated Number of Responses per Respondent: 520 (2 per day for 260 days).

Estimated Total Annual Burden on Respondents: 4,332 hours.

Total Cost: $86,640.

2. Live Cattle Daily Report (Committed and Delivered Cattle): Form LS–114.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .17 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live cattle purchases to the Secretary.

Estimated Number of Respondents. 49 plants.

Estimated Number of Responses per Respondent: 520 (2 per day for 260 days)

Estimated Total Annual Burden on Respondents: 4,332 hours.

Total Cost: $86,640.

3. Live Cattle Weekly Report (Forward Contract and Packer-Owned). Form LS–115.

Estimate of Burden. Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live cattle purchases to the Secretary.

Estimated Number of Respondents: 49 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 637 hours.

Total Cost: $12,740.

4. Live Cattle Weekly Report (Formula Purchases): Form LS–116.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live cattle purchases to the Secretary.

Estimated Number of Respondents: 49 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 637 hours.

Total Cost: $12,740.

5. Cattle Premiums and Discounts Weekly Report: Form LS–117.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .08 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live cattle purchases to the Secretary.

Estimated Number of Respondents: 49 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents. 204 hours.

Total Cost: $4,080.

6. Boxed Beef Daily Report: Form LS–126.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .125 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on domestic and export boxed beef cut sales to the Secretary.

Estimated Number of Respondents: 49 plants.

Estimated Number of Responses per Respondent. 520 (2 per day for 260 days).

Estimated Total Annual Burden on Respondents. 3,185 hours.

Total Cost: $63,700.

7. Swine Prior Day Report Form LS–118

Estimate of Burden. Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live swine purchases to the Secretary.

Estimated Number of Respondents: 50 plants.

Estimated Number of Responses per Respondent: 260 (1 per day for 260 days).

Estimated Total Annual Burden on Respondents. 3,250 hours.

Total Cost: $65,000.

8. Swine Daily Report: Form LS–119.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .17 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live swine purchases to the Secretary.

Estimated Number of Respondents: 50 plants.

Estimated Number of Responses per Respondent: 520 (2 per day for 260 days).

Estimated Total Annual Burden on Respondents: 4,420 hours.

Total Cost: $88,400.

9. Swine Noncarcass Merit Premium Weekly Report: Form LS–120.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live swine purchases to the Secretary.

Estimated Number of Respondents: 50 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 650 hours.

Total Cost: $13,000.

10. Live Lamb Daily Report (Current Established Prices): Form LS–121.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .17 hours per electronically submitted response.

Respondents: Packer processing, plants required to report information on live lamb purchases to the Secretary.

Estimated Number of Respondents: 8 plants.

Estimated Number of Responses per Respondent: 520 (2 per day for 260 days).

Estimated Total Annual Burden on Respondents. 707 hours.

Total Cost $14,140.

11. Live Lamb Daily Report (Committed and Delivered Lambs): Form LS–122.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .17 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live lamb purchases to the Secretary

Estimated Number of Respondents: 8 plants.

Estimated Number of Responses per Respondent: 520 (2 per day for 260 days).

Estimated Total Annual Burden on Respondents. 707 hours.

Total Cost: $14,140.

12. Live Lamb Weekly Report (Packer-Owned): Form LS–123.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live lamb purchases to the Secretary.

Estimated Number of Respondents: 8 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 104 hours.

Total Cost: $2,080.

13. Live Lamb Weekly Report (Formula and Forward Contract Purchases): Form LS–124.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .25 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live lamb purchases to the Secretary.

Estimated Number of Respondents: 8 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 104 hours.

Total Cost: $2,080.

14. Lamb Premiums and Discounts Weekly Report: Form LS–125.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .08 hours per electronically submitted response.

Respondents: Packer processing plants required to report information on live lamb purchases to the Secretary.

Estimated Number of Respondents: 8 plants.

Estimated Number of Responses per Respondent: 52 (1 per week for 52 weeks).

Estimated Total Annual Burden on Respondents: 33 hours.

Total Cost: $660..

15. Boxed Lamb Report: Form LS–128.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .167 hours per electronically submitted response.

Respondents: Packer processing plants and importers required to report information on boxed lamb cut purchases and sales to the Secretary.

Estimated Number of Respondents: 14 entities (including 1 entity that both processes and imports).

Estimated Number of Responses per Respondent: 260 (1 per day for 260 days) for domestic packing plants; 52 (1 per week for 52 weeks) for importers.

Estimated Total Annual Burden on Respondents: 434 hours for domestic packing plants and 43 hours for importers.

Total Cost: $8,680 for domestic packing plants and $860.00 for importers for a total of $9,540.00.

16. Lamb Carcass Report: Form LS–129.

Estimate of Burden: Public reporting burden for collection of information is estimated to be .167 hours per electronically submitted response.

Respondents: Packer processing plants and importers required to report information on lamb carcass purchases and sales to the Secretary.

Estimated Number of Respondents: 12 entities (including 1 entity that both slaughters and imports).

Estimated Number of Responses per Respondent: 260 (1 per day for 260 days) for domestic packing plants; 52 (1 per week for 52 weeks) for importers.

Estimated Total Annual Burden on Respondents: 347 hours for domestic packing plants and 43 hours for importers.

Total Cost: $6,940 for domestic packing plants and $860.00 for importers for a total of $7,800.00.

Estimated Total Annual Burden on Respondents by Species:

Live Cattle and Boxed Beef: $363,560 including $273,890 for annual costs associated with electronically submitted responses (13,327 annual hours @ $20.00 per hour plus initial electronic data transfer setup costs of $7,350 consisting of 147 annual hours at $50 per hour) and $89,670 for the storage and maintenance of electronic files that were submitted to AMS.

Live Swine. $265,400 including $173,900 for annual costs associated with electronically submitted responses (8,320 annual hours @ $20.00 per hour plus initial electronic data transfer setup costs of $7,500 consisting of 150 annual hours at $50 per hour) and $91,500 for the storage and maintenance of electronic files that were submitted to AMS.

Live Lambs, Boxed Lamb, and Lamb Carcasses: $82,120 including $52,840 for annual costs associated with electronically submitted responses (2,522 annual hours @ $20.00 per hour plus initial electronic data transfer setup costs of $2,400 consisting of 48 annual hours at $50 per hour) and $29,280 for the storage and maintenance of electronic files that were submitted to AMS.

AMS is soliciting comments from all interested parties concerning the information collection and recordkeeping requirements contained in this proposed rule. Comments are specifically invited on the following: (1) The accuracy of the agency's burden estimate of the proposed collection of information including the validity of the methodology and assumptions used; (2) ways to minimize the burden of the collection of information on those who would be required to respond, including through the use of appropriate electronic collection methods; (3) whether the proposed collection of information is sufficient or necessary for the proper performance of the functions of the agency as mandated by the Act; and (4) ways to enhance the quality, utility, and clarity of the information to be collected. Comments concerning the information collection and recordkeeping requirements contained in this action should reference OMB number 0581–0186 together with the date and page number of this issue of the **Federal Register** and should be sent in duplicate to John E. Van Dyke, Chief, Livestock and Grain Market News Branch, Docket No. LS–99–18, Room 2619–S; 1400 Independence Avenue; SW., Washington, D.C. 20250–0252. Comments may also be sent by fax to (202) 690–3732, by electronic mail to: john.vandyke@usda.gov, or filed via an on-line form through the AMS website at: http://www.ams.usda.gov/lsg/mprcomment.htm. State that your comments refer to Docket No. LS–99–18. Comments received may be inspected at the above location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except holidays, or over the AMS website at: *http://www.ams.usda.gov/lsg/price htm.*

Comments sent to the above location should also be sent to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503. All responses to this action will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

A 30-day comment period is provided for interested persons to comment on this proposed rule. The 30-day period is deemed appropriate in order to provide a sufficient amount of time to comment while conforming, as closely as possible, to the time-frames contemplated by the Act.

List of Subjects in 7 CFR Part 57

Cattle, Hogs, Lamb, Livestock, Sheep.

For the reasons set forth in the preamble, it is proposed that Chapter I of Title 7 of the CFR be amended by adding Part 57 to read as follows:

PART 57—LIVESTOCK MANDATORY REPORTING

Subpart A—General Provisions

Sec.
57.10 General administrative provisions.
57.11 Recordkeeping.
57.20 Definitions.

Subpart B—Cattle Reporting

57.100 Definitions.
57.101 Mandatory daily reporting for live cattle.
57.102 Mandatory weekly reporting for live cattle.
57.103 Mandatory reporting of boxed beef sales.

Subpart C—Swine Reporting.

57.200 Definitions.
57.201 General reporting provisions
57.202 Mandatory daily reporting for swine
57.203 Mandatory weekly reporting for swine.

Subpart D—Lamb Reporting

57.300 Definitions.
57.301 Mandatory daily reporting for lambs.
57.302 Mandatory weekly reporting for lambs.
57.303 Mandatory reporting of lamb carcasses and boxed lamb.

Subpart E—OMB Control Number

57.400 OMB control number assigned pursuant to the Paperwork Reduction Act.

Authority: 7 U.S.C. 1621 et seq.

Subpart A—General Provisions

§ 57.10 General administrative provisions.

(a) *Reporting by Packers and Importers.* A packer or importer shall report all information required under this part on an individual lot basis.

(b) *Reporting Schedule.* Whenever a packer or importer is required to report information on transactions of livestock and livestock products under this part by a set time, all covered transactions up to within one half hour of the reporting deadline shall be reported. Transactions completed during the one half hour prior to the previous reporting time, but not reported in the previous report, shall be reported at the next scheduled reporting time.

(c) *Regional reporting and aggregation.* The Secretary shall make information obtained under this part available to the public only in a manner that:

(1) Ensures that the information is published on a national and a regional or statewide basis as the Secretary determines to be appropriate;

(2) Ensures that the identity of a reporting person or the entity which they represent is not disclosed; and

(3) Market information reported to the Secretary by packers and importers shall be aggregated in such a manner that the market reports issued will not disclose the identity of persons, packers and importers, including parties to a contract and packer's and importer's proprietary information.

(d) *Adjustments.* Prior to the publication of any information required under this part, the Secretary may make reasonable adjustments in information reported by packers and importers to reflect price aberrations or other unusual or unique occurrences that the Secretary determines would distort the published information to the detriment of producers, packers, or other market participants.

(e) *Reporting of activities on weekends and holidays.* Livestock and livestock products committed to a packer, or importer, or purchased, sold, or slaughtered by a packer or importer on a weekend day or holiday shall be reported to the Secretary in accordance with the provisions of this part and reported by the Secretary on the immediately following reporting day. A packer shall not be required to report such actions more than once on the immediately following reporting day.

(f) *Reporting methods.* Whenever information is required to be reported under this part, it shall be reported by electronic means and shall adhere to a standardized format established by the Secretary to achieve the objectives of this part, except in emergencies or in cases when an alternative method is agreeable to the entity required to report and AMS.

§ 57.11 Recordkeeping.

(a) *In general.* Each packer or importer required to report information to the Secretary under the Act and this part shall maintain for 2 years and make available to the Secretary the following information on request:

(1) The original contracts, agreements, receipts, and other records associated with any transaction relating to the purchase, sale, pricing, transportation, delivery, weighing, slaughter, or carcass characteristics of all livestock or livestock products; and

(2) Such records or other information as is necessary or appropriate to verify the accuracy of the information required to be reported under the Act and this part.

(b) *Purchases of livestock and sales of boxed beef cuts.* A record of a purchase of a lot of cattle, a unit of boxed beef cuts, a lot of swine, or a lot of lambs by a packer shall evidence whether the purchase occurred.

(1) Before 10:00 a.m. Central Time;

(2) Between 10:00 a.m. and 2:00 p.m. Central Time; or

(3) After 2:00 p.m. Central Time.

(c) *Purchases and sales of domestic and imported lamb carcasses and cuts* A record of a purchase or sale by a packer of lamb carcasses and cuts, or by an importer of lamb carcasses and cuts shall evidence time and date the purchase or sale occurred.

(d) *Reporting sales of boxed beef cuts and sales and purchases of lamb carcasses and cuts.*

(1) Beef packers must report all sales of boxed beef cuts by the applicable Institutional Meat Purchase Specification (IMPS), Fresh Beef Series 100 item number or by the packer's cut and trim specifications.

(2) Lamb packers and importers must report all sales and purchases of boxed lamb carcasses and cuts by the applicable IMPS, Fresh Lamb and Mutton Series 200 item number or by the packer's and importer's cut and trim specifications.

(3) You may obtain a copy of IMPS Fresh Beef Series 100 and Fresh Lamb and Mutton Series 200 from U.S. Department of Agriculture, Agricultural Marketing Service, Livestock and Seed Program, Livestock and Meat Standardization Branch, Room 2603 South Building STOP 0254, PO Box 96456 Washington, D.C. 20090–6456. You may inspect a copy of the above in Room 2603, South Building, 14th and Independence Ave., SW, Washington, D.C. 20250, or at the office of the Federal Register, 800 North Capitol Street, NW, Suite 700, Washington, D.C. 20488

§ 57.20 Definitions.

The following definitions apply to this part:

Base price. The term 'base price' means the price paid for livestock, delivered at the packing plant, before application of any premiums or discounts, expressed in dollars per hundred pounds of hot carcass weight.

Basis level. The term 'basis level' means the agreed on adjustment to a future price to establish the final price paid for livestock.

Committed. The term 'committed' means the agreement between a buyer and seller to schedule livestock for delivery at some date.

Current slaughter week. The term 'current slaughter week' means the period beginning Monday, and ending Sunday, of the week in which a reporting day occurs.

Discount. The term 'discount' means the adjustment, expressed in dollars per hundred pounds, subtracted from the base price due to weight, quality grade, yield grade, livestock class, dark cutting, breed, or dressing percentage.

F.O.B. The term 'F.O.B.' means free on board, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer (F.O.B. Plant or F.O.B. Feedlot).

Livestock. The term 'livestock' means cattle, swine, and lambs.

Lot. The term 'lot' means a group of one or more livestock that is identified for the purpose of a single transaction between a buyer and a seller.

Marketing. The term 'marketing' means the sale or other disposition of livestock, livestock products, or meat or meat food products in commerce.

Negotiated purchase. The term 'negotiated purchase' means a cash or spot market purchase by a packer of livestock from a producer under which the base price for the livestock is determined by seller-buyer interaction and agreement on a delivery day, and the livestock are scheduled for delivery to the packer not more than 14 days after the date on which the livestock are committed to the packer.

Negotiated sale. The term 'negotiated sale' means a cash or spot market sale by a producer of livestock to a packer under which the base price for the livestock is determined by seller-buyer interaction and agreement on a delivery day and the livestock are scheduled for delivery to the packer not later than 14 days after the date on which the livestock are committed to the packer. When used in reference to sales of boxed meat cuts and carcasses the term 'negotiated sale' means a cash or spot market sale by a processor of boxed meat cuts or carcasses to a buyer of boxed meat cuts or carcasses under which the base price for the boxed meat cuts or carcasses is determined by seller-buyer interaction and agreement on a day.

Premium. The term 'premium' means the adjustment, expressed in dollars per hundred pounds, added to the base price due to weight, quality grade, yield grade, livestock class, and breed.

Priced. The term 'priced' means the actual determination of a price either through buyer-seller interaction and agreement or as the result of a formula marketing arrangement or forward contract.

Prior slaughter week. The term 'prior slaughter week' means the Monday through Sunday prior to a reporting day.

Producer. The term 'producer' means any person engaged in the business of selling livestock to a packer for slaughter (including the sale of livestock from a packer to another packer).

Purchased. The term 'purchased' means the agreement on a price, or the method for calculating a price, determined through buyer-seller interaction and agreement.

Reporting day. The term 'reporting day' means a day on which a packer conducts business regarding livestock committed to the packer, or livestock purchased, sold, or slaughtered by the packer; the Secretary is required to make such information available to the public; and the Department of Agriculture is open to conduct business.

Secretary. The term 'Secretary' means the Secretary of Agriculture of the United States or any other officer or employee of the Department of Agriculture to whom authority has been delegated or may hereafter be delegated to act in the Secretary's stead.

State. The term 'State' means each of the 50 States.

Subpart B—Cattle Reporting

§57.100 Definitions.

The following definitions apply to this part:

Branded. The term 'branded' means boxed beef cuts which are marketed based on a distinctive characteristic or combination of characteristics. These characteristics are categorized by quality grade (including ungraded or no-roll), trim specification, weight, breed, and packaging.

Carcass characteristics. The term 'carcass characteristics' means those traits pertinent to the proper categorization of live cattle including the estimated average live weight in pounds, the estimated percentage of cattle of a quality grade of Choice or better, and an estimate of the cattle dressing percentage.

Cattle committed. The term 'cattle committed' means cattle that are scheduled to be delivered to a packer within the 7-day period beginning on the date of an agreement to sell the cattle.

Cattle type The term 'cattle type' means the following types of cattle purchased for slaughter:

(1) Fed steers;

(2) Fed heifers;

(3) Fed Holsteins and other fed dairy steers and heifers,

(4) Cows; and

(5) Bulls.

Formula marketing arrangement. The term 'formula marketing arrangement' means the advance commitment of cattle for slaughter by any means other than through a negotiated purchase or a forward contract, using a method for calculating price in which the price is determined at a future date. When used in reference to boxed beef, the term 'formula marketing arrangement' means the advance commitment of boxed beef by any means other than through a negotiated purchase or a forward contract, using a method for calculating price in which the price is determined at a future date.

Forward contract. The term 'forward contract' means an agreement for the purchase of cattle, executed in advance of slaughter, under which the base price is established by reference to prices quoted on the Chicago Mercantile Exchange, or other comparable publicly available prices. When used in reference to boxed beef, the term 'forward contract' means an agreement for the sale of boxed beef, executed in advance of manufacture, under which the base price is established by reference to publicly available quoted prices.

Packer. The term 'packer' means any person engaged in the business of buying cattle in commerce for purposes of slaughter, of manufacturing or preparing meats or meat food products from cattle for sale or shipment in commerce, or of marketing meats or meat food products from cattle in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce. For any calendar year, the term 'packer' includes only a Federally inspected cattle processing plant that slaughtered an average of 125,000 head of cattle per year during the immediately preceding 5 calendar years. Additionally, in the case of a cattle processing plant that did not slaughter cattle during the immediately preceding 5 calendar years, it shall be considered a packer if the Secretary determines the processing plant should be considered a packer under this subpart after considering its capacity.

Packer-owned cattle The term 'packer-owned cattle' means cattle that a packer owns for at least 14 days immediately before slaughter.

Prices for cattle The term 'prices for cattle' includes the price per hundredweight, the purchase type; the quantity on a live and a dressed weight basis, the range and estimated live weights; the estimated percentage of cattle of a quality grade Choice or better; any premiums or discounts associated with weight, quality grade, yield grade, or type of cattle; cattle State of origin; expected date of slaughter; estimated cattle dressing percentage; and price basis as F.O.B. feedlot or delivered at the plant.

Terms of trade The term 'terms of trade' means, with respect to the purchase of cattle for slaughter.

(1) Whether a packer provided any financing agreement or arrangement with regard to the cattle;

(2) Whether the delivery terms specified the location of the producer or the location of the packer's plant;

(3) Whether the producer is able to unilaterally specify the date and time during the business day of the packer that the cattle are to be delivered for slaughter; and

(4) The percentage of cattle purchased by a packer as a negotiated purchase that are delivered to the plant for slaughter more than 7 days, but fewer than 14 days, after the earlier of either the date on which the cattle were committed to the packer, the date on which the cattle were purchased by the packer, or the date on which the cattle were priced by the packer.

Type of purchase. The term 'type of purchase' with respect to cattle, means a negotiated purchase, a formula market arrangement, and a forward contract.

Type of sale. The term 'type of sale' with respect to boxed beef, means a negotiated sale, a formula market arrangement, and a forward contract.

§ 57.101 Mandatory daily reporting for live cattle.

(a) *In general.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary at least two times each reporting day not later than 10:00 a.m. Central Time and not later than 2:00 p.m. Central Time the following information for each cattle type, inclusive since the last reporting, categorized to clearly delineate domestic from imported market purchases as described in (57.10(b).

(1) The prices for cattle (per hundredweight) established on that day, categorized by:

(i) The type of purchase;

(ii) The quantity of cattle purchased on a live weight basis,

(iii) The quantity of cattle purchased on a dressed weight basis;

(iv) A range and average of estimated live weights of cattle purchased;

(v) An estimate of the percentage of the cattle purchased that were of a quality grade of Choice or better; and

(vi) Any premiums or discounts associated with weight, quality grade, yield grade, or type of purchase.

(2) The quantity of cattle delivered to the packer (quoted in numbers of head) on that day, categorized by:

(i) The type of purchase;

(ii) The quantity of cattle delivered on a live basis; and

(iii) The quantity of cattle delivered on a dressed basis.

(3) The quantity of cattle committed to the packer (quoted in numbers of head) as of that day, categorized by the type of purchase, quantity of cattle to be delivered on a live basis, and the quantity of cattle to be delivered on a dressed basis.

(4) The terms of trade regarding the cattle, as applicable.

(b) *Publication* The Secretary shall make the information available to the public not less frequently than three times each reporting day.

§ 57.102 Mandatory weekly reporting for live cattle.

(a) *In general.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary, on the first reporting day of each week, not later than 9:00 a.m. Central Time, the following information applicable to the prior slaughter week, categorized to clearly delineate domestic from imported market purchases:

(1) The quantity of cattle purchased through forward contracts that were slaughtered;

(2) The quantity of cattle delivered under a formula marketing arrangement that were slaughtered;

(3) The quantity and carcass characteristics of packer-owned cattle that were slaughtered, and

(4) The quantity, basis level, and delivery month for all cattle purchased through forward contracts.

(b) *Premiums and discounts* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary, on the first reporting day of each week, not later than 9:00 a.m. Central Time, the range and average of intended premiums and discounts (associated with weight, quality grade, yield grade, or type of cattle) that are expected to be in effect for the current slaughter week.

(c) *Formula purchases.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary, on the first reporting day of each week, by 8:00 a.m. Central Time, the following information for cattle purchased through a formula marketing arrangement and slaughtered during the prior slaughter week, categorized to clearly delineate domestic from imported market purchases:

(1) The quantity (quoted in both numbers of head and pounds) of cattle;

(2) The weighted average price paid for a carcass, including applicable premiums and discounts;

(3) The range of premiums and discounts paid;

(4) The weighted average of premiums and discounts paid;

(5) The range of prices paid;

(6) The aggregate weighted average price paid for a carcass; and

(7) The terms of trade regarding the cattle, as applicable.

(d) *Publication.* The Secretary shall make available to the public the information obtained under paragraphs (a), (b), and (c) of this section on the first reporting day of the current slaughter by 10:00 a.m. Central Time.

§ 57.103 Mandatory reporting of boxed beef sales.

(a) *Daily reporting.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary at least twice each reporting day (once by 10:00 a.m. Central Time, and once by 2:00 p.m. Central Time) the following information on total boxed beef domestic and export sales established on that day inclusive since the last reporting as described in § 57 10(b):

(1) The price for each lot of each boxed beef sale, quoted in dollars per hundredweight on a F.O.B. plant basis;

(2) The quantity for each lot of each sale, quoted by number of boxes sold; and

(3) The information regarding the characteristics of each sale is as follows

(i) The type of sale,

(ii) The branded product characteristics, if applicable;

(iii) The grade of beef (USDA Choice or better, Select, or ungraded no-roll product);

(iv) The cut of beef, referencing the USDA's Livestock and Seed Program Institutional Meat Purchase Specifications (IMPS), Fresh Beef Series 100, when applicable,

(v) The trim specification;

(vi) The weight range of the cut;

(vii) The number of boxes;

(viii) The product weight;

(ix) The product delivery period;

(x) The product manufacture date;

(xi) The product buyer and delivery location, and

(xii) The beef type (steer/heifer, dairy steer/heifer, or cow).

(b) *Publication.* The Secretary shall make available to the public the information obtained under paragraph (a) of this section not less frequently than twice each reporting day.

Subpart C—Swine Reporting

§ 57.200 Definitions.

The following definitions apply to this subpart:

Affiliate. The term 'affiliate', with respect to a packer, means:

(1) A person that directly or indirectly owns, controls, or holds with power to

vote, 5 percent or more of the outstanding voting securities of the packer;

(2) A person 5 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the packer; and

(3) A person that directly or indirectly controls, or is controlled by or under common control with, the packer

Applicable reporting period. The term 'applicable reporting period' means the period of time prescribed by the prior day report, the morning report, and the afternoon report, as provided in § 57.202.

Average backfat. The term 'average backfat' means the average of the backfat thickness (in inches) measured between the third and fourth from the last ribs, 7 centimeters from the carcass split (or adjusted from the individual packer's measurement to that reference point using an adjustment made by the Secretary) of the swine slaughtered during the applicable reporting period.

Average carcass weight. The term 'average carcass weight' means the weight obtained by dividing the total carcass weight of the swine slaughtered at the packing plant during the applicable reporting period by the number of these same swine.

Average lean percentage The term 'average lean percentage' means the value equal to the average percentage of the carcass weight comprised of lean meat for the swine slaughtered during the applicable reporting period. Whenever the packer changes the manner in which the average lean percentage is calculated, the packer shall make available to the Secretary the underlying data, applicable methodology and formulae, and supporting materials used to determine the average lean percentage, which the Secretary may convert either to the carcass measurements or lean percentage of the swine of the individual packer to correlate to a common percent lean measurement; and the total slaughter quantity, which shall be equal to the total number of swine slaughtered during the applicable reporting period, including all types of purchases and packer-owned swine

Average net price. The term 'average net price' means the quotient (stated per hundred pounds of carcass weight of swine) obtained by dividing the total amount paid for the swine slaughtered at a packing plant during the applicable reporting period (including all premiums and less all discounts) by the total carcass weight of the swine (in hundred pound increments). The average net price includes any sum deducted from the price (per hundredweight) paid to a producer that reflects the repayment of a balance owed by the producer to the packer, or the accumulation of a balance to later be repaid by the packer to the producer, less all discounts.

Average sort loss. The term 'average sort loss' means the average discount (in dollars per hundred pounds carcass weight) for swine slaughtered during the applicable reporting period, resulting from the fact that the swine did not fall within the individual packer's established carcass weight range or lot variation range.

Barrow. The term 'barrow' means a neutered male swine, with the neutering performed before the swine reached sexual maturity.

Base market hog. The term 'base market hog' means a hog for which no discounts are subtracted from and no premiums are added to the base price.

Boars. The term 'boar' means a sexually-intact male swine.

Bred female swine. The term 'bred female swine' means any female swine, whether a sow or gilt, that has been mated or inseminated, or has been confirmed, to be pregnant.

Formula price. The term 'formula price' means a price determined by a mathematical formula under which the price established for a specified market serves as the basis for the formula.

Gilt. The term 'gilt' means a young female swine that has not produced a litter.

Highest net price. The term 'highest net price' means the highest net price paid for a single lot or group of swine slaughtered at a packing plant during the applicable reporting period per hundred pounds of carcass weight of swine.

Hog Class. The term 'hog class' means, as applicable, barrows or gilts, sows; or boars or stags.

Lowest net price The term 'lowest net price' means the lowest net price paid for a single lot or group of swine slaughtered at a packing plant during the applicable reporting period per hundred pounds of carcass weight of swine.

Net price. The term 'net price' means the total amount paid by a packer to producers (including all premiums, less all discounts) per hundred pounds of carcass weight of swine delivered at the plant. The total amount paid shall include any sum deducted from the price (per hundredweight) paid to a producer that reflects the repayment of a balance owed by the producer to the packer or the accumulation of a balance to later be repaid by the packer to the producer. The total amount paid shall exclude any sum earlier paid to a producer that must be repaid to the packer.

Noncarcass merit premium. The term 'noncarcass merit premium' means an increase in the base price of the swine offered by an individual packer or packing plant, based on any factor other than the characteristics of the carcass, if the actual amount of the premium is known before the sale and delivery of the swine.

Other market formula purchase. The term 'other market formula purchase' means a purchase of swine by a packer in which the pricing mechanism is a formula price based on any market other than the market for swine, pork, or a pork product. The term 'other market formula purchase' includes a formula purchase in a case which the price formula is based on 1 or more futures or options contracts.

Other purchase arrangement The term 'other purchase arrangement' means a purchase of swine by a packer that is not a negotiated purchase, swine or pork market formula purchase, or other market formula purchase, and does not involve packer-owned swine.

Packer. The term 'packer' means any person engaged in the business of buying swine in commerce for purposes of slaughter, of manufacturing or preparing meats or meat food products from swine for sale or shipment in commerce, or of marketing meats or meat food products from cattle in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce. For any calendar year, the term 'packer' includes only a Federally inspected swine processing plant that slaughtered an average of 100,000 head of swine per year during the immediately preceding 5 calendar years. Additionally, in the case of a swine processing plant that did not slaughter swine during the immediately preceding 5 calendar years, it shall be considered a packer if the Secretary determines the processing plant should be considered a packer under this subpart after considering its capacity

Packer-owned swine. The term 'packer-owned swine' means swine that a packer (including a subsidiary or affiliate of the packer) owns for at least 14 days immediately before slaughter.

Packer-sold swine The term 'packer-sold swine' means the swine that are owned by a packer (including a subsidiary or affiliate of the packer) for more than 14 days immediately before sale for slaughter; and sold for slaughter to another packer.

Pork. The term 'pork' means the meat of a porcine animal.

Pork product The term 'pork product' means a product or byproduct produced or processed in whole or in part from pork.

Purchase data. The term 'purchase data' means all of the applicable data, including weight (if purchased live), for all swine purchased during the applicable reporting period, regardless of the expected delivery date of the swine, reported by:

(1) Hog class;

(2) Type of purchase; and

(3) Packer-owned swine.

Slaughter data. The term 'slaughter data' means all of the applicable data for all swine slaughtered by a packer during the applicable reporting period, regardless of whether the price of the swine was negotiated or otherwise determined, reported by:

(1) Hog class;

(2) Type of purchase; and

(3) Packer-owned swine

Sow. The term 'sow' means an adult female swine that has produced 1 or more litters.

Stag. The term 'stag' means a male swine that was neutered after reaching sexual maturity.

Swine. The term 'swine' means a porcine animal raised to be a feeder pig, raised for seedstock, or raised for slaughter.

Swine or pork market formula purchase. The term 'swine or pork market formula purchase' means a purchase of swine by a packer in which the pricing mechanism is a formula price based on a market for swine, pork, or a pork product, other than a future or option for swine, pork, or a pork product.

Type of purchase. The term 'type of purchase', with respect to swine, means.

(1) A negotiated purchase;

(2) Other market formula purchase;

(3) A swine or pork market formula purchase; and

(4) Other purchase arrangement

§ 57.201 General Reporting Provisions.

(a) *Packer-owned swine.* Information required under this section for packer-owned swine shall include quantity and carcass characteristics, but not price.

(b) *Packer-sold swine.* If information regarding the type of purchase is required under this section, the information shall be reported according to the numbers and percentages of each type of purchase:

(1) Packer-sold swine; and

(2) All other swine.

§ 57.202 Mandatory Daily Reporting for Swine.

(a) *Prior day report.* The corporate officers or officially designated representatives of each packer shall report to the Secretary for each business day of the packer not later than 7:00 a.m. Central Time on each reporting day information regarding all swine purchased, priced, or slaughtered during the prior business day of the packer as specified in § 57.10(b):

(1) All purchase data including the total number of swine purchased and swine scheduled for delivery; and the base price and purchase data for slaughtered swine for which a price has been established.

(2) The following slaughter data for the total number of swine slaughtered:

(i) Information concerning the net price;

(ii) Information concerning the average net price;

(iii) Information concerning the lowest net price,

(iv) Information concerning the highest net price;

(v) The average carcass weight,

(vi) The average sort loss;

(vii) The average backfat;

(viii) The average lean percentage; and

(ix) Total quantity slaughtered.

(3) Packer purchase commitments, which shall be equal to the number of swine scheduled for delivery to a packer for slaughter for each of the next 14 calendar days.

(4) *Publication.* The Secretary shall publish the information obtained under this paragraph in a prior day report not later than 8:00 a.m. Central Time on the reporting day on which the information is received from the packer.

(b) *Morning report.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary not later than 10:00 a.m. Central Time each reporting day as described in § 57.10(b):

(1) The packer's best estimate of the total number of swine, packer-owned swine, and packer-sold swine expected to be purchased throughout the reporting day through each type of purchase;

(2) The total number of swine, packer-owned swine, and packer-sold swine purchased up to that time of the reporting day through each type of purchase;

(3) The base price paid for all base market hogs purchased up to that time of the reporting day through negotiated purchases; and

(4) The base price paid for all base market hogs purchased through each type of purchase other than negotiated purchase up to that time of the reporting day, unless such information is unavailable due to pricing that is determined on a delayed basis The packer shall report information on such purchases on the first reporting day or scheduled reporting time on a reporting day after the price has been determined.

(5) *Publication.* The Secretary shall publish the information obtained under this paragraph in the morning report as soon as practicable, but not later than 11:00 a.m. Central Time, on each reporting day.

(c) *Afternoon report.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary not later than 2:00 p.m. Central Time each reporting day as described in § 57.10(b):

(1) The packer's best estimate of the total number of swine, packer-owned swine, and packer-sold swine expected to be purchased throughout the reporting day through each type of purchase;

(2) The total number of swine, packer-owned swine, packer-sold swine purchased up to that time of the reporting day through each type of purchase;

(3) The base price paid for all base market hogs purchased up to that time of the reporting day through negotiated purchases; and

(4) The base price paid for all base market hogs purchased through each type of purchase other than negotiated purchase up to that time of the reporting day, unless such information is unavailable due to pricing that is determined on a delayed basis The packer shall report information on such purchases on the first reporting day or scheduled reporting time on a reporting day after the price has been determined.

(5) *Publication* The Secretary shall publish the information obtained under this paragraph in the afternoon report as soon as practicable, but not later than 3:00 p.m. Central Time, on each reporting day.

§ 57.203 Mandatory Weekly Reporting for Swine.

(a) *Weekly noncarcass merit premium report* Not later than 4:00 p.m. Central Time in accordance with § 57.10(b) on the first reporting day of each week, the corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary a noncarcass merit premium report that lists:

(1) Each category of standard noncarcass merit premiums used by the packer in the prior slaughter week; and

(2) The dollar value (in dollars per hundred pounds of carcass weight) paid to producers by the packer, by category.

(b) *Premium list.* A packer shall maintain and make available to a producer, on request, a current listing of the dollar values (per hundred pounds of carcass weight) of each noncarcass merit premium used by the packer during the current or the prior slaughter week.

(c) *Publication.* The Secretary shall publish the information obtained under this subsection as soon as practicable, but not later than 5:00 p.m. Central Time, on the first reporting day of each week.

Subpart D—Lamb Reporting

§ 57.300 Definitions.

The following definitions apply to this subpart:

Branded. The term 'branded' means boxed lamb cuts which are marketed based on a distinctive characteristic or combination of characteristics. These characteristics are categorized by quality grade (including ungraded or no-roll), trim specification, weight, breed, and packaging.

Formula marketing arrangement. The term 'formula marketing arrangement' means the advance commitment of lambs for slaughter by any means other than through a negotiated purchase or a forward contract, using a method for calculating price in which the price is determined at a future date. When used in reference to boxed lamb, the term 'formula marketing arrangement' means the advance commitment of boxed lamb cuts for delivery by any means other than through a negotiated purchase or a forward contract, using a method for calculating price in which the price is determined at a future date.

Forward contract. The term 'forward contact' means an agreement for the purchase of lambs, executed in advance of slaughter, under which the base price is established by reference to publicly available prices. When used in reference to boxed lamb, the term 'forward contract means' an agreement for the sale of boxed lamb cuts, executed in advance of manufacture, under which the base price is established by reference to publicly available quoted prices.

Importer. The term 'importer' means any person engaged in the business of importing meat products from lambs for sale or shipment in commerce. For any calendar year, the term includes only those that imported an average of 5,000 metric tons of lamb meat products per year during the immediately preceding 5 calendar years. Additionally, the term includes those that did not import an average of 5,000 metric tons of lamb meat products during the immediately preceding 5 calendar years, if the Secretary determines that the person should be considered an importer based on their volume of lamb imports.

Lambs committed. The term 'lambs committed' means lambs that are scheduled to be delivered to a packer within the 7-day period beginning on the date of an agreement to sell the lambs.

Packer. The term 'packer' means any person engaged in the business of buying lambs in commerce for purposes of slaughter, of manufacturing or preparing meat products from lambs for sale or shipment in commerce, or of marketing meats or meat products from lambs in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce. For any calendar year, the term includes only a Federally inspected lamb processing plant which slaughtered or processed the equivalent of an average of 75,000 head of lambs per year during the immediately preceding 5 calendar years. Additionally, the term includes a lamb processing plant that did not slaughter or process an average of 75,000 lambs during the immediately preceding 5 calendar years if the Secretary determines that the processing plant should be considered a packer after considering its capacity.

Packer-owned lambs. The term 'packer-owned lambs' means lambs that a packer owns for at least 14 days immediately before slaughter.

Terms of trade. The term 'terms of trade' includes, with respect to the purchase of lambs for slaughter:

(1) Whether a packer provided any financing agreement or arrangement with regard to the lambs;

(2) Whether the delivery terms specified the location of the producer or the location of the packer's plant;

(3) Whether the producer is able to unilaterally specify the date and time during the business day of the packer that the lambs are to be delivered for slaughter, and

(4) The percentage of lambs purchased by a packer as a negotiated purchase that are delivered to the plant for slaughter more than 7 days, but fewer than 14 days, after the earlier of either the date on which the lambs were committed to the packer, the date on which the lambs were purchased by the packer, or the date on which the lambs were priced by the packer.

Type of purchase. The term 'type of purchase' means a negotiated purchase, a formula market arrangement, and a forward contract.

Type of sale. The term 'type of sale' with respect to boxed lamb, means a negotiated sale, a formula market arrangement, and a forward contract.

§ 57.301 Mandatory daily reporting for lambs.

(a) In General. The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary at least twice each reporting day not later than 10:00 a.m. Central Time and not later than 2:00 p.m. Central Time the following information for lamb, categorized to clearly delineate domestic from imported market purchases as described in § 57.10(b):

(1) The prices for lambs (per hundredweight) established on that day, categorized by:

(i) The type of purchase;

(ii) The quantity of lambs purchased on a live weight basis;

(iii) The quantity of lambs purchased on a dressed weight basis;

(iv) A range and average of estimated live weights of lambs purchased;

(v) An estimate of the percentage of the lambs purchased that were of a quality grade of Choice or better;

(vi) Any premiums or discounts associated with weight, quality grade, or yield grade;

(vii) Lamb State of origin;

(viii) Slaughter plant destination;

(ix) Expected date of slaughter; and

(x) Estimated lamb dressing percentage.

(2) The quantity of lambs delivered to the packer (quoted in numbers of head) on that day, categorized by the quantity of lambs delivered on a live basis and the quantity of lambs delivered on a dressed basis.

(3) The quantity of lambs committed to the packer (quoted in numbers of head) as of that day, categorized by the quantity of lambs to be delivered on a live basis and the quantity of lambs to be delivered on a dressed basis.

(4) The terms of trade regarding the lambs, as applicable.

(b) *Publication* The Secretary shall make the information available to the public not less than twice each reporting day.

§ 57.302 Mandatory Weekly Reporting for Lambs.

(a) *In general.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary on the first reporting day of each week, not later than 9:00 a.m. Central Time, the following information applicable to the prior slaughter week categorized to clearly delineate domestic from imported market purchases:

(1) The quantity of lambs purchased through forward contracts that were slaughtered

(2) The quantity of lambs delivered under a formula marketing arrangement that were slaughtered.

(3) The quantity and carcass characteristics of packer-owned lambs that were slaughtered, including:

(i) The quantity of lambs purchased on a live weight basis;

(ii) The quantity of lambs purchased on a dressed weight basis;

(iii) A range and average of estimated live weights of lambs purchased;

(iv) An estimate of the percentage of the lambs purchased that were of a quality grade of Choice or better;

(v) Lamb State of origin;

(vi) Estimated lamb dressing percentage;

(vii) Price basis as F.O.B. or delivered; and

(viii) Shrink factor.

(4) The quantity, basis level, and delivery month for all lambs purchased through forward contracts.

(5) The range and average of intended premiums and discounts (associated with weight, quality grade, or yield grade) that are expected to be in effect for the current slaughter week.

(b) *Premiums and discounts.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary on the first reporting day of each week, not later than 9:00 a.m. Central Time, the following information applicable to the current slaughter week. The range and average of intended premiums and discounts associated with weight, quality grade, or yield grade, categorized to clearly delineate domestic from imported purchases.

(c) *Formula purchases.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary on the first reporting day of each week, not later than 9 a.m. Central Time, the following information for lambs purchased through a formula marketing arrangement and slaughtered during the prior week:

(1) The quantity (quoted in both numbers of head and pounds) of lambs;

(2) The weighted average price paid for a carcass, including applicable premiums and discounts, associated with weight, quality grade, or yield grade;

(3) The range of premiums and discounts, associated with weight, quality grade, or yield grade, paid;

(4) The weighted average of premiums and discounts, associated with weight, quality grade, or yield grade, paid;

(5) The actual premium and discount paid by carcass characteristic;

(6) The range of prices paid;

(7) The aggregate weighted average price paid for a carcass;

(8) The terms of trade regarding the lambs, as applicable; and

(9) The quantity, basis level, and delivery month for all lamb purchased.

(d) *Forward contract purchases.* The corporate officers or officially designated representatives of each packer processing plant shall report to the Secretary on the first reporting day of each week, not later than 9 a.m. Central Time, the following information for lambs purchased through a forward contract arrangement and slaughtered during the prior week:

(1) The quantity (quoted in both numbers of head and pounds) of lambs;

(2) The weighted average price paid for a carcass, including applicable premiums and discounts, associated with weight, quality grade, or yield grade;

(3) The range of premiums and discounts, associated with weight, quality grade, or yield grade, paid;

(4) The weighted average of premiums and discounts, associated with weight, quality grade, or yield grade, paid;

(5) The actual premium and discount paid by carcass characteristic;

(6) The range of prices paid;

(7) The aggregate weighted average price paid for a carcass;

(8) The terms of trade regarding the lambs, as applicable; and

(9) The quantity, basis level, and delivery month for all lamb purchased.

(e) *Publication.* The Secretary shall make available to the public the information obtained under paragraphs (a), (b), (c), and (d) of this section on the first reporting day of the current slaughter week.

§ 57.303 Mandatory reporting of lamb carcasses and boxed lamb.

(a) *Daily reporting of domestic lamb carcass transactions.* The corporate officers or officially designated representatives of each packer shall report to the Secretary each reporting day the following information on total domestic lamb carcass transactions not later than 3:00 p.m. Central Time in accordance with § 57.10(b).

(1) The price for each lot of each lamb carcass transaction, quoted in dollars per hundredweight on an F.O.B. plant basis;

(2) The quantity for each lot of each transaction, quoted by number of carcasses sold or bought; and

(3) The following information regarding the characteristics of each transaction:

(i) The type of sale;

(ii) The U.S.D.A. quality grade of lamb,

(iii) The trim specification or U.S.D.A yield grade;

(iv) The estimated weight range of the carcasses;

(v) The product delivery date;

(vi) The product manufacture date; and

(vii) The product buyer and delivery location.

(b) *Daily reporting of domestic boxed lamb sales.* The corporate officers or officially designated representatives of each packer shall report to the Secretary each reporting day the following information on domestic total boxed lamb cut sales not later than 2:30 p.m. Central Time as described in § 57.10(b):

(1) The price for each lot of each boxed lamb cut sale, quoted in dollars per hundredweight on a F.O B. plant basis;

(2) The quantity for each lot of each sale, quoted by number of boxes or product weight sold; and

(3) The following information regarding the characteristics of each transaction:

(i) The type of sale;

(ii) The branded product characteristics, if applicable;

(iii) The U.S.D.A. quality grade of lamb;

(iv) The cut of lamb, referencing the USDA's Livestock and Seed Program Institutional Meat Purchase Specifications (IMPS), Fresh Lamb and Mutton Series 200;

(v) The cut or trim specification or U.S.D.A. yield grade;

(vi) The weight range of the cut;

(vii) The product delivery period;

(viii) The product manufacture date; and

(ix) The product buyer and delivery location.

(c) *Weekly reporting of imported lamb carcass purchases.* The corporate officers or officially designated representatives of each lamb importer shall report to the Secretary on the first reporting day of each week the following information applicable to the prior week for imported lamb carcass purchases not later than 10:00 a.m. Central Time:

(1) The price for each lot of each lamb carcass transaction, quoted in dollars per hundredweight on an F.O.B. Ex-Dock basis;

(2) The quantity for each lot of each transaction, quoted by number of carcasses bought; and

(3) The following information regarding the characteristics of each transaction:

(i) The type of purchase;

(ii) The estimated weight range of the carcasses;

(iii) The product delivery date; and

(iv) The product country of origin.

(d) *Weekly reporting of imported boxed lamb purchases.* The corporate officers or officially designated representatives of each lamb importer shall report to the Secretary on the first reporting day of each week the following information applicable to the prior week for imported boxed lamb cut purchases not later than 10:00 a.m. Central Time:

(1) The price for each lot of each boxed lamb cut purchase, quoted in dollars per hundredweight on an F.O.B. Ex-Dock basis;

(2) The quantity for each lot of each transaction, quoted by number of boxes or product weight bought; and

(3) The following information regarding the characteristics of each transaction:

(i) The type of purchase;

(ii) The branded product characteristics, if applicable;

(iii) The cut of lamb;

(iv) The trim specification;

(v) The weight range of the cut;

(vi) The product delivery period; and

(vii) The product country of origin.

(e) *Weekly reporting of imported boxed lamb sales.* The corporate officers or officially designated representatives of each lamb importer shall report to the Secretary on the first reporting day of each week the following information applicable to the prior week for imported boxed lamb cut sales not later than 10:00 a.m. Central Time:

(1) The price for each lot of each boxed lamb cut sale, quoted in dollars per hundredweight on a F.O.B. plant basis;

(2) The quantity for each lot of each transaction, quoted by number of boxes or product weight bought; and

(3) The following information regarding the characteristics of each transaction:

(i) The type of sale;

(ii) The branded product characteristics, if applicable;

(iii) The cut of lamb;

(iv) The trim specification;

(v) The weight range of the cut;

(vi) The product delivery period; and

(vii) The product country of origin.

(f) *Publication.* The Secretary shall make available to the public the information required to be reported under paragraphs (a) and (b) of this section not less frequently than once each reporting day and the information required to be reported under paragraphs (c), (d), and (e) of this section on the first reporting day of the current slaughter week.

Subpart E—OMB Control Number

§ 57.400 OMB Control Number Assigned Pursuant to the Paperwork Reduction Act.

The information collection and recordkeeping requirements of this part have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. Chapter 35 and have been assigned OMB Control Number 0581–0186.

Dated: March 9, 2000.

Barry L. Carpenter,

Deputy Administrator, Livestock and Seed Program

Note: The following Appendices will not appear in the Code of Federal Regulations.

Appendix A.—Cattle Mandatory Reporting Forms

The following 6 forms referenced in Subpart B Part 57 would be used by persons required to report electronically transmitted mandatory market information on domestic and import sales and purchases of live cattle and boxed beef to the Agricultural Marketing Service

Cattle

LS–113 Live Cattle Daily Report (Current Established Prices)

LS–114 Live Cattle Daily Report (Committed and Delivered Cattle)

LS–115 Live Cattle Weekly Report (Forward Contract and Packer-Owned)

LS–116 Live Cattle Weekly Report (Formula Purchases)

LS–117 Cattle Premiums and Discounts Weekly Report

LS–126 Boxed Beef Daily Report

Appendix B.—Swine Mandatory Reporting Forms

The following 3 forms referenced in Subpart C of Part 57 would be used by persons required to report electronically transmitted mandatory market information on domestic and import sales and purchases of live swine to the Agricultural Marketing Service.

Swine

LS–118 Swine Prior Day Report

LS–119 Swine Daily Report

LS–120 Swine Noncarcass Merit Premium Weekly Report

Appendix C.—Lamb Mandatory Reporting Forms

The following 7 forms referenced in Subpart D of Part 57 would be used by persons required to report electronically transmitted mandatory market information on domestic and import sales and purchases of live lamb and boxed lamb to the Agricultural Marketing Service.

Lamb

LS–121 Live Lamb Daily Report (Current Established Prices)

LS–122 Live Lamb Daily Report (Committed and Delivered Lambs)

LS–123 Live Lamb Weekly Report (Packer-Owned)

LS–124 Live Lamb Weekly Report (Formula and Forward Contract Purchase)

LS–125 Lamb Premiums and Discounts Report

LS–128 Boxed Lamb Report

LS–129 Lamb Carcass Report

BILLING CODE 3410–02–P

Appendix A

REPRODUCE LOCALLY *Include form number and date on all reproductions*

FORM APPROVED - OMB NO. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE CATTLE DAILY REPORT
(Current Established Prices)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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REPORTING DATE ____/____/____

REPORTING TIME ☐ 10:00 A.M. ☐ 2:00 P.M.

PAGE ____ OF ____

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5 PHONE NO. (Include Area Code)

6. PURCHASE TYPE
1 = NEGOTIATED
2 = NEGOTIATED (Auction/Terminal)
3 = FORMULA MARKETING ARRANGEMENT
4 = FORWARD CONTRACT

7. CLASS
M = MIXED STEER/HEIFER
S = STEER
H = HEIFER
D = DAIRY/BRED STEER/HEIFER
CD = DAIRY COW
CB = BEEF COW
B = BULL
O = OTHER

8. MAJORITY GRADE
1 = PRIME
2 = CHOICE
3 = SELECT
4 = STANDARD
5 = CUTTER/CANNER 90%
6 = BONER 85%
7 = BREAKER 75%
8 = BULL 92%

LOT ID # (9)	DOMESTIC (D) OR IMPORTED (I) (10)	PURCHASE TYPE (11)	CLASS (12)	BASIS (L = Live D = Dress) (13)	SHIP (1 = FOB 2 = Del) (14)	HEAD COUNT (15)	WEIGHT RANGE (Pounds) (16)	ESTIMATED AVERAGE WEIGHT (Pounds) (17)	PRICE (Cents) (18)	% CHOICE OR BETTER (19)	MAJORITY GRADE (20)	ESTIMATED DRESSING PERCENTAGE (21)	ORIGIN (2-letter State abbr.) (22)	SLAUGHTER DATE (mm/dd/yy) (23)	PREMIUMS AND DISCOUNTS PAID: WEIGHT (24)	QUALITY (25)	CUTABILITY (26)	OTHER (27)

LS-113 (02 00)

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE CATTLE DAILY REPORT
(Committed and Delivered Cattle)

REPORTING DATE: ____/____/____

REPORTING TIME: ☐ 10:00 A.M. ☐ 2:00 P.M

PAGE _____ OF _____

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0581-0186 The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information The U S Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status (Not all prohibited bases apply to all programs) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc) should contact USDA's Target Center at 202 720-2600 (voice and TDD) To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD) USDA is an equal opportunity provider and employer

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5 TELEPHONE NO. *(Include Area Code)*

CLASS
M = MIXED STEER/HEIFER
S = STEER
H = HEIFER
CD = DAIRY COW
CB = BEEF COW
B = BULL
O = OTHER

LOT ID	D = DELIVERED C = COMMITTED	CLASS	HEAD COUNT		CATTLE ORIGIN *(2-letter State abbr.)*	TERMS OF TRADE			
			LIVE BASIS	DRESSED BASIS		DID PACKER PROVIDE FINANCING AGREEMENT OR ARRANGEMENT WITH REGARDS TO CATTLE? (Y = YES, N = NO)	DO DELIVERY TERMS SPECIFY LOCATION OF PRODUCER OR LOCATION OF PACKER'S PLANT? (1 = PRODUCER 2 = PACKER	CAN PRODUCER UNILATERALLY SPECIFY DATE AND TIME CATTLE ARE TO BE DELIVERED FOR SLAUGHTER? (Y = YES, N = NO)	NUMBER OF NEGOTIATED PURCHASED CATTLE TO BE DLVD FOR SLAUGHTER <7 AND <14 DAYS FROM COMMITTED, PURCHASED, OR PRICED DATE
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

LS-114 (02-00)

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE CATTLE WEEKLY REPORT
(Forward Contract and Packer-Owned)

PRIOR WEEK ENDED: ____/____/____

PAGE ____ OF ____

NOTE: According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

1. COMPANY NAME

2. PLANT LOCATION

3. PLANT ADDRESS

4. CONTACT NAME

5. TELEPHONE NO. *(Include Area Code)*

6. SLAUGHTERED CATTLE QUANTITY *(Cattle slaughtered during the prior week)*

	HEAD COUNT	
	DOMESTIC	IMPORTED
FORWARD CONTRACT CATTLE:		
FORMULA MARKETING ARRANGEMENT CATTLE:		

PACKER-OWNED CATTLE

DOMESTIC (D) OR IMPORTED (I) (7)	HEAD COUNT (8)	ESTIMATED LIVE WEIGHT RANGE (9)	ESTIMATED AVERAGE LIVE WEIGHT (10)	ORIGIN *(2-Letter State abbr.)* (11)	ESTIMATED % QUALITY GRADE CHOICE OR BETTER (12)	ESTIMATED DRESSING PERCENTAGE (13)

FORWARD CONTRACT CATTLE PURCHASED
(Cattle purchased during the prior week)

HEAD COUNT (14)	BASIS LEVEL *(¢/cwt)* (15)	DELIVERY MONTH (16)

LS-115 (02 00)

REPRODUCE LOCALLY *Include form number and date on all reproductions.*

FORM APPROVED. - OMB NO. 0581-0188

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE CATTLE WEEKLY REPORT
(Formula Purchases)

PRIOR WEEK ENDING: ___/___/___

PAGE ____ OF ____

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0188. The time required to complete this information collection is estimated to average 16 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5 PHONE NO *(Include Area Code)*

6. TERMS OF TRADE

1 = PACKER PROVIDED FINANCING ARRANGEMENT OR AGREEMENT WITH REGARDS TO CATTLE (Y = Yes; N = No)

2 = DELIVERY TERMS SPECIFY LOCATION OF PRODUCER (1) OR OF PLANT (2)

3 = PRODUCER SPECIFIED DATE AND TIME OF DELIVERY AND SLAUGHTER (Y = Yes, N = No)

FORMULA MARKETING ARRANGEMENT CATTLE SLAUGHTERED

LOT ID	DOMESTIC (D) OR IMPORTED (I)	HEAD COUNT	TOTAL POUNDS	WEIGHTED AVERAGE CARCASS PRICE	RANGE OF PRICES PAID	WEIGHTED AVERAGE AGGREGATE PRICE	PREMIUMS AND DISCOUNTS PAID		TERMS OF TRADE (See above)		
							RANGE	WEIGHTED AVERAGE	1 Y OR N	2 1 OR 2	3 Y OR N

LS-116 (02-00)

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FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

CATTLE PREMIUMS AND DISCOUNTS WEEKLY REPORT

INTENTIONS FOR WEEK BEGINNING.

_____ / _____ / _____

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

1. COMPANY NAME

2. PLANT LOCATION

3. PLANT ADDRESS

4. CONTACT NAME

5. TELEPHONE NO. *(Include Area Code)*

PREMIUM/DISCOUNT		RANGE	AVERAGE
QUALITY CHARACTERISTICS			
PRIME			
CHOICE			
SELECT			
STANDARD			
AVG. CHOICE OR BETTER			
DAIRY-TYPE			
BULLOCK/STAG			
HARDBONE			
DARK CUTTER			
OTHER *(Describe)*			
CUTABILITY CHARACTERISTICS			
GRADE	FAT COVER*		
1.0 - 2.0	<.1"		
2.0 - 2.5	< 2"		
2.5 - 3.0	< 4"		
3.0 - 3.5	< 6"		
3.5 - 4.0	< 8"		
4.0 - 5.0	<1.2"		
6.0/UP	>1.2"		
Other *(Describe)*			
WEIGHT CHARACTERISTICS			
400-500 LBS.			
500-550 LBS			
560-600 LBS.			
600-900 LBS			
900-950 LBS			
950-1000 LBS.			
OVER 1000 LBS.			
OTHER *(Describe)*			
OTHER *(Describe)*			

*If yield grades are not available, yield differentials may be based on fat at 12th rib using a constant of average ribeye area and muscling for carcass weight and KPH. Superior or inferior muscling may adjust lean yield.

LS-117 (02 00)

REPRODUCE LOCALLY *(Include form number and date on all reproductions.)*

FORM APPROVED. - OMB NO. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

BOXED BEEF DAILY REPORT

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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REPORTING DATE: ___/___/___

REPORTING TIME: ☐ 10:00 A.M. ☐ 2:00 P.M.

PAGE ____ OF ____

1. COMPANY NAME

2. PLANT LOCATION

3. PLANT ADDRESS

4. CONTRACT NAME

5. PHONE NO. *(Include Area Code)*

4. DELIVERY CODE
1 = 0-21 DAYS
2 = 22-60 DAYS
3 = 61-90 DAYS
4 = 91 AND OVER
5 = TYPE OF SALE
1 = NEGOTIATED
2 = FORMULA NEGOTIATED ANNOUNCED
3 = FORMULA NEGOTIATED NOT ANNOUNCED
4 = FORWARD CONTRACT

6. CLASS CODE
M = NUKED STEER/HEIFER
S = STEER
H = HEIFER
D = DENUDED STEER/HEIFER
MC = NUKED STEER/HEIFER/COW
C = COW
CD = DAIRY COW
B = BEEF COW
O = OTHER

8. GRADE CODE
1 = PRIME
2 = CHOICE
3 = CERTIFIED
4 = SELECT
5 = OTHER
6 = CUTTER/CANNER BOB
7 = BONER 85%
8 = BONER 90%
9 = BULL 92%

10. BRANDED CODE
1 = QUALITY
2 = TRIM
3 = WEIGHT
4 = BREED
5 = OTHER
6 = PACKER

11. TRIM CODE
1 = 3/4" AVG. 1/2" MAX
2 = 1/4" AVG. 1/2" MAX
3 = 1/8" AVG. 1/4" MAX
4 = PRACTICALLY FREE, 1/8" MAX
5 = CLOSELY TRIMMED, 1/8" MAX
6 = FEDERALLY INSPECTED SURFACE
UNTRIMMED REMOVED, 1/8" MAX

DOMESTIC (D) OR EXPORT (E) (12)	CUT DATE (mm/dd/yy) (13)	TYPE OF SALE (14)	DELIVERY PERIOD CODE (15)	CLASS CODE (16)	USDA GRADE CODE (17)	BRANDED CODE (18)	BEEF CUT (Reference Negotiated Meat Purchase Specification (NMPS) Number) (19)	TRIM SPEC CODE (20)	WEIGHT (L = Lbs/ K = Kilos/ M = Mixed) (21)	BOX COUNT (or Weight for cases only) (22)	FOR PLANT BARCODE USE (Above) (23)	BUYER (24)	DESTINATION (25)

Appendix B

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FORM APPROVED - OMB No 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

SWINE PRIOR DAY REPORT

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's Target Center at 202 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

REPORTING DATE: ____/____/____ PAGE ____ OF ____

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME | 5 TELEPHONE NO *(Include Area Code)*

6 PACKER PURCHASE COMMITTMENTS *(Swine scheduled for delivery each of next 14 days by head count)*

DAY 1	DAY 5	DAY 9	DAY 13.
DAY 2	DAY 6	DAY 10	DAY 14
DAY 3	DAY 7	DAY 11	
DAY 4	DAY 8	DAY 12	

7 PURCHASED SWINE DATA

1 = NEGOTIATED
2 = NEGOTIATED (auction/terminal)
3 = FORMULA MARKETING ARRANGEMENT
4 = FORWARD CONTRACT

8 SLAUGHTERED SWINE SLAUGHTER DATA *(Swine Slaughtered and Priced)*

BARROWS/GILTS BY PURCHASE TYPE	HEAD COUNT	NET PRICE	AVG NET PRICE	LOWEST NET PRICE	HIGHEST NET PRICE	AVG LIVE WEIGHT	AVG CARCASS WEIGHT	AVG SORT LOSS	AVG BACKFAT	AVG. LEAN %
NEGOTIATED										
NEGOTIATED (AUCTION/TERMINAL)										
FORMULA MARKETING ARRANGEMENT										
FORWARD CONTRACT										
PACKER-OWNED										
PACKER SOLD										

SOWS BY PURCHASE TYPE	HEAD COUNT	NET PRICE	AVG NET PRICE	LOWEST NET PRICE	HIGHEST NET PRICE	AVG LIVE WEIGHT	AVG CARCASS WEIGHT	AVG SORT LOSS	AVG BACKFAT
NEGOTIATED									
NEGOTIATED (AUCTION/TERMINAL)									
FORMULA MARKETING ARRANGEMENT									
FORWARD CONTRACT									
PACKER OWNED									
PACKER SOLD									

BOARS/STAGS BY PURCHASE TYPE	HEAD COUNT	NET PRICE	AVG NET PRICE	LOWEST NET PRICE	HIGHEST NET PRICE	AVG LIVE WEIGHT	AVG CARCASS WEIGHT	AVG SORT LOSS	AVG BACKFAT
NEGOTIATED									
NEGOTIATED (AUCTION/TERMINAL)									
FORMULA MARKETING ARRANGEMENT									
FORWARD CONTRACT									
PACKER-OWNED									
PACKER SOLD									

9 PURCHASED SWINE DATA

BARROWS/GILTS BY PURCHASE TYPE	BASE PRICE (¢/CWT)	TOTAL HEAD OF SWINE PURCHASED	LIVE WEIGHT
NEGOTIATED			
NEGOTIATED (AUCTION/TERMINAL)			
FORMULA MARKETING ARRANGEMENT			
FORWARD CONTRACT			
PACKER-OWNED			
PACKER SOLD			

SOWS BY PURCHASE TYPE	BASE PRICE (¢/CWT)	TOTAL HEAD OF SWINE PURCHASED	LIVE WEIGHT
NEGOTIATED			
NEGOTIATED (AUCTION/TERMINAL)			
FORMULA MARKETING ARRANGEMENT			
FORWARD CONTRACT			
PACKER OWNED			
PACKER SOLD			

BOARS/STAGS BY PURCHASE TYPE	BASE PRICE (¢/CWT)	TOTAL HEAD OF SWINE PURCHASED	LIVE WEIGHT
NEGOTIATED			
NEGOTIATED (AUCTION/TERMINAL)			
FORMULA MARKETING ARRANGEMENT			
FORWARD CONTRACT			
PACKER-OWNED			
PACKER SOLD			

LS-116 (02-00)

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FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

SWINE DAILY REPORT

REPORTING DATE:	REPORTING TIME:	PAGE ____ OF ____
____/____/____	☐ 10:00 A.M ☐ 2:00 P.M	

NOTE According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0581-0186 The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources gathering and maintaining the data needed, and completing and reviewing the collection of information The U.S Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202 720-2600 (voice and TDD) To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD) USDA is an equal opportunity provider and employer

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4. CONTACT NAME

5 TELEPHONE NO *(Include Area Code)*

PURCHASE TYPE	CLASS
1 = NEGOTIATED	BG = BARROWS/GILTS
2 = NEGOTIATED (auction/terminal)	S = SOWS
3 = FORMULA MARKETING ARRANGEMENT	B = BOARS/STAGS
4 = FORWARD CONTRACT	

SLAUGHTER SWINE DATA

LOT ID (6)	PURCHASE TYPE (7)	CLASS (8)	HEAD COUNT (9)	BASE PRICE *($/cwt)* (10)	ORIGIN *(2-letter State abbr.)* (12)

13. SWINE PURCHASES FOR TODAY

	ESTIMATED NUMBER OF HEAD	ACTUAL NUMBER OF HEAD
PACKER-OWNED SWINE	=	
BREAKDOWN BY PURCHASE TYPE		
NEGOTIATED	=	
NEGOTIATED (auction/terminal)	=	
FORMULA MARKETING ARRANGEMENT	=	
TOTAL ESTIMATE	=	

REMARKS

LS-119 (02-00)

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USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

SWINE NONCARCASS MERIT PREMIUM WEEKLY REPORT

PRIOR SLAUGHTER WEEK ENDED ____/____/____

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

1. COMPANY NAME

2. PLANT LOCATION

3. PLANT ADDRESS

4. CONTACT NAME | 5. TELEPHONE NO. *(Include Area Code)*

MERIT PREMIUM	RANGE	AVERAGE
NONCARCASS MERIT CATEGORY		
VOLUME		
TRANSPORT		
ACQUISITION		
DELIVERY TIMING		
OTHER (Describe)		

Appendix C

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FORM APPROVED - OMB NO 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE LAMB DAILY REPORT
(Current Established Prices)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated at average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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REPORTING DATE ____/____/____

REPORTING TIME ☐ 10:00 A.M ☐ 2:00 P.M

PAGE ____ OF ____

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5 PHONE NO *(Include Area Code)*

6. PURCHASE TYPE
1 = NEGOTIATED
2 = NEGOTIATED *(auction/terminal)*
3 = FORMULA MARKETING ARRANGEMENT
4 = FORWARD CONTRACT

7. MAJORITY GRADE
1 = PRIME
2 = CHOICE
3 = GOOD
4 = UTILITY
5 = CULL

8. PELT
1 = WOOLED
2 = #1 FALL SHORN
3 = #2
4 = #3-4

LOT ID	PURCHASE TYPE	DOMESTIC (D) OR IMPORTED (I)	BASIS (L = Live, D = Dress)	SHIP (1 = FOB, 2 = Dlvd.)	HEAD COUNT	WEIGHT RANGE (Pounds)	ESTIMATED AVERAGE WEIGHT (Pounds)	PRICE ($/cwt)	% CHOICE OR BETTER	MAJORITY GRADE	ESTIMATED DRESSING PERCENTAGE	ORIGIN (2-letter State abbr.)	DELIVERY DATE (mm/dd/yy)	PELT	PREMIUMS AND DISCOUNTS PAID			
															WEIGHT	QUALITY	YIELD	OTHER
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)

LS-121 (03 00)

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE LAMB DAILY REPORT
(Committed and Delivered Lambs)

REPORTING DATE ____/____/____

REPORTING TIME: ☐ 10:00 A.M. ☐ 2:00 P.M.

PAGE _____ OF _____

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4. CONTACT NAME

5 TELEPHONE NO. *(Include Area Code)*

LOT ID	D = DELIVERED C = COMMITTED	HEAD COUNT		LAMB ORIGIN	TERMS OF TRADE			
		LIVE BASIS	DRESSED BASIS	*(2-letter State abbr.)*	DID PACKER PROVIDE FINANCING AGREEMENT OR ARRANGEMENT WITH REGARDS TO LAMBS? (Y = YES, N = NO)	DO DELIVERY TERMS SPECIFY LOCATION OF PRODUCER OR LOCATION OF PACKER'S PLANT? (1 = PRODUCER, 2 = PACKER)	CAN PRODUCER UNILATERALLY SPECIFY DATE AND TIME LAMBS ARE TO BE DELIVERED FOR SLAUGHTER? (Y = YES, N = NO)	NUMBER OF NEGOTIATED PURCHASED LAMBS TO BE DLVD. FOR SLAUGHTER < 7 AND < 14 DAYS FROM COMMITTED, PURCHASED, OR PRICED DATE
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

LS-122 (02-00)

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

FORM APPROVED. - OMB No. 0581-0186

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE LAMB WEEKLY REPORT
(Packer-Owned)

PRIOR WEEK ENDED: ____/____/____

PAGE ____ OF ____

NOTE: According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0186. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 720-6382 (voice and TDD). USDA is an equal opportunity provider and employer.

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5. TELEPHONE NO *(Include Area Code)*

PACKER-OWNED LAMBS

HEAD COUNT (6)	ESTIMATED LIVE WEIGHT RANGE (7)	ESTIMATED AVERAGE LIVE WEIGHT (9)	ORIGIN (2-Letter State abbr.) (8)	ESTIMATED % QUALITY GRADE CHOICE OR BETTER (10)	ESTIMATED DRESSING PERCENTAGE (11)

LS-123 (02-00)

REPRODUCE LOCALLY. Include form number and date on all reproductions.

FORM APPROVED - OMB NO. 0581-0166

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LIVE LAMB WEEKLY REPORT
(Formula and Forward Contract Purchases)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0166. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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PRIOR WEEK ENDING ____/____/____

PAGE ____ OF ____

1 COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME 5 PHONE NO *(Include Area Code)*

6. TERMS OF TRADE

1 = PACKER PROVIDED FINANCING ARRANGEMENT OR AGREEMENT WITH REGARDS TO LAMBS (Y = Yes, N = No)

2 = DELIVERY TERMS SPECIFY LOCATION OF PRODUCER (1) OR OF PLANT (2)

3 = PRODUCER SPECIFIED DATE AND TIME OF DELIVERY AND SLAUGHTER (Y = Yes N = No)

7 SLAUGHTERED LAMB QUANTITY
(Slaughtered during prior week)

	HEAD COUNT	
	DOMESTIC	IMPORTED
FORWARD CONTRACT LAMBS		
FORMULA MARKETING ARRANGEMENT LAMBS		

8 FORMULA MARKETING ARRANGEMENT AND FORWARD CONTRACT LAMBS SLAUGHTERED

LOT ID	FORMULA = 1 FORWARD CONTRACT = 2	HEAD COUNT	TOTAL POUNDS	WEIGHTED AVERAGE CARCASS PRICE	RANGE OF PRICES PAID	WEIGHTED AVERAGE AGGREGATE CARCASS PRICE	PREMIUMS AND DISCOUNTS PAID	
							RANGE	WEIGHTED AVERAGE

9 FORMULA LAMBS PURCHASED
(Purchased during prior week)

HEAD COUNT	BASIC LEVEL ($/CWT)	DELIVERY MONTH

10 FORWARD CONTRACT LAMBS PURCHASED
(Purchased during prior week)

HEAD COUNT	BASIC LEVEL ($/CWT)	DELIVERY MONTH

11 TERMS OF TRADE
(See above)

1 Y OR N	2 1 OR 2	3 Y OR N

LS-124 (02-00)

REPRODUCE LOCALLY. *Include form number and date on all reproductions.* FORM APPROVED. - OMB No. 0581-0188

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LAMB PREMIUMS AND DISCOUNTS WEEKLY REPORT

INTENTIONS FOR WEEK BEGINNING: ____/____/____

NOTE According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0581-0188. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

1. COMPANY NAME	
2. PLANT LOCATION	
3. PLANT NAME	
4. CONTACT NAME	5. TELEPHONE NO. *(Include Area Code)*

PREMIUM/DISCOUNT		RANGE	AVERAGE
QUALITY CHARACTERISTICS			
PRIME			
CHOICE			
GOOD			
STANDARD			
CHOICE YG 2 OR BETTER			
BUCKY			
YEARLING OR OLDER			
OTHER *(Describe)*			
CUTABILITY CHARACTERISTICS			
GRADE	FAT COVER*		
1.0 - 2.0	< .16"		
2.0 - 3.0	< .26"		
3.0 - 4.0	< 36"		
4.0 - 5.0	< 46"		
5.0/UP	> .46"		
Other *(Describe)*			
WEIGHT CHARACTERISTICS			
UNDER 45 LBS.			
45-50 LBS.			
55-65 LBS			
65-75 LBS.			
75-85 LBS			
OVER 85 LBS.			
OTHER *(Describe)*			
PELTS			
WOOLED			
#1 FALL SHORN			
#2			
#3-4			
OTHER *(Describe)*			
OTHER *(Describe)*			

* If yield grades are not available, yield differentials may be based on fat at 12th rib using a constant of average ribeye area and muscling for carcass weight and KPH. Superior or inferior muscling may adjust lean yield.

LS-125 (02 00)

FORM APPROVED - OMB NO 0581 0185

REPORTING DATE: ___/___/___

PAGE ____ OF ____

8. DELIVERY CODE	7. TYPE OF SALE/PURCHASE	9. BRANDED CODE	6. GRADE CODE	10. TRIM CODE
1 = 0-21 DAYS	1 = NEGOTIATED	1 = QUALITY	1 = PRIME	1 = 3/4" AVG, 1" MAX
2 = 22-40 DAYS	2 = FORMULA MARKETING ARRANGEMENT	2 = TRIM	2 = CHOICE	2 = 1/4" AVG, 1/2" MAX
3 = 41-63 DAYS	3 = BASIS	3 = PROGRAM	3 = PREMIUM CHOICE	3 = 1/8" AVG, 1/4" MAX
4 = 64 UP DAYS	4 = FORWARD CONTRACT	4 = BRAND	4 = CERTIFIED	4 = PRACTICALLY FREE, 1/8" MAX
	5 = PACKAGING		5 = GOOD	5 = PEELED/DENUDED, 1/8" MAX
			6 = UTILITY	6 = PEELED/DENUDED SURFACE
			7 = CULL	MEMBRANE REMOVED, 1/8" MAX
			8 = UNGRADED	

NI NO *Include Area Code*

= FRESH = FROZEN	LAMB CUT (Reference National Meat Purchase Specifications (NMPS) Number)	TRIM SPEC. CODE	WEIGHT L = Lbs. H = Heavy M = Mixed	BOX COUNT OR AVERAGE PRODUCT WEIGHT	TOTAL $ AMT. ON FOB EA.CODE BASIS PRICE (Rev'd)	NATION OF ORIGIN	BUYER	DISTINATION
(15)	(16) (17)	(18)	(19)	(20)	(21)	(23)	(24)	(25)

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FORM APPROVED. - OMB No. 0581-0166

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

LAMB CARCASS REPORT

REPORTING DATE: ____/____/____

PAGE ____ OF ____

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1. COMPANY NAME

2 PLANT LOCATION

3 PLANT ADDRESS

4 CONTACT NAME

5. TELEPHONE NO *(Include Area Code)*

GRADE CODE
1 = PRIME
2 = CHOICE
3 = PRIME/CHOICE
4 = CERTIFIED
5 = GOOD
6 = UTILITY
7 = CULL
8 = UNGRADED

DOMESTIC (D) OR IMPORT (I) (6)	TYPE OF SALE/PURCHASE 1 = NEGOTIATED FORMULA MARKETING ARRANGEMENT; 3 = FORWARD CONTRACT (7)	PRICE (Specify) FOB PLANT DOM. EX DOCK IMP (8)	NUMBER OF CARCASSES (9)	USDA GRADE CODE (10)	YIELD GRADE (11)	ESTIMATED WEIGHT RANGE (12)	DELIVERY DATE (mm/dd/yy) (13)	MANUFACTURED DATE (mm/dd/yy) (14)	NATION OF ORIGIN (15)	BUYER (16)	DELIVERY DESTINATION (17)

PAYMENTS TO STATES AND POSSESSIONS

Mr. Skeen: Provide for the record a state-by-state funding table for the Payments to States program to include fiscal years 1999 - 2000.

[The information follows:]

PAYMENTS TO STATES AND POSSESSIONS STATE-BY-STATE FUNDING TABLE

	Fiscal Year					
State	1995	1996	1997	1998	1999	2000
Alabama	- -	- -	- -	- -	$48,000	- -
Alaska	- -	- -	- -	- -	49,870	- -
Arizona	$30,000	$50,000	$55,000	$36,000	- -	- -
Arkansas	12,966	- -	- -	- -	- -	- -
California	- -	62,000	20,390	110,300	50,000	- -
Colorado	96,000	- -	50,180	60,000	32,000	- -
Connecticut	30,000	- -	13,000	- -	75,000	- -
Delaware	- -	29,640	33,140	- -	- -	- -
Florida	- -	- -	35,000	- -	57,000	- -
Georgia	- -	- -	69,140	- -	- -	- -
Hawaii	- -	69,166	- -	- -	- -	- -
Idaho	40,000	84,450	- -	- -	24,989	- -
Illinois	- -	98,000	125,802	- -	80,000	- -
Iowa	8,936	- -	- -	25,000	- -	- -
Kansas	- -	- -	52,800	- -	- -	- -
Kentucky	- -	60,000	- -	- -	90,000	- -
Louisiana	112,305	- -	55,000	- -	- -	- -
Maine	- -	- -	- -	23,200	42,000	- -
Maryland	84,031	- -	67,000	53,000	- -	- -
Massachusetts	37,000	26,270	- -	- -	89,064	- -
Michigan	- -	57,650	43,188	- - -	- -	- -
Minnesota	- -	45,000	89,000	45,000	45,000	- -
Missouri	30,000	70,000	- -		- -	- -
Montana	- -	- -	- -	118,000		- -
Nebraska	55,000	70,000	- -	108,000	- -	- -
New Hampshire	- -	- -	- -	- -	34,375	- -
New Jersey	45,000	98,324	55,000	85,300	43,131	- -
New Mexico	124,497	- -	40,000	- -	- -	- -
New York	25,000	- -	64,214	- -	84,500	- -
North Carolina	30,000	50,000	- -	- -	- -	- -
North Dakota	- -	75,000	- -	110,000	- -	- -
Ohio	60,000	- -	- -	- -	- -	- -
Oklahoma	110,200	38,000	- -	- -	- -	- -
Oregon	28,693	- -	25,000	27,000	63,000	- -
Pennsylvania	- -	- -	- -	40,000	75,000	- -
Puerto Rico	32,000	- -	- -	- -	- -	- -
Rhode Island	- -	- -	- -	60,000	- -	- -
South Carolina	- -	71,500	30,000	- -	- -	- -
South Dakota	28,500	- -	- -	- -	- -	- -
Tennessee	- -	- -	44,014	54,685	112,000	- -
Texas	84,872	90,000	- -	102,160	- -	- -
Vermont	50,000	55,000	19,858	- -	28,000	- -
Washington	45,000	- -	- -	72,000	77,071	- -
Wisconsin	- -	- -	73,274	70,340	- -	- -
Wyoming	- -	- -	140,000	- -	- -	- -
Total	1,200,000	1,200,000	1,200,000	1,199,985	1,200,000	1/ 1,200,000

1/ Distribution of obligations by State not available until projects have been selected.

Mr. Skeen: Please provide for the record a list of the projects that were approved for your Payments to States and Possessions program during fiscal year 1999. Also provide a brief description of each project.

[The information follows:]

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Alabama	To provide training and technical assistance for small, limited-resource farmers as they use improved technology for fruit and vegetable production	$48,000
Alaska	To assist farmers in marketing Alaska vegetables and potatoes	$49,870
California	To identify alternative market opportunities for wild salmon and to develop innovative marketing strategies for small, independent fishermen and dockside seafood buyers	$50,000
Colorado	To study potential growth of the "natural/organic" meat industry	$32,000
Connecticut	To evaluate innovative technologies for packing, shipping, and marketing fresh apples in domestic and international markets	$75,000
Florida	To investigate the market for fresh and frozen shrimp products and to identify direct marketing alternatives for shrimp grown on small farms .	$57,000
Idaho	To identify alternative market opportunities for forages and the feasibility of establishing hay marketing associations or cooperatives	$24,989
Illinois	To develop a system for collecting and distributing information on the compositional characteristics of corn and soybean products, and the associated price differentials	$80,000
Kentucky	To research and establish new meat processing and marketing systems geared to family farms .	$90,000
Maine	To establish a database of market information for producers and buyers of Maine agricultural products and to develop alternative mechanisms to exchange market information	$42,000
Massachusetts	To conduct a variety of outreach and educational programs for producers and buyers under the Berkshire Grown marketing initiative	$23,214
Massachusetts	To assess consumer demand for locally produced foods and specialty products through development of an indoor farmers' market in Boston	$20,350

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Massachusetts	To devise data collection methods and market performance measures to improve market planning among small New England farms	$45,500
Minnesota	To develop educational materials that explain organic farming and provide for better informed consumer food choices	$45,000
New Hampshire	To explore and develop buyer-producer connections in the Connecticut River Valley, building on its designation as an American Heritage Riverway	$34,375
New Jersey	To evaluate potential direct marketing opportunities and impediments in connection with farm-based educational and recreational activities	$43,131
New York	To develop a system which allows food stamp recipients to use part of their electronic benefits transfer allowances to shop at open-air farmers' markets	$42,000
New York	To assist small farms in Central New York in marketing specialty meat and poultry products, including the establishment of a producers' marketing association	$42,500
Oregon	To monitor and evaluate current caneberry nutraceutical and health-related research and identify opportunities for product development	$63,000
Pennsylvania	To demonstrate and evaluate market potential for non-regulatory, consumer-funded incentives for farmers to offset the cost of adopting or continuing the use of environmentally-sensitive production practices	$75,000
Tennessee	To prepare case studies, conduct market research, and assist limited-resource farmers and agribusinesses in marketing value-added agricultural products	$75,000
Tennessee	To identify and develop ways to reduce barriers that confront small-volume producers of fresh produce and processed foods in the food distribution system	$37,000
Vermont	To develop an infrastructure for collecting and marketing high-quality genetics for sheep and goats in domestic and international markets . .	$28,000
Washington	To assist the Washington State Farmers' Market Association in expanding services to the growing number of markets in the state and to the farmers who supply them	$39,000

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Washington	To assess consumers' willingness to pay for sustainable agricultural food products and evaluate market opportunities for producers . .	$38,071
Total		$1,200,000

Mr. Skeen: Do any states have waiting lists for projects to be funded out of the payments to states program? If so, which ones?

Response: Under this program, funds are allocated competitively twice a year to eligible state agencies who submit proposals. Typically, the total request for Federal funds exceeds the amount available for allocation by a ratio of approximately three to one. For example, in fiscal year 1999 requests totaled approximately $3 million for the $1.2 million appropriation. Proposals which are not funded during a particular round of allocations may be reconsidered during a subsequent round, with or without revision, at the request of the state applicant.

Mr. Skeen: You request an increase of $300,000 for grants that will be matched by States and applied toward small farmer marketing opportunities. You also request $31,000 under Marketing Services to administer the grant funding. Overall, do administrative costs for this established program account for more than 10 percent of the grant total?

Response: Although administrative costs for this established program currently account for more than 10 percent of the total amount of Payments to States grants, economies of scale will allow us to administer the additional grants funding with a proportionally smaller administrative cost of approximately 10 percent.

Mr. Skeen: At what rate do states match funding in the Payments to States program?

Response: Federal funds allocated under this program must be matched, at least equally, by non-Federal funds or with other resources as appropriate. However, most applicants identify a significantly larger match, typically 40-50 percent greater than the minimum requirement.

MARKET NEWS

Mr. Skeen: You request a total increase of $6,969,000 for market news services, with the resources broken into programs or by specific increase area. Please provide a crosswalk between the two, so that the Committee can see, for example, how the $453,000 request for foreign market reporting is divided by program.

[The information follows:

AMS Market News
FY 2001 Increase Request
(Dollars in thousands)

Program	Foreign Market News	Mandatory Reporting	Expanded Reporting on Organic Fruit & Vegetables	Totals
Fruit & Vegetable	$110	$0	$614	$724
Livestock	236	5,902	0	6,138
Poultry	107	0	0	107
Totals	$453	$5,902	$614	$6,969

Mr. Skeen: Will developing additional reports increase user subscriptions, thereby offsetting some of the $453,000 cost?

Response: Under the provisions of the authorizing legislation (7 U.S.C. 2242a), subscription fees can only be used to offset the costs associated with printing, mailing, and faxing market news reports. The collection, analysis, and compilation of market information is funded from appropriations. The traditional customer base of our mailed and faxed reports from which we generate revenue is increasingly being replaced by users who have instant access to our market information at no cost. They can receive this information free from a variety of sources including the Internet, radio, and telephone recordings.

Mr. Skeen: How much is currently being spent, dollars and staff years, in foreign market reporting? What percent increase does this request represent? Please break out data by commodity type.

[The information follows:

Foreign Market Reporting Expenditures

Program	Estimated FY 2000 Expenditures	Staff Years	Percent Increase of Request over FY 2000
Dairy	$76,500	1.0	0%
Fruit & Vegetable	120,000	2.0	92%
Livestock	179,000	2.0	76%
Poultry	125,000	1.5	86%
Totals	$500,500	6.5	91%

Mr. Skeen: It appears from the justification that the increase in foreign reporting is comprised of $110,000 for fruit and vegetables, $236,000 for livestock and $107,000 for poultry. Is this correct? How did AMS determine these amounts, and why was dairy not included?

Response: Those amounts are correct. AMS programs requested funding according to the interest of their customers in foreign market reports. The dairy industry has not requested as much foreign market information as the fruit and vegetable, livestock, and poultry industries.

Mr. Skeen: Provide for the record any information AMS has that supports the statement that the dairy, meat, poultry, and fruit and vegetable industries have asked AMS to expand its international market coverage?

Response: AMS surveyed a sample of direct subscribers to market reports. That survey of users asked for countries and markets of interest to them, and those for which they wished more information. There were approximately 22 countries or regions listed by respondents. Industry members continue to request information they would like to have in a more timely manner than currently available from other sources. When U.S. markets move into surplus positions, trade organizations are particularly demanding of international market information. AMS' market reporters routinely discuss the industry's needs for international market information with trade contacts.

Mr. Skeen: Who would notice if there were no market news program?

Response: Without the valuable information provided by AMS' market news programs, small farmers would be driven out of business. Ultimately, consumers would face higher prices as the larger producers, the ones who could afford to gather their own market intelligence, supplied the marketplace.

AMS' market news programs directly affect an enormous range of market participants: from farm cooperatives, farmers and producers, processors, marketers, brokers, exporters and importers, food distributors, wholesalers, and retailers (feed mills, hatcheries, grain producers), warehousemen, and shippers, to agricultural economists, bankers, and agricultural research scientists. There are thousands of direct users of market reports who access the AMS Market News Internet site over 60,000 times a week. There are many more thousands who get their market reports from secondary disseminators such as the media and universities. Additionally, there are a number of firms that specialize in providing value-added market reports to their customers as a business. Those firms take AMS reports and reorganize them, and attach items such as production estimates and weather to customize them for specific users.

AMS' market news programs provide information on prices, quality, and market conditions for numerous commodities. National reports cover such factors as demand, supply, prices, quality, stocks, offerings, inquiries, domestic and foreign sales, textile mill activity, crop development, and harvesting progress. Reports also include supply and demand estimates, crop reports, program announcements, and any other information deemed of benefit to the industry. Market news information provides buyers and sellers up-to-the-minute price and volume information that helps in assessing market conditions and in making purchase and sale decisions.

Market news impacts many industry trade mechanisms such as the Chicago Board of Trade and Chicago Mercantile Exchange, which rely heavily on timely market information to settle futures contracts. The industry also uses market news price series as the base price in long-term sales contracts. Insurance companies use market news information to settle claims.

Government agencies such as the Economic Research Service and National Agricultural Statistics Service rely on market information to assist the farm sector. Federal, state, and local government agencies use reported prices as a basis for food purchases.

Without a market news program, the lack of timely, unbiased, and accurate market information would disrupt markets. Especially affected would be the states with major production functions such as Onio, Iowa, California, Pennsylvania, Indiana, Texas, Minnesota, Georgia, Nebraska, Florida, Arkansas,

Alabama, Mississippi, North Carolina, Delaware, Virginia, and Maryland. Market information is a public good, as it helps to facilitate the efficient marketing of agricultural products. Market News fills this role well, is cost effective, and helps to ensure competitiveness in the market place. Market News is the only affordable source of market intelligence for small- and medium-sized farmers. Therefore, Market News helps to level the playing field for small farmers and producers and gives them the opportunity to compete in an increasingly concentrated agricultural economy.

Mr. Skeen: Is market news the only way that small and medium sized producers have access to data? What other ways do producers have to access data?

Response: While alternative avenues of receiving market information are available, many of these avenues have AMS as the original source. These organizations may represent the means or method by which small- and medium-sized producers access their market information, but the origin of the data is actually AMS Market News. Commercial firms provide market information, but the cost to receive this information is usually prohibitive for small- and medium-sized operations. Several farm publications carry market information. However, most of the information in those publications is for long-term analysis and is not timely enough for day-to-day decision making.

For most agricultural commodities, market news is the only comprehensive source of market information on product markets. For many types of market information, AMS is the only source of the data.

While AMS market news reports are not the only information available, they are timely, unbiased, and accurate and allow everyone in the marketplace, including farmers, to have equal access to the data.

PESTICIDE DATA PROGRAM

Mr Skeen: How did AMS arrive at the $1,137,000?

Response: The $1,137,000 represents AMS' best estimate, based on our experience with operating the Pesticide Data Program and our current understanding of the requirements of the water testing program.

Mr. Skeen: You request an additional $1,137,000 and four staff years for the program in the budget year to complete planning and begin implementation of a water testing program. You mention working with other agencies and partners in this endeavor. What role will AMS have, and what functions will the other partners have?

Response: The role of AMS will be to coordinate sampling at drinking water purification stations and to develop and implement testing methods capable of detecting compounds for which data are needed. Data reporting will be done in a format similar to the one currently used by the Pesticide Data Program for fresh and processed fruit and vegetables, grains, and milk. The National Agricultural Statistics Service will aid in the design of viable sampling systems and provide data on pesticide usage to pinpoint vulnerable water systems. The Environmental Protection Agency, or EPA, will provide guidance on pesticides and metabolites for which data are required, as well as their respective detection levels, and will specify data requirements for estimation of aggregate chronic and acute dietary risk, modeling, or environmental impact, and funding requirements. USDA will work with EPA to develop the necessary testing and study protocols to ensure the data are helpful in the pesticide regulatory process.

Mr. Skeen: Stated in the justification is that models used to determine pesticide levels in drinking water overstate the actual residue amount. Have the agencies involved, including AMS, investigated the possibility of adjusting the models rather than starting a new program?

Response: The scientific models currently used by the Environmental Protection Agency, or EPA, to evaluate potential exposure take into account information generated from monitoring drinking water supplies. However, to ensure EPA's risk assessments are as accurate as possible, additional data on potential pesticide residues in drinking water are necessary. EPA would use these actual monitoring data to refine and improve the accuracy of its risk assessments. USDA is working with EPA and the U.S. Geological Service, or USGS, to ensure that the monitoring program is scientifically valid and to ensure that the data generated are useful to help improve the exposure on pesticides. Monitoring drinking water data would still be needed to validate new or adjusted statistical models if EPA adopts a modeling approach to estimate exposures.

The first step in developing estimates of concentrations of pesticides in drinking water from surface water sources uses conservative screening models which generally overestimate concentrations. When actual monitoring data on pesticides in drinking water sources are available they are evaluated for their appropriateness for use in dietary risk assessment in combination with food. With several exceptions, such data are scarce and not intentionally collected for this purpose. EPA is working with USGS to develop a linear regression model which would more accurately approximate levels of pesticides at intakes to community water systems. Although these are potentially excellent tools, they are still in the developmental stage and require some additional modifications and validation prior to their actual use. Drinking water data would still be needed to validate this model. In addition, these models once fully developed will have wide application to more accurately predict pesticide concentrations at drinking water intakes. Drinking water data collected by AMS can be used to reliably predict what people are exposed to through the water they drink and to validate new or adjusted statistical models.

Mr. Skeen: Why can't the water testing program be carried out within the current program funding level?

Response: The water testing program requires agreements with different state agencies, other than State Departments of Agriculture. Using present funding would require that AMS commensurately reduce funding for current participating State agencies by over $1,000,000 to redirect this amount to the new partners. This action would destabilize existing program infrastructure, undermine confidence in continued program operations, and place ongoing Pesticide Data Program sampling and testing activities in jeopardy.

Mr. Skeen: This request covers, as stated in the justification, the beginning of the water test implementation. Will the agency be requesting additional funds in future years? What is the schedule and resource estimates for the out years of this program?

Response: The amount requested for fiscal year 2001 will be used to develop a supportable infrastructure for sampling and testing drinking water, to arrange for cooperative agreements with new partners, to extend the electronic information data system to capture finished water, and to extend and validate new technology. The schedule and resources needed for future years are difficult to predict until we establish a system that uses reliable sampling protocols, validated methods of analysis, and standard reporting formats.

STANDARDIZATION

Mr. Skeen: Please update the table on pages 689-690 of last year's hearing record showing standardization program costs by commodity for fiscal year 1999.

[The information follows:]

Standardization Program Cost--Fiscal Year 1999
(Dollars in thousands)

Commodity Graded	Standards Program
Cotton Classing	$1,012
Dairy Grading	449
F&V Fresh	552
F&V Processed	279
Meat Grading	501
Poultry Grading	210
Domestic Tobacco	141
Imported Tobacco	47
Total	$3,191

Mr. Skeen: What standards are currently being worked on by AMS?

Response: AMS is revising seven American Pima composite grade standards to separate the quality factors of color and leaf; developing revisions for grades of Dry Whole Milk and for Dry Whey, and reviewing the standards for Grades of Swiss Cheese, Emmentaler Cheese, and Cheddar Cheese. We are revising standards for in-shell pistachio nuts, shelled pistachio nuts, apples, canned whole-kernel corn, canned apples, frozen okra, frozen field peas and black-eyed peas, canned mushrooms, canned sweet potatoes, canned white potatoes, canned beets, canned carrots, frozen celery, frozen potatoes, frozen onions, canned refried beans, and frozen apple juice from concentrate. The existing U.S. grade standards for poultry and rabbits and one standard affecting shell eggs are also being revised. We are reviewing and revising standards for flue-cured, burley, fire-cured and dark-air tobacco. We are completing a revision of the feeder cattle grade standards and are testing guidelines for a possible revision of the slaughter cow grade standards.

We are also involved in international standards development. It is important that AMS is involved in the development of these standards and specifications, because they are being adopted by many countries and will play an important role in resolution of trade disputes. We are working with the United Nations Economic Commission for Europe, or ECE, in reviewing fresh fruit and vegetable standards, dried fruit standards, and specifications for pork and beef cuts. AMS is also working with the Codex Alimentarius Commission in developing Codex standards for milk and milk products, fresh fruits and vegetables, and processed fruits and vegetables, as well as on protocols for food import and export inspection and certification.

In addition, AMS is preparing U.S. trade standards for poultry. These standards differ from existing U.S. grade standards. They provide buyers and sellers with a numerical coding system for identifying product and packaging requirements. This system is expected to facilitate domestic and international marketing of U.S. poultry. We expect to issue U.S. trade standards for chicken during fiscal year 2000, and standards for turkey and other poultry species will follow. Additionally, AMS will work with the ECE to integrate these U.S. trade standards into an international poultry trade

standard.

Mr. Skeen: Developing standards is an increasingly important activity, as world trade increases and harmonization efforts proceed. You state that in fiscal year 1999, AMS reviewed 94 standards and revised 8. What is your level of planned activity in the current year?

Response: In total, AMS plans to review 92 and revise 18 domestic and international standards in fiscal year 2000.

TOBACCO FUNDING

Mr. Skeen: Please update the table that appears on page 691 of last year's hearing record showing all the funds, both appropriated and user fees, spent on work related to tobacco to include fiscal year 1999 actuals and fiscal year 2000 estimates.

[The information follows:]

Tobacco Programs
Appropriated and User Fee Table
(Spending in Thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Appropriated:	$904	$915	$915
Market News			
Standards	188	211	211
User Fee:			
Domestic Tobacco Grading	12,280	12,869	12,869
Imported Tobacco Grading	2,061	2,160	2,160
Market News (printed reports)	5	5	5

GRADING

Mr. Skeen: Update the table that appears on page 691 that shows the total number of grading employees broken down by Federal employees and Federally-supervised state employees for the past five fiscal years to include fiscal year 1999.

[The information follows:]

Agricultural Marketing Service

Grading Activities Performed By Federal Employees and Federally-Supervised State Employees

Fiscal Years	1999	1998	1997	1996	1995
Number of Federal Employees*	3,149	2,207	2,381	2,333	2,541
Number of Federally-Supervised State Employees**	5,998	5,928	6,006	6,031	6,069
Cross-licensed Employees of other Programs or USDA Agencies	114	24	22	34	39
TOTAL	9,261	8,159	8,409	8,398	8,649

* Includes seasonal employees.
** Total service provided by all Federally-supervised State employees is less than 1 FTE each.

Mr. Skeen: Did any grading fees increase or decrease during fiscal year 1999? What was the amount of the increase or decrease and why?

Response: During fiscal year 1999, two of AMS' programs adjusted their user fees. The cotton program increased its cotton classing fee from $1.30 per bale in FY 1998 to $1.35 per bale in FY 1999 as a result of a reduction in the number of samples classed from FY 1998 to FY 1999. The program's fixed costs to class such a reduced crop could not be recovered at $1.30 per bale. The poultry program increased its grading fees in October 1998. The previous increase was in May 1997. The resident rate increase was approximately 4.1 percent due to increased salaries, which account for 82 percent of the total operating budget, and increases in other costs. The nonresident rate was increased by approximately 15 percent due to an increase in Federal and State salaries and other costs. The latter increase was intended to also recover, in conjunction with the May 1997 increase, the full administrative overhead costs incurred in providing the nonresident services.

Mr. Skeen: Are you proposing any grading fee increases for fiscal year 2000?

Response: AMS is proposing a grading fee increase in fiscal year 2000 for three of its programs. The AMS Tobacco Program's permissive inspection will increase its fee from $32.40 to $47.40 per hour. The domestic tobacco inspection user fee will increase from $.83 to $1.00 per 100 lbs.

The AMS Fruit and Vegetable Program's Processed Products Branch is proposing an 8.5 percent increase, thereby raising the hourly rate from $43.00 per hour to $47.00 per hour. The current hourly rate of $35.00 for year-round in-plant contract services is proposed to be raised to $36.00 per hour, a 2.8 percent increase. The current hourly rate of $45.00 for less than year-round in-plant inspection services is proposed to be raised to $48.00 per hour, a 6.3 percent increase. The Fruit and Vegetable Programs' Fresh Products Branch proposed rule closed recently and a decision will be forthcoming.

The Livestock and Seed Program's commitment rate will increase from $39.80 per

hour to $45.00 per hour. Non-commitment rates will increase from $42.20 to $52.00 per hour. Premium rates will increase from $47.80 to $57.00 per hour, and holiday rates will increase from $78.60 to $90.00 per hour.

Mr. Skeen: Did any other fees increase or decrease? By how much?

Response: Yes, AMS increased the annual fees for its Poultry Market News regular facsimile transmissions by $5 to $35, depending on the frequency of the service. The AMS fee for the Qualified Through Verification (QTV) Audit Program increased from $43.00 per hour to $60.00 per hour, effective January 1, 2000, to cover increased administrative costs. There was a fee increase for aflatoxin testing of peanuts and peanut products charged for Peanut Administrative Committee marketing agreement analyses and appeals. The fee was increased from $14.00 to $17.00 per single analysis. In FY 2000, the same fee was increased to $19.00 per single analysis. In addition, the Plant Variety and Protection program currently has a fee proposal in the federal register that would increase fees by 10 percent in the spring of 2000.

MARKET NEWS

Mr. Skeen: Did you in fiscal year 1999, or do you plan in fiscal year 2000 or fiscal year 2001, to eliminate or consolidate any market news reports?

Response: In 1999, AMS discontinued reporting data for Young Broiler Turkeys because the industry no longer produces that product. AMS also eliminated the reporting of arrivals of fresh fruits and vegetables into 19 metropolitan areas. Additionally, we stopped printing annual summaries from the wholesale produce markets, as the data is available directly from the Market News Information System via the Internet.

In 2000, AMS will revise three Friday regional broiler/fryer price reports by dropping the preliminary majorities for nine selected cities, and there will be some consolidation of egg and egg products reports. We are considering consolidation of Type 13 and Type 14 tobacco reports into a Southern Flue-cured report. Daily and Weekly Tobacco Market News Summaries, as well as the Gross Sales for type 13 and type 14, may also be consolidated.

Due to the implementation of the Livestock Mandatory Price Reporting Act, several meat and livestock reports will be eliminated and/or consolidated. Report information that falls under the requirements of the Act, including slaughter cattle, hogs, sheep, beef, and lamb, will be initially released on a national basis and later by regional areas.

BUSINESS PROCESS REENGINEERING

Mr. Skeen: Does the fiscal year 2001 budget reflect any cost savings due to the business process reengineering effort? The final phase of the meat grading system was to be implemented in July 1999, and in last year's hearing record, you state that cost savings due to that system will be $600,000 per year.

Response: AMS has not yet realized the expected cost savings that will result from the business process reengineering effort for the meat grading system. Due to unanticipated developmental problems, the business process reengineering system could not be delivered in 1999 as originally planned. However, it is now in its final testing stages, and phased implementation will begin in FY 2001. Since the meat grading program is fully user-funded, the cost savings will be reflected in fees by offsetting cost increases for pay and inflation.

WHOLESALE MARKET DEVELOPMENT

Mr. Skeen: For the record, please provide the Committee with a listing and status of all wholesale market development projects underway in fiscal year 1999 and to date in fiscal year 2000.

[The information follows:]

FY 1999 Project/Activity	Status
Cleveland, OH – Terminal Mkt	Renovation study will continue through 3rd Quarter
Quincy, FL – Packing Facility	Feasibility/design work completed
Sanford, FL – Convert to Terminal	Feasibility/design work completed
Columbia, SC – Feasibility to Rebuild	Preliminary drawings and estimated costs provided
Santa Rosa, FL – New Regional Mkt	Study will continue through FY 2000
Jessup, MD – Collection Market	Initial contact made, study to begin 3rd Quarter, FY 2000
Alabama Collection Markets	Study will continue through FY 2001
Chicago, IL – South Water Terminal	Technical assistance provided as requested
Anchorage, AK – Seafood Market	Initial visit made, study to begin when funds available
FY 2000 Project/Activity	**Status**
Montgomery, AL – State Farmers' Mkt.	Initial visit made, study to begin when funds available
USDA Farmers' Market Directory – 2000	An updated directory of all farmers' markets throughout the United States will be published and placed on the Internet – 4th Quarter.
San Francisco, CA – Sustainable Agriculture Education	This feasibility study for a public market and education center is being conducted with the Center for Urban Education about Sustainable Agriculture – 3rd Quarter, FY 2000
Farmer Direct Marketing Web Page	This project involves linking to government agencies, universities and organizations with programs, information and resources for direct marketing – FY 2000, ongoing
U.S. Food Export Showcase	An organic exhibit at the FMI annual convention in conjunction with FAS and NASDA – 3rd Quarter, FY 2000
Farmers' Market Survey 2000	To assess the impact of farmers' markets on farm revenues and community economic development – 1st Quarter, FY 2001

Direct Marketing Association Directory and Start-Up Manuals	A national directory of farm direct marketing associations and a series of manuals that describe start-up and expansion of direct marketing associations is being developed with the North American Farmers' Direct Marketing Association – 4th Quarter, FY 2000
Fruit and Vegetable Producer Marketing Practices, University of California at Davis, Small Farm Center	Marketing research to evaluate recent changes and trends related to traditional and alternative marketing channels for fresh fruits and vegetables in the U.S. – 3rd Quarter, FY 2000
Farmers' Market Customers, Department of Food and Resource Economics, University of Delaware	This project will develop a profile of patrons at farmers' markets through analysis of demographics based on a study of Delaware Farmers' Markets - 2nd Quarter, FY 2000
Farmers' Markets at Transit Sites, Projects for Public Spaces	The project will assess viability of farmers' markets at urban transit sites - 4th Quarter, FY 2000
Building Sustainable Agricultural Systems Through Direct Marketing, California Institute of Rural Studies	To collect information about farm viability, entry into farming, and direct marketing efforts on 5000 plus direct marketers and some 400 direct market producers throughout California - 1st Quarter, FY 2001
Sustainable Agriculture Research and Education in partnership with CSREES	Research study of marketing opportunities for producers and producer organizations – 4th Quarter, FY 2002
Latino Public Market, Esperanza Community Housing Corporation, Los Angeles, CA	Facility and space requirements for marketing ethnically appropriate products – 3rd Quarter, FY 2000
Enterprise Development Manual, Cornell University	Project to develop a technical workbook to assist newly emerging and operating farm direct marketers in making decisions relative to market channel alternatives, business direction, and diversification strategies – 4th Quarter, FY 2000
"How To" Manuals	A series of manuals designed for specific segments of farm direct marketing – 1st Quarter, FY 2001
Fort Worth, TX, Farmers' Market	Feasibility study for the development of a year-round farmers' market in downtown Fort Worth in a renovated train depot – 3rd Quarter, FY 2000

Santa Fe, NM, Farmers' Market, City of Santa Fe	Development of a permanent facility for expansion of an existing seasonal market – 2nd Quarter, FY 2000
Burlington, VT, Public Market	Evaluates a cooperative strategy among very small farmers to grow and assemble produce in sufficient quantities to support a direct marketing operation in an urban location - 4th Quarter, FY 2000
Washington, DC, Farmers' Market, Capitol Area Food Bank	Assist with development of the Anacostia Farmers' Market in Southeast Washington, DC – Summer 2000
USDA Farmers' Market 2000	Develops statistical data and operational procedures for farmers' market at USDA headquarters while providing direct marketing opportunities for local producers – 4th Quarter, FY 2000
Market Manager Training, University of California at Davis, Small Farm Center	Develops a farmers' market manager's curriculum to enhance performance of farmers' markets and the policy boards that oversee them – 4th Quarter, FY 2000
Maryland Food Center Terminal Market Improvements	Assess facility improvements to enhance market access for small- and medium-sized farms while improving customer acceptance and market share throughout the Mid-Atlantic service area – 4th Quarter, FY 2000

Mr. Skeen: What is being done during fiscal year 2000, and what are plans for fiscal year 2001, for the Santa Fe Area Farmers' Market? Last year, you noted that facility design and business planning were underway. Please update the Committee on your progress.

Response: The facility design and business plans have been completed and are outlined in a draft report, *Permanent Site Feasibility Study: Railyard Farmers' Market Plaza and/or Mercado Sites*. The study culminates two years of work involving many community meetings, facilitated work discussions, technical support and community input. Through cooperative efforts to complete the study, the project has engaged a diverse group of market supporters, tenants, and other non-profit organizations all competing for a stake in this large community project. The process has created collaboration and formalization of partnerships which should provide sufficient broad-based support to complete construction of the market.

The market organizers, Friends of the Farmers' Market, are working with federal and state legislators to obtain funding for a market on a permanent site. In January, the City of Santa Fe approved a public space easement in the Railyard that includes a 10-acre park, rail/trail easement, and 1.3 acres for the Farmers' Market plaza. Approximately $4.2 million is required for renovation and construction of the area, including $1.5 million for a plaza to host the Farmers' Market. AMS will continue to work with market organizers providing technical assistance as needed to support full development of the

market.

Mr. Skeen: Do you have any proposals to do additional wholesale market development projects in fiscal years 2000 and 2001?

[The information follows:]

FY 2000 Project/Activity	Status
Long Island, NY – Farmers'/Terminal	Initial visit will be made 3rd Quarter, FY 2000
Oakland, CA – New Terminal Market	The project was initiated in 1996 and has been awaiting resolution of land-use issues. Follow-up visit to be made 3rd Quarter, FY 2000.
San Diego, CA – New Terminal Market	Initial visit will be made 3rd Quarter, FY 2000
Columbia, SC – New Terminal Market	Waiting on decision to proceed from the State Department of Agriculture
Kentucky – Collection Markets	Received request in March for six facility studies

Mr. Skeen: Provide a list of all ongoing and planned wholesale market development projects and the total cost of each.

Response: The projects listed below include direct marketing, farmers' markets, and other marketing research in the wholesale market development program. We have not yet completed agency review and approval of fiscal year 2000 agreements.

Wholesale Market Development Active Cooperative Agreements		
Number/Cooperator	Title or Description	Amount and Year Funded
12-25-A-3626 California Department of Food and Agriculture	To assist in the study of the wholesale marketing of fruits and vegetable products in the greater San Francisco Bay Area of California, and determine the feasibility of developing a regional wholesale market facility to service the areas now served by wholesale market facilities in Oakland and San Francisco and/or make recommendations for alternative marketing facilities	FY1997 $40,000
12-25-A-3627 Cornell University	Changing Distribution Patterns in the U.S. Fresh Fruit and Vegetable Marketing System	FY1997 $37,900
12-25-A-3628 University of California, Davis	Fruit and Vegetable Producer Marketing Practices Marketing Initiative	FY1997 $36,000
12-25-A-3691 St. Paul Growers' Association	Facility design and business plan development for the St. Paul Farmers' Market	FY1998 $22,000

Wholesale Market Development Active Cooperative Agreements		
Number/Cooperator	Title or Description	Amount and Year Funded
12-25-A-3695 Silos & Smokestacks, Inc.	Assessment of market relocation potential and facility design alternatives for Sycamore Street Farmers' Market, Waterloo, IA	FY1998 $25,000
12-25-A-3698 Florida Department of Agriculture and Consumer Services	Feasibility study for a State Farmers' Market/Agricultural Industrial Park for fruits and vegetables in the northwestern region of Florida and/or recommend alternative facilities	FY1998 $30,000
12-25-A-3704 Texas Agricultural Experiment Station	Impact of chain store expansion on Mexican fresh fruit and vegetable distribution practices	FY1998 $24,046
12-25-A-3706 City of St. Louis	Design plans for redevelopment of the Soulard Farmers' Market, St. Louis, MO	FY1998 $25,000
12-25-A-3707 Downtown Fort Worth, Inc.	Facility design and business plan development for Fort Worth Public Market	FY1998 $25,000
12-25-A-3709 City of Santa Fe	Permanent farmers' market facility design and business plan development for the Friends of the Farmers Market, Inc., and the Santa Fe Area Farmers' Market, Inc.	FY1998 $25,000 FY1999 $10,000
12-25-A-3710 Cornell University	Farmer direct marketing regional focus group meetings	FY1998 $60,559 FY1999 $17,000
12-25-A-3711 Regents of the University of California	Assess educational and training needs for farmers' market managers, identify components of a professional curriculum, develop format and implementation methods and two prototype training models for certification of market managers	FY1998 $50,000
12-25-A-3765 Virginia Polytechnic Institute, Blacksburg, VA	To create sustainable on-farm job and income opportunities for small farmers in Virginia and surrounding areas	FY1999 $30,000
12-25-A-3784 State of Alabama Farmers' Market Authority	State-wide assessment of marketing facilities and opportunities for developing alternative facilities	FY1999 $55,000
12-25-A-3791 California Institute for Rural Studies	To develop a profile of California direct marketing based upon survey data of California farmers	FY1999 $40,000
12-25-A-3792 Esperanza Community Housing Corporation	To develop facility and space requirements, conceptual design, and a business plan for a marketing facility for Mercado La Paloma, Los Angeles	FY1999 $30,000
12-25-A-3794 Cornell University	To develop a technical manual and conduct three workshops for farm direct marketers	FY1999 $40,000
12-25-A-3795 North American Farmer Direct Marketing Association	To develop a national directory of farm direct marketing associations, a series of technical manuals, and conduct a series of workshops for farm direct marketers	FY1999 $40,000

Wholesale Market Development Active Cooperative Agreements		
Number/Cooperator	Title or Description	Amount and Year Funded
12-25-A-3796 Maryland Department of Agriculture	To determine the feasibility of developing market facilities to provide small- and medium-sized growers in the MD-PA-VA region greater opportunities for marketing locally-grown fruits and vegetables	FY1999 $25,000
12-25-A-3801 University of Delaware	To develop a survey of consumer needs and requirements for direct marketing outlets in Delaware	FY1999 $4,000
12-25-A-3802 Project for Public Spaces	To assess viability of farmers' markets at city transit sites	FY1999 $10,000
12-25-A-3803 Farmers' Market Trust	To sponsor a conference addressing food marketing issues for the Delaware Valley region	FY1999 $10,000
12-25-A-3782 Texas Agricultural Experiment Station	To identify means by which small-scale meat processors can increase sales by pursuing niche market opportunities in the restaurant sector	FY2000 $41,899

RESEARCH AND PROMOTION

Mr. Skeen: Please update the table that appears on page 697 of last year's hearing record showing payments by research and promotion boards for OGC services to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

Research and Promotion
OGC Legal Services

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
National Dairy Board	$ 5,243	$ 3,758	$ 3,989	$ 3,483
Egg Board	2,120	659	699	611
National Pork Board	1,388	3,361	3,568	3,115
National Cattleman's Board	6,453	13,003	13,802	12,051
Honey Board	6,714	1,324	1,406	1,227
Cotton Board	1,683	3,791	4,024	3,514
Potato Board	1,058	822	873	762
Watermelon Board	992	816	866	756
Soybean Board	1,745	2,486	2,639	2,304
Mushroom Board	2,872	1,161	1,233	1,076
Fluid Milk	5,991	2,650	2,813	2,456
Fresh Cut Flowers	2,471	2,573	2,732	2,385

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Popcorn	--	659	699	730
Peanuts	--	6,634	7,042	7,352
Olive Oil	--	2,120	2,250	2,350
Blueberries	--	4,614	4,898	5,114
Total	$ 38,730	$ 50,431	$ 53,533	$ 49,286

Note: FY 2000 estimates are based on the FY 2000 hours billed plus known or anticipated activities (for example, referenda, major regulation changes, court cases, etc.).

Mr. Skeen: Provide a list of all research and promotion programs that receive funding from FAS, including how much each receives, for fiscal year 1999 and estimates for fiscal year 2000 and 2001.

[The information follows:]

	FY 1999	FY 2000	FY 2001 (Est.)
Honey Board	$141,547	$120,398	$120,398
Popcorn Board	NA	$370,364	$370,364
Potato Board	$1.575 mil.	$1.53 mil.	$1.53 mil.
Watermelon Board	$115,300	$110,334	$110,334
National Dairy Board*	None	None	None

*The National Dairy Promotion and Research Board, charged with administering the National Dairy Promotion and Research Program, does not receive any FAS funding. However, the Board provides assessment funds to the U.S. Dairy Export Council, or USDEC, which also receives FAS funding. USDEC received $2.3 million for fiscal year 1999 and anticipates receiving $2.6 million and $2.7 million for fiscal years 2000 and 2001, respectively.

REFERENDA

Mr. Skeen: Are there any referendums scheduled for 2000? If so, give the Committee a status on each one for the record.

Response: A referendum was to be conducted from March 13th through 24th to determine if cultivated blueberry producers and importers favor implementation of a national research and promotion program for cultivated blueberries. However the voting period has been extended an additional 21 days through April 14th. The results are expected to be announced shortly after the referendum closes.

On February 28, 2000, the Secretary announced his decision to hold a referendum on the Pork Promotion, Research, and Consumer Information Order. We plan to issue a proposed referendum rule in April 2000. Following public comments, a final referendum rule is expected in the summer, with the referendum in the fall.

FEDERAL SEED ACT

Mr. Skeen: Update the table that appears on page 698 of last year's hearing record showing the number of new complaints and the amount of penalties assessed under the Federal Seed Act to include fiscal year 1999.

[The information follows:]

Federal Seed Act New Complaints and Penalties Assessed

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Complaints	543	532	459	506	341
Penalties	$56,300	$42,500	$27,450	$44,775	$55,601
Cases Pending	583	559	509	528	283
Resolved Administratively	157	112	77	62	108

Mr. Skeen: Do monetary penalties assessed under the Act go to AMS or the U.S. Treasury?

Response: Monetary penalties assessed under the Federal Seed Act are deposited in the U.S. Treasury.

FREE TRADE WITH MEXICO

Mr. Skeen: Please provide the Committee with the current status of the work you are doing with monitoring constraints that may restrict free trade of agricultural products to and from Mexico. Specifically, you planned to combine the output of two projects into a technical assistance document. Is the document complete?

Response: For the past ten years, AMS has monitored the flow of U.S. agricultural exports into Mexico, concentrating chiefly on infrastructural, logistical, and procedural impediments at the U.S. - Mexico border which constrain U.S. exports into this growing market. We have also sponsored meetings at the border with U.S. - Mexico rail interests, freight forwarders, customs brokers, and local authorities to resolve procedural problems which threaten to limit the flow of U.S. grain into Mexico. A technical assistance document which details the clearance process involved in shipping U.S. grain overland to Mexico by rail has been completed, and is presently undergoing review and clearance. Because Mexico is a growing market for U.S. grain, this document should be especially helpful to smaller U.S. grain companies interested in shipping to the Mexican market but which are not of sufficient size to have specialized personnel on staff to deal with border problems.

PAYMENTS TO STATES AND POSSESSIONS

Mr. Skeen: Please update the table that appears on pages 701-702 of last year's hearing record showing obligations by geographic area to include fiscal years 1995 through 1999.

[The information follows:]

PAYMENTS TO STATES AND POSSESSIONS STATE-BY-STATE FUNDING TABLE

	Fiscal Year				
State	1995	1996	1997	1998	1999
Alabama	- -	- -	- -	- -	$48,000
Alaska	- -	- -	- -	- -	49,870
Arizona	$30,000	$50,000	$55,000	$36,000	- -
Arkansas	12,966	- -	- -	- -	- -
California	- -	62,000	20,390	110,300	50,000
Colorado	96,000	- -	50,180	60,000	32,000
Connecticut	30,000	- -	13,000	- -	75,000
Delaware	- -	29,640	33,140	- -	- -
Florida	- -	- -	35,000	- -	57,000
Georgia	- -	- -	69,140	- -	- -
Hawaii	- -	69,166	- -	- -	- -
Idaho	40,000	84,450	- -	- -	24,989
Illinois	- -	98,000	125,802	- -	80,000
Iowa	8,936	- -	- -	25,000	- -
Kansas	- -	- -	52,800	- -	- -
Kentucky	- -	60,000	- -	- -	90,000
Louisiana	112,305	- -	55,000	- -	- -
Maine	- -	- -	- -	23,200	42,000
Maryland	84,031	- -	67,000	53,000	- -
Massachusetts	37,000	26,270	- -	- -	89,064
Michigan	- -	57,650	43,188	- -	- -
Minnesota	- -	45,000	89,000	45,000	45,000
Missouri	30,000	70,000	- -		- -
Montana	- -	- -	- -	118,000	
Nebraska	55,000	70,000	- -	108,000	- -
New Hampshire	- -	- -	- -	- -	34,375
New Jersey	45,000	98,324	55,000	85,300	43,131
New Mexico	124,497	- -	40,000	- -	- -
New York	25,000	- -	64,214	- -	84,500
North Carolina	30,000	50,000	- -	- -	- -
North Dakota	- -	75,000	- -	110,000	- -
Ohio	60,000	- -	- -	- -	- -
Oklahoma	110,200	38,000	- -	- -	- -
Oregon	28,693	- -	25,000	27,000	63,000
Pennsylvania	- -	- -	- -	40,000	75,000
Puerto Rico	32,000	- -	- -	- -	- -
Rhode Island	- -	- -	- -	60,000	- -
South Carolina	- -	71,500	30,000	- -	- -
South Dakota	28,500	- -	- -	- -	- -
Tennessee	- -	- -	44,014	54,685	112,000
Texas	84,872	90,000	- -	102,160	- -
Vermont	50,000	55,000	19,858	- -	28,000
Washington	45,000	- -	- -	72,000	77,071
Wisconsin	- -	- -	73,274	70,340	- -
Wyoming	- -	- -	140,000	- -	- -
Total	1,200,000	1,200,000	1,200,000	1,199,985	1,200,000

EMERGENCY SURPLUS REMOVAL

Mr. Skeen: Update the tables that appeared on page 703 of last year's record showing the amounts expended for Emergency Surplus Removal and Disaster Relief to include fiscal year 1999.

[The information follows:]

Emergency Surplus Removal
(Dollars in thousands)

Fiscal Year	*Amount*
1985	$58,111
1986	44,122
1987	12,054
1988	98,325
1989	7,359
1990	26,474
1991	54,284
1992	102,928
1993	63,399
1994	78,452
1995	96,679
1996	56,172
1997	100,947
1998	194,774
1999	144,484

Disaster Relief
(Dollars in thousands)

Fiscal Year	*Amount*
1985	0
1986	0
1987	0
1988	$3,253
1989	0
1990	1,743
1991	5,642
1992	11,175
1993	4,636
1994	3,463
1995	530
1996	1,168
1997	2,150
1998	15,200
1999	7,014

Mr. Skeen: The Secretary has the authority to use section 32 funds to remove surplus commodities from the market and bolster producers prices. Provide a list of each time the Secretary used this authority and the amount used for fiscal year 1999.

[The information follows:

REMOVAL OF SURPLUS COMMODITIES
Fiscal Year 1999

Item	Dollars in millions
Apples	$1.9
Apricots, canned	9.8
Apricots, frozen	0.7
Beef	19.9
Bison	7.2
Grapefruit	1.4
Grapefruit juice	2.2
Lamb	4.1
Peaches, frozen	7.3
Pork	77.0
Salmon	5.1
Tuna	4.0
Walnuts, shelled	3.9
Total	$144.5

Mr. Skeen: Has the Secretary used the emergency surplus authority in the current fiscal year? If so, please provide a list of each time the Secretary used this authority and the amount used for fiscal year 2000.

[The information follows:]

REMOVAL OF SURPLUS COMMODITIES
Fiscal Year 2000 Emergency Surplus Purchases
Authorized Through March 15, 2000

Item	Dollars in millions
Almonds, shelled	$10.0
Chicken, canned boned	4.5
Chicken, frozen cooked diced	5.5
Cranberries	2.9
Dates	5.7
Fig puree	2.9
Lamb	15.0
Peas, blackeye	2.5
Prune puree	0.1
Prunes, dried	4.6
Salmon	17.0
Tuna	10.0
Walnuts, shelled	8.8
Total	$89.5

EXPORT PURCHASES

Mr. Skeen: Were any export purchases made in fiscal year 1999? If so, please list the commodities and which countries received the purchases.

Response: AMS did not make any export purchases in fiscal year 1999.

SECTION 32

Mr. Skeen: Provide an updated table of section 32 commodity purchases showing fiscal year 1995 through 1999.

[The information follows:]

SECTION 32 COMMODITY PURCHASES
(Dollars in thousands)

Item	1995 Actual		1996 Actual		1997 Actual		1998 Actual		1999 Actual	
	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations
Apple Juice	120	$30	--	--	--	--	15,156	$3,659	--	--
Apple Slices, Canned	12,030	4,835	10,934	$4,308	13,242	$4,343	28,565	10,830	3,137	$1,029
Apple Slices, Frozen	--	--	--	--	--	--	--	--	3,215	914
Apples, Fresh	12,413	3,110	4,730	1,513	5,294	2,534	6,969	1,933	14,692	4,073
Applesauce	26,925	7,178	23,866	6,321	23,676	7,118	59,162	15,962	7,517	1,775
Apricots, Canned	12,939	5,481	--	--	6,751	3,565	6,004	3,611	18,870	9,657
Apricots, Frozen	--	--	--	--	--	--	--	--	1,146	647
Asparagus, Canned	1,586	1,309	--	--	--	--	--	--	--	--
Beans, Canned	34,366	8,635	12,544	2,778	735	183	17,538	4,197	13,553	3,054
Beans, Dry	1,280	298	2,213	591	--	--	20,307	5,080	2,640	636
Beans, Green, Canned	--	--	--	--	5,788	1,291	3,880	1,013	--	--
Beans, Green, Frozen	3,307	1,289	--	--	1,290	440	1,973	579	1,580	490
Beans, Refried, Canned	5,006	1,460	4,933	1,504	--	--	--	--	3,557	927
Beans, Vegetarian, Canned	12,539	2,743	14,151	2,922	8,950	1,858	11,479	2,295	10,185	2,074
Beef, Canned	720	918	504	567	8,140	8,889	--	--	576	646
Beef, Frozen Ground	110,024	112,034	120,269	112,696	135,962	133,776	110,540	108,558	110,545	119,178
Beef Patties	27,462	28,704	27,079	26,759	29,484	28,478	16,975	17,038	25,895	30,114
Beef Roast	7,840	13,525	3,680	6,404	6,628	9,687	12,746	26,375	10,476	16,692
Bison	--	--	--	--	--	--	356	1,299	2,020	7,126
Blackberries, Frozen	--	--	--	--	--	--	427	326		
Blueberries, Frozen	3,621	2,294	13,029	10,087	--	--	7,286	4,962	--	--
Carrots, Canned	--	--	826	226	--	--	3,005	915	--	--
Carrots, Frozen	--	--	1,940	398	--	--	4,618	1,162	--	--
Cheese	--	--	--	--	3,282	5,000	--	--	--	--
Cherries, Canned	4,153	2,237	1,127	479	8,807	4,254	8,454	4,829	491	308
Cherries, Frozen	26,998	9,166	--	--	16,029	7,281	7,181	3,521	4,942	2,890
Chicken, Chilled	33,149	17,518	37,440	21,266	41,688	23,028	--	--	64,030	34,659
Chicken, Cooked	650	748	--	--	--	--	48,086	27,827	--	--
Chicken, Canned Boned	4,276	8,154	2,436	4,600	2,401	4,399	1,374	2,467	1,538	2,956
Chicken, Diced	9,964	20,079	5,457	11,688	3,322	8,464	6,336	12,941	13,108	27,212
Chicken, Frozen, Cut-Up	25,542	15,062	38,827	25,898	34,097	21,429	12,430	7,931	13,014	8,273
Chicken, Nuggets	583	917	1,600	2,440	--	--	306	460	172	273
Chicken, Patties	571	877	--	--	--	--	556	852	369	618
Corn, Canned	29,527	9,579	11,494	4,602	--	--	22,764	7,180	20,500	6,248
Corn, Frozen	12,235	5,386	5,607	2,367	12,489	5,248	6,240	1,915	1,977	632
Currants	290	161	--	--	--	--	--	--	--	--
Date Pieces	3,816	2,457	3,276	1,888	3,348	1,577	--	--	--	--
Egg Mix	2,063	3,088	2,600	4,746	1,280	2,846	582	997	240	438
Eggs, Whole, Frozen	9,903	4,854	13,272	7,623	7,110	3,815	7,063	3,931	11,876	6,192
Dried Figs	--	--	3,312	2,363	3,888	2,551	3,168	2,521	--	--
Fig Nuggets	--	--	515	422	2,336	1,316	380	268	--	--
Fig Puree	--	--	--	--	--	--	160	132	--	--
Grape Juice, Canned	7,995	2,734	--	--	--	--	--	--	--	--
Grapefruit, Canned	--	--	--	--	385	102	--	--	9,620	2,386
Grapefruit, Fresh	552	80	867	149	907	154	4,809	765	7,527	1,407
Grapefruit Juice	8,071	1,859	--	--	11,307	2,295	12,289	2,444	--	--
Ham, Cooked, Frozen	20,392	29,104	12,210	20,671	10,136	17,558	--	--	27,169	33,056
Ham Roast	5,480	10,975	--	--	2,987	4,172	33,370	42,431	13,903	15,583
Lamb Roast	--	--	--	--	--	--	--	--	1,116	4,046
Luncheon Meat, Canned	--	--	36	50	--	--	36	52	432	464
Mixed Fruit, Canned	--	--	6,123	2,618	7,317	3,352	7,236	3,336	5,647	2,693
Oranges, Fresh	5,122	926	6,224	1,245	4,678	1,026	9,435	1,984	--	--
Orange Juice, Canned	--	--	26,155	13,331	15,722	4,340	857	752	392	556
Orange Juice, Frozen	--	--	--	--	6,419	2,930	5,003	2,524	2,374	1,614
Peaches, Canned	9,679	4,460	3,419	1,566	13,357	6,643	35,731	15,009	31,424	13,267
Peaches, Frozen	2,386	1,517	756	660	4,310	3,410	12,426	8,785	11,692	8,458
Pears, Canned	29,277	10,553	23,579	9,361	--	--	4,391	2,057	14,045	6,112
Pears, Fresh	7,327	2,460	4,253	1,275	--	--	8,189	2,500	--	--

Item	1995 Actual		1996 Actual		1997 Actual		1998 Actual		1999 Actual	
	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations	Pounds	Obligations
Peas, Canned	8,286	2,635	6,122	2,796	2,942	836	--	--	--	--
Peas, Frozen	12,182	4,224	6,549	2,133	4,508	1,473	3,999	1,232	5,800	2,151
Pineapple, Canned	14,988	7,463	--	--	10,797	5,714	--	--	--	--
Plums, Canned	2,098	713	344	117	453	169	--	--	--	--
Pork, Boneless	--	--	--	--	--	--	--	--	16,941	26,966
Pork, Canned	612	664	468	544	--	--	15,272	14,243	31,100	26,874
Pork, Frozen, Ground	26,798	23,348	22,273	22,412	17,927	19,847	27,540	21,413	20,313	13,726
Pork, Rib Patty	712	699	356	381	119	138	475	433	1,008	826
Pork Roast	--	--	--	--	--	--	7,067	10,292	--	--
Pork, Sausage	4,495	5,308	6,649	8,555	1,789	2,344	9,450	10,095	5,425	5,156
Potato Rounds, Frozen	20,559	5,741	16,014	4,406	29,846	10,108	11,000	3,810	26,076	8,199
Potato Wedges, Frozen	3,066	899	8,672	2,574	28,536	7,894	10,239	3,396	19,200	5,668
Potatoes, Canned	--	--	--	--	12,295	3,982	--	--	--	--
Potatoes, Dehydrated	--	--	--	--	16,547	11,740	--	--	145	75
Potatoes, Fresh	6,320	959	8,000	1,528	3,440	412	3,518	487	--	--
Potatoes, Oven Fries	18,459	5,006	7,983	2,339	15,324	4,326	8,765	3,157	18,818	5,790
Potatoes, Round White	--	--	--	--	1,120	110	200	23	160	16
Prune Puree	--	--	1,857	1,571	--	--	1,913	1,514	--	--
Prunes, Dried	--	--	7,660	6,376	--	--	14,459	10,690	--	--
Raisins	19,199	11,081	--	--	--	--	12,097	6,919	--	--
Raspberry Puree	--	--	--	--	--	--	466	352	--	--
Salsa, Canned	3,552	1,643	--	--	8,940	3,788	4,513	1,774	--	--
Salmon, Canned	7,954	9,632	10,284	9,963	786	1,306	9,100	11,048	2,922	3,192
Salmon, Nuggets	266	293	1,976	2,247	--	--	266	477	722	861
Salmon, Pouched	--	--	--	--	--	--	262	478	599	1,006
Spaghetti Sauce	5,367	1,805	--	--	7,573	2,058	3,667	923	--	--
Strawberries, Frozen	3,287	1,839	--	--	9,358	4,625	--	--	3,173	2,112
Sweet Potatoes, Canned	6,701	2,965	5,113	2,293	6,913	2,797	--	--	--	--
Tomato Sauce, Canned	2,429	675	2,356	554	8,334	1,992	2,106	511	--	--
Tomatoes, Diced	4,384	1,531	--	--	7,126	1,933	3,719	1,261	--	--
Tomatoes, Paste	3,000	1,308	--	--	5,055	1,826	2,542	1,130	97	50
Tomatoes, Whole	1,321	420	--	--	--	--	1,081	347	--	--
Tuna, Canned	--	--	--	--	--	--	--	--	2,041	3,955
Turkey, Burgers, Frozen	1,488	1,308	684	648	360	343	108	105	216	199
Turkey, Deli Style	--	--	--	--	2,960	5,036	11,720	18,578	--	--
Turkey, Canned Boned	--	--	--	--	--	--	1,462	3,073	--	--
Turkey, Chilled	15,660	9,327	19,080	12,278	16,308	9,172	37,192	29,489	18,396	11,286
Turkey, Frozen, Ground	12,904	7,474	19,080	10,957	16,023	8,791	6,413	3,195	11,036	5,369
Turkey, Ham	5,589	5,063	12,808	12,871	11,103	11,245	13,781	12,893	11,088	10,286
Turkey, Roast	12,409	16,735	14,250	21,055	20,453	29,215	29,920	41,150	15,493	20,483
Turkey, Sausage	1,123	811	585	402	507	331	--	--	527	404
Turkey, Whole, Frozen	4,348	2,997	9,272	6,378	10,733	6,968	7,975	5,363	7,599	5,509
Walnuts	1,861	1,057	--	--	--	--	2,504	4,870	2,376	3,694
Undistributed	--	136	--	1,296	--	1,139	--	248	--	998
Total	763,563	$496,555	639,717	$455,256	741,717	$500,896	850,626	$594,774	706,473	$544,484

Mr. Skeen: Please update the section 32 table that appears on page 708 of last year's record.

[The information follows:]

SECTION 32

Item	1999 Actual	2000 Estimate	2001 Estimate
Appropriation or estimate	$5,701,865,817	$5,735,557,955	$5,738,448,921
1999 Supplemental Appropriation	145,000,000	--	--
Rescission	(7,958,000)	(15,000)	--
Unobligated balance available, start of year	131,966,602	112,630,114	300,000,000

Recovery of prior year obligations	3,527,838	--	--
Total Available	5,974,402,257	5,848,173,069	6,038,448,921
Less transfers to: Food and Nutrition Service, Child Nutrition Programs	(5,048,150,000)	(4,935,199,000)	(5,130,486,000)
Department of Commerce	(66,426,288)	(69,920,523)	(69,920,921)
Total transfers	(5,114,576,288)	(5,005,119,523)	(5,200,406,921)
Total available after transfers	859,825,969	843,053,546	838,042,000
Less total obligations	(747,195,855)	(543,053,546)	(538,042,000)
Unobligated balance available end of year	$112,630,114	$300,000,000	$300,000,000

PERISHABLE AGRICULTURAL COMMODITIES ACT

Mr. Skeen: Update the table that appears on page 710 of last year's hearing record showing the user fees and obligations for the Perishable Agricultural Commodities Act to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

PERISHABLE AGRICULTURAL COMMODITIES ACT PROGRAM
(Dollars in thousands)

Fiscal Year	Revenue	Obligations
2001 est.	$6,894	$9,024
2000 est.	6,894	8,808
1999	7,585	8 383
1998	8,199	8,289
1997	9,344	7,907
1996	9,690	6,735
1995	7,371	7,371
1994	7,464	7,338
1993	7,378	6,921
1992	7,875	6,731

Mr. Skeen: Also, update the table that appears on page 710 of last year's hearing record showing the reparations ordered related to the Perishable Agricultural Commodities Act to include fiscal year 1999.

[The information follows:]

Perishable Agricultural Commodities Act Reparation

Reparation Fiscal Year	Orders	Dollars in millions
1999	569	$10.3
1998	669	12.0
1997	768	12.7
1996	663	12.2
1995	825	11.9

1994	1,180	17.9
1993	1,112	16.6
1992	1,217	16.1
1991	1,171	14.7
1990	1,130	12.6

Mr. Skeen: Including fiscal year 1999, how many notices filed by unpaid sellers were there for the Perishable Agricultural Commodities Act?

Response: During fiscal year 1999, the agency received 364 notices of intent to preserve trust benefits filed by unpaid sellers, totaling over $1.43 billion. It is important to note, however, that as a result of the 1995 amendments to the Perishable Agricultural Commodities Act, or PACA, unpaid sellers who have a PACA license can automatically qualify for trust protection merely by including specific language on their invoices or other billing documents sent to their buyers. Consequently, the vast majority of these notices never pass through the agency.

Mr. Skeen: Under the Perishable Agricultural Commodities Act, traders who have been found to have committed unfair trade practices face license suspensions or revocations. During fiscal year 1999, how many traders were found guilty of unfair trade practices and how many had their licenses suspended?

Response: In fiscal year 1999, 37 traders were found to have committed unfair trade practices under the Perishable Agricultural Commodities Act. Of the 37 traders, five received license suspensions; six paid civil penalties in lieu of license suspensions; and seven had their PACA licenses revoked. The remaining 19 firms were found to have committed "repeated and flagrant" violations of the PACA, but their licenses could not technically be revoked since the firms were already out of business and their licenses had terminated. A finding of "repeated and flagrant" violations imposes the same employment and license restrictions on the firm's principals.

ADMINISTRATIVE EXPENSE LIMITATION

Mr. Skeen: Update the table that appears on page 711 of last year's hearing record showing the details of the administrative expenses account to include fiscal year 1999.

[The information follows:]

ADMINISTRATIVE EXPENSES
(Dollars in Thousands)

Fiscal Year	Receipts	Expenditures	Carryover
1990	$39,525	$34,816	$14,996
1991	44,186	42,129	17,053
1992	48,774	47,091	18,736
1993	51,866	46,830	23,772
1994	49,127	46,652	26,248
1995	57,448	49,529	34,166
1996	51,547	46,887	38,827
1997	47,510	51,713	34,624
1998	54,796	46,948	42,473
1999	40,248	42,659	40,062

Mr. Skeen: Also update the table showing the object class breakout for the limitation on administrative expenses account to include fiscal year 1999 actuals and fiscal years 2000 and 2001 estimates.

[The information follows:]

ADMINISTRATIVE EXPENSES OBJECT CLASSIFICATION
(Dollars in Thousands)

		FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
11.1	Full-time Permanent	$13,027	$16,577	$16,577
11.3	Other than full-time permanent	6,531	9,120	9,120
11.5	Other personnel compensation	898	1,829	1,829
11.9	*Total Personnel Compensation*	*$20,456*	*$27,526*	*$27,526*
12.1	Personnel Benefits: Civilian	$4,342	$5,381	$5,381
13.0	Benefits for Former Personnel	1,364	2,331	2,331
21.0	Travel & Transportation of Persons	2,389	3,247	3,247
22.0	Transportation of Things	1,256	1,894	1,894
23.1	Rental payments to GSA	212	260	260
23.2	Rental payments to Others	2,866	3,452	3,452
23.3	Communications, Utilities, & Misc. Charges	3,438	4,044	4,044
24.0	Printing and Reproduction	81	87	87
25.2	Other Services	196	865	865
25.3	Purch. of Goods & Services from Gov. Accts.	1,676	1,901	1,901
25.7	Operation and Maintenance of Equipment	1,099	2,000	2,000
25.8	Subsistence & Support of Persons	1	2	2
26.0	Supplies & Materials	718	1,239	1,239
31.0	Equipment	2,556	6,501	6,501
32.0	Lands and structures	2	--	--
42.0	Insurance Claims & Indemnities	3	--	--
43.0	Interest & Dividends	4	--	--
99.0	*Total Obligations*	*$42,659*	*$60,730*	*$60,730*

PESTICIDE DATA PROGRAM

Mr. Skeen: Were any agricultural use pesticides reregistered using data gathered by the Pesticide Data Program in FY 1999? Which ones?

Response: In FY 1999, the Environmental Protection Agency, or EPA, used Pesticide Data Program, or PDP, data in the dietary risk assessment process in assessing food tolerances for the following 30 pesticides.

Acephate	Disulfoton	Methidathion
Aldicarb	Ethion	Methyl parathion
Azinphos-methyl	Ethoprop	Naled
Captan	Fenamiphos	Oxamyl
Chlorpyrifos	Formetanate	Oxydemeton-methyl
Chlorpyrifos-methyl	Endosulfan	Phosmet
Coumaphos	Fenthion	Pirimphos-methyl
Diazinon	Imazlil	Profenofos
DDVP	Malathion	Tetrachlorvinphos
Dimethoate	Methamidophos	Tribufos

These pesticides may have, on average, between 30 and 40 different agricultural uses. EPA uses all available PDP data for the reassessment of food tolerances required by the Food Quality Protection Act and is EPA's preferred source of data to conduct chronic and acute dietary risk evaluations.

TESTING PROGRAMS

Mr. Skeen: Provide a detailed breakout of the $21,659,000 requested for the pesticide data program, the microbiological data program and water testing.

Response: I will provide for the record tables showing the $20,522,000 that AMS requested for the pesticide data program, the microbiological data program, and water testing.

[The information follows:]

Pesticide Data Program (Dollars in thousands)	
Salaries and Benefits	$1,151
Travel and Transportation	50
Rent, Communications, Utilities	155
Printing	14
Other Services	11,614
Supplies	121
Equipment	45
Total	$13,150

Microbiological Data Program (Dollars in thousands)	
Salaries and Benefits	$607
Travel and Transportation	42
Rent, Communications, Utilities	88
Printing	12
Other Services	5,441
Equipment	45
Total	$6,235

Pesticide Data Program - Water Testing (Dollars in thousands)	
Salaries and Benefits	$274
Travel and Transportation	13
Other Services	824
Supplies	10
Equipment	16
Total	$1,137

PESTICIDE RECORDKEEPING PROGRAM

Mr. Skeen: Please update the table that appears on page 731 of last year's hearing record showing states in the pesticide recordkeeping program, federal funds, and state funds for fiscal year 1999.

Response: AMS requires a minimum of 5 percent state matching funds for the program. Some states have chosen to match above the required 5 percent.

[The information follows:]

Pesticide Recordkeeping
Fiscal Year 1999

State	Federal Funding	State Funding
Alaska	$9,055	$656
Arkansas	29,879	1,574
Colorado	52,740	2,774
Delaware	10,047	5,456
Florida	19,000	2,603
Georgia	4,640	226
Hawaii	10,000	500
Idaho	41,863	2,092
Illinois	13,018	685
Indiana	20,000	1,000
Iowa	42,770	2,252
Kansas	37,494	2,380
Kentucky	65,935	3,471
Louisiana	63,200	3,000
Maine	9,516	693
Michigan	33,660	1,683
Minnesota	49,833	3,000
Mississippi	59,196	2,253
Nebraska	20,000	1,053
Nevada	14,072	1,292
New Mexico	43,171	2,273

North Carolina	33,000	3,206
Ohio	16,405	863
Oklahoma	59,836	2,475
Oregon	35,006	1,790
Puerto Rico	42,073	7,425
South Carolina	45,094	2,373
South Dakota	32,980	1,736
Tennessee	17,853	875
Utah	30,137	1,353
Virginia	23,864	1,256
West Virginia	20,052	1,100
Wisconsin	22,800	1,200
Total	$1,028,189	$66,568

TRANSPORTATION

Mr. Skeen: How many transportation regulatory actions did AMS participate in during fiscal year 1999?

Response: AMS was a party of record in six regulatory proceedings which were open at the Surface Transportation Board in fiscal year 1999. The agency filed comments during the year in one proceeding in which the Dakota, Minnesota, and Eastern railroad applied to expand its operations into the Power River basin of Wyoming.

PEANUT NON-SIGNERS

Mr. Skeen: AMS receives reimbursement from assessments for peanut non-signers. Provide a definition of peanut non-signers.

Response: Peanut non-signers are defined as handlers of U.S. peanuts who are not signatory to the peanut marketing agreement.

Mr. Skeen: How much was collected from peanut non-signers for the 1998-1999 season?

Response: During the 1998-1999 season, AMS collected $29,897.58 from peanut non-signers and all billed assessments were paid in full.

COTTON AND TOBACCO REIMBURSEMENTS

Mr.Skeen: You are reimbursed for the grading of cotton and tobacco. What was the actual fiscal year 1999 reimbursement?

Response: The total reimbursement for cotton and tobacco in fiscal year 1999 was $40,248,223.

Mr. Skeen: Provide a breakout between cotton and tobacco for fiscal years 1999, 2000, and 2001.

[The information follows:]

Cotton and Tobacco Reimbursements

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Cotton	$25,944,565	$41,730,000	$41,730,000
Tobacco	14,303,658	19,000,000	19,000,000

ADP PURCHASES

Mr. Skeen: What is the total amount your agency spent on ADP purchases in fiscal year 1999? What do you plan to spend in fiscal years 2000 and 2001? Include in this amount all ADP hardware and software purchases and support services.

Response: In fiscal year 1999, AMS spent $5.28 million on ADP purchases. This amount included costs associated with Y2K procurements, Information Technology system remediation, and agency NT migration costs.

AMS estimates that $5.35 million will be spent in fiscal year 2000. This amount includes several AMS initiatives that were placed on hold while preparing for Y2K activities. Increased costs are anticipated for infrastructure licensing software renewals and upgrades.

In fiscal year 2001, AMS estimates that the agency will spend $5.43 million on initiatives that place an added emphasis on security, training, and electronic business.

PLANT VARIETY PROTECTION

Mr. Skeen: Provide a three-year table for the Plant Variety Protection Act that shows the number of applications received, the number of applications pending action, the number of applications approved, the number of certificates issued, and the number that expired, to include fiscal year 1999.

[The information follows:]

PVP Applications	FY 1997	FY 1998	FY 1999
Received	416	390	430
Pending action	1,047	1,271	1,432
Certificates issued	182	97	219
Applications otherwise closed	79	54	59
Certificates expired	88	125	108

Note: Applications otherwise closed include those abandoned by the applicant.

Mr. Skeen: Under the Plant Variety Protection Act, AMS received 430 applications in fiscal year 1999 and had 1,432 applications pending action at the end of fiscal year 1999. Does the agency have a timeframe for review of applications? What is the mean and median review time for an application?

Response: The agency does not have a specific time frame for review of applications. The range is from a few months to more than six years, depending on factors such as the number of applications awaiting attention for a specific crop, how similar varieties are for a specific crop, the amount of additional information that must be requested from the applicant (such as for incomplete applications), and the amount of time allowed the applicant to provide additional information. Although we have recently experienced a temporary staffing shortage, the mean review time over the program's history is 1 year and 11 months and the median review time is 1 year and 6 months. We are now fully staffed and are improving our review times.

PISTACHIO MARKETING ORDER

Mr. Skeen: What is the status of the marketing order to cover pistachios grown in California, Arizona, Utah, Nevada, and New Mexico?

Response: A formal hearing was held in August of 1996 to establish a marketing order, primarily for quality control, but including aflatoxin testing.

At the request of the California Pistachio Commission and the Western Pistachio Association, an extension was granted until January 1998. USDA never received an indication from the proponent group that they were ready to proceed to a hearing. USDA is currently considering terminating the proceeding to establish a pistachio marketing order.

A state marketing agreement has been in effect for California pistachios since 1994. Aflatoxin testing has been effective under this program since January 1999. We have held discussions with industry representatives about establishing a federal marketing agreement for aflatoxin testing for California, and possibly Arizona pistachios. Currently, industry consideration continues but there has been no request for a hearing.

QUALIFIED THROUGH VERIFICATION PROGRAM

Mr. Skeen: Has the AMS requested public comment regarding establishing, on a voluntary user-fee basis, a Qualified Through Verification (QTV) program? On what date was the notice of proposed rulemaking issued?

Response: A notice seeking public comment on aspects of the QTV Audit Program was published on September 4, 1998. A notice of proposed rulemaking has not yet been issued; we anticipate publication of a proposed rule by December of this year.

Mr. Skeen: How many applicants are pending for the QTV program?

Response: There are 10 applicants pending for the QTV program.

Mr. Skeen: Provide an update of the tables on pages 721 and 722 of last year's hearing record. List active and pending QTV applicants, the date of submission of the application, and the date of approval or projected date of action.

[The information follows:]

Active QTV Applicants	Date of Submission	Date of Approval
Handi-Pak Foods Kankakee, IL	March 12, 1996	August 15, 1996
Grimmway Farms Bakersfield, CA	June 25, 1996	January 28, 1997
Babe Farms, Inc. Santa Maria, CA	August 26, 1996	July 24, 1997
Salad Time Farms Salinas, CA	May 1, 1997	November 6, 1997
Salad Time Yuma, AZ	November 6, 1997	December 2, 1997
Club Fresh Sacramento, CA	March 5, 1996	January 14, 1998

Bolthouse Farms Bakersfield, CA	July 8, 1997	June 5, 1998
Dixie Produce & Packaging New Orleans, LA	April 24, 1998	September 2, 1998
Salad Time Spreckles, CA	December 2, 1997	October 22, 1998
East Coast Fresh-Cuts Co. Jessup, MD	November 26, 1997	July 28, 1999
Bolthouse Farms West Plant Bakersfield, CA	January 19, 1999	January 10, 2000

Pending QTV Applicants	Date of Submission	Status
Mann Packing Salinas, CA		Plant survey completed, waiting for firm's documented plan and capital improvements
Grazianno Produce Portland, OR	February 16, 1999	Firm preparing for validation audit May 1, 2000
Prime Cuts Hanover, MD		Plant survey completed, waiting for firm's documented plan and capital improvements
Freshway Foods Sidney, OH	December 1, 1998	Firm building new facility -- December 1, 2001
Redi-Cut Foods, Inc. Franklin Park, IL		Plant survey completed, waiting for firm's documented plan and capital improvements
New Star Salinas, CA		Plant survey completed, waiting for firm's documented plan and capital improvements
New Star Yuma, AZ		Plant survey completed, waiting for firm's documented plan and capital improvements
Aunt-Mid Produce Detroit, MI	February 12, 2000	Firm awaiting QTV plan approval and preparing for validation audit May 17, 2000
Natural Selections Yuma, AZ	March 14, 2000	Firm making capital improvements and preparing for validation audit November 15, 2000
Natural Selections San Juan Batista, CA		Plant survey completed, waiting for firm's documented plan and capital improvements

OIG REPORT FINDINGS

Mr. Skeen: Please provide the findings, recommendations, and actions for

each OIG report listed in the explanatory notes.

[The information follows:]

Fruit and Vegetable Federal-State Inspection Program in Washington (01001-1-Sf) - OIG recommended that:

(1) AMS direct the Washington State Department of Agriculture, or WSDA, to incorporate separation of Federal and State revenues, expenditures, and reserve fund balances into its new computer system. AMS responded by asking WSDA to establish these improved accounting practices by the start of Washington's fiscal year 1998, and that WSDA include these improved practices into its new computer system when it is implemented in the near future. In addition, AMS met with WSDA officials on April 28, 1997, to further refine WSDA's new procedures.

(2) AMS ensure that WSDA personnel prepare Annual Cooperator Reports that provide FSI Program information, even if the expenditures and fund balances are approximations. AMS responded by asking WSDA to prepare all Annual Cooperator Reports, beginning with the fiscal year 1998 report, so that they include only FSI Program information.

(3) AMS collect $1,464.89 in fees due on miscellaneous inspection revenue, which had not been reported to AMS. AMS received WSDA's payment in the amount of $1,464.89 on March 19, 1997.

(4) AMS direct WSDA to include all federal revenue when calculating the administrative fee to be paid to AMS. AMS responded by asking WSDA to take any action necessary to ensure that the Federal assessment rates are applied to all inspection work performed under the cooperative agreement between WSDA and AMS.

The Office of the Chief Financial Officer (OCFO) closed this audit on July 17, 1997. There is no further action required by AMS.

Dairy Plant Inspection Pilot Program in Wisconsin (01801-2-Ch) - OIG concluded that:

(1) AMS and the Wisconsin Department of Agriculture, Trade and Consumer Protection, or WDATCP, reduced the duplication of effort that had previously existed by sharing inspection responsibilities and suggested that AMS consider negotiating with WDATCP to continue joint dairy plant inspection activities. AMS concluded that the pilot study did not achieve its goals of reducing duplication of effort, conserving agency resources, and reducing operational down time at the dairy plants.

(2) the quality of dairy plant inspections provided to dairy plants in Wisconsin may have been reduced during the pilot program due to a lack of experience and training on the part of many WDATCP inspectors, inadequacies in AMS' general oversight of the pilot program in its supervision of WDATCP inspectors, and a lack of communication between AMS and WDATCP. AMS agreed with this conclusion except for the reference to AMS supervision of WDATCP inspectors.

(3) with better AMS oversight, training, communication, and coordination

with WDATCP, continued joint inspections could be equivalent to the quality of inspection services currently being provided by AMS. This would reduce duplication of efforts and operational disruptions to the dairy plants, and minimize costs. While AMS agreed with OIG's conclusion that with better training and oversight by AMS the quality of WDATCP inspections would be greatly improved and could be equivalent to an AMS inspection, it was not within the parameters of the MOU for AMS to conduct such training and oversight at the level required to achieve this.

In October 1997, OIG stated that no further reporting was required from AMS concerning this issue.

National Fluid Milk Processor Promotion Program (01001-1-Ch, 0100-3-Ch) - OIG's May 19, 1997, Management Alert (0100-1-Ch) recommended that:

(1) the National Fluid Milk Processor Promotion Board take full control of day-to-day operations for all program activities. AMS responded by sending a letter to the Board outlining AMS' position regarding the Board's responsibilities for full control of day-to-day operations for all program activities. AMS also met with the Board to clarify its responsibilities.

(2) the Board be required to permit payments to be made only in cases where approved, signed contracts are on file and to assure that all contract, subcontracts, and agreements that commit program funds are approved in a timely manner. AMS responded by directing the Board to cease payment for contracts, subcontracts, and agreements that have not been reviewed and approved by USDA. AMS also began requiring the Board to submit contracts and subcontracts to the Department for review. On April 18, 1997, AMS sent the Board Chair a copy of the Dairy Program review guidelines for the approval of contracts and budgets. One element of the guidelines states that AMS expects to complete the review process on standard contracts within a 10-day timeframe. In addition, AMS developed a new procedure for monitoring and reviewing contracts to include contract review procedures, database tracking, and contract status letters to the Board. Also, AMS subsequently reviewed and approved contracts between the Board and MIF and between MIF and Bozell.

(3) AMS assure that the Board takes title to products acquired with program funds. AMS responded by instructing the Board to ensure that language regarding Board ownership of material is included in all future contracts, subcontracts, and/or agreements. AMS emphasized in the review letter for the contract between MIF and Bozell that all materials developed using Board funds are the property of the United States Government as represented by the Board. In addition, AMS requested the Office of the General Counsel to review property rights under existing contracts.

On May 30, 1997, OIG stated that ro further reporting was required concerning this Management Alert.

OIG's September 23, 1998, audit report (01001-3-Ch) contained 13 recommendations which generally recommended that AMS and the Board work together to restructure the management of Board activities to ensure full compliance with the Act and the Order.

OIG also recommended that the Board establish guidelines for awarding

contracts and subcontracts to ensure that goods and services do not come from only one source, and that AMS continue to increase oversights of the Board activities. AMS responded by requiring the Board to prepare a contract control system to adequately track all contracts and subcontracts awarded with Board funds. AMS reminded the Board that the contract control system must ensure that funds are not paid by the Board to contractors until the Board receives written notification from AMS that the contract has been approved. The Board will ensure that all contracts and subcontracts awarded with Board funds (1) clearly identify the assets created by the contract as well as the property ownership and entitlement to those assets, (2) include an access-to-records provision, and (3) contain a clause that clearly states that the contract or subcontract requires approval by USDA. The Board amended its contract control system to facilitate identification of deliverables by the Board staff. The Board's system includes the requirement that deliverables be identified and summarized on the checklist, and that staff check to ensure that deliverables have been received prior to payments. AMS approved the Board's system changes and directed the Board in writing to implement the system and document any waivers or extensions of time for submitting deliverables. AMS also directed the Board to ensure that budget limits are not exceeded without proper authorization.

AMS has reached agreement with OIG and the Board on all thirteen recommendations.

The OCFO has closed nine of the thirteen recommendations from this audit. AMS continues to work on resolving the remaining issues.

Dairy Plant Inspection Activities (01016-2-Ch) - OIG issued its audit report on November 1, 1996. OIG recommended that:

(1) AMS report all significant sanitary deficiencies identified during plant inspections, regardless of a plant's status, to the Food and Drug Administration. AMS responded by modifying its notification letters to include plants which are assigned the Probationary 10-Day and No Status Assigned ratings.

(2) AMS develop procedures to notify regulatory agencies when plants have repeated sanitary deficiencies. AMS responded by modifying its notification letters for plants which are assigned the Ineligible, Probationary 10-Day, and No Status Assigned ratings to include a listing of all dates of previous notifications which have occurred in the prior 18 months.

(3) AMS modify the system for recording and summarizing deficiencies so that third parties can independently ascertain how inspectors determine status. AMS responded by issuing a revised instruction in September 1997. The revised instructions and forms consolidate all of the necessary information for determining the status for a particular code onto a single page.

The OCFO closed this audit on March 13, 1998. There is no further action required by AMS.

AMS Federal-State Inspection Program in Florida (01099-3-At) - OIG issued its audit report on March 4, 1997.

OIG's report contained 8 recommendations addressing the use of inspection trust funds and the safeguarding of inspection certificates and stamps. The report identified approximately $1.5 million in questioned costs and accounting errors. AMS responded by requiring the Florida Department of Agriculture and Consumer Services, or FDACS, District Supervisors to instruct all inspectors to have hand stamps under control and to ensure stamp lock-up when not in use. These procedures have been included in the FDACS Inspection and Policy Procedure Manual. FDACS has also advised supervisors that they are expected to routinely verify that inspectors are controlling Positive Lot Identification stamps. The funds in question were transferred as recommended.

The OCFO has closed all 8 of the recommendations from this audit.

Cotton Classing (01099-4-At) - OIG issued its audit report on March 24, 1997. OIG recommended that:

(1) AMS ensure that estimates used in Cotton Programs and the Budget Office classing fee analyses are reasonable, fully supported, and comply with the intent of the law.

(2) AMS require that the Deputy Administrator for Cotton Programs to certify in annual fee recommendations to the Administrator that the Budget Office's analyses were reviewed, and all significant differences were resolved and documented.

AMS responded to these recommendations by establishing procedures for future user fee calculations. These procedures include the following:

(1) Cotton Programs and the Budget Office will reconcile all prior fiscal year figures for obligations and revenue by January 1 of each year.

(2) The Budget Office will provide Cotton Programs with obligation figures for Department charges, AMS overhead, and investment income for the current fiscal year by the first week in January each year.

(3) Cotton Programs, within one week after the receipt of the December 31 accounting reports from the National Finance Center, will provide the Budget Office with estimates for the current fiscal year for which the fee will be implemented.

(4) The Budget Office will provide its fee analysis to Cotton Programs within two weeks of the receipt of Cotton Programs' fee analysis.

(5) After review and evaluation of the fee analyses, Cotton Programs will provide a fee proposal for the Administrator's approval in a format that fully supports and demonstrates compliance with the intent of the law prior to being published in the Federal Register.

The OCFO closed this audit on October 6, 1997. No further action is required by AMS.

Certification of Processed Products (01601-2-Ch) - OIG issued its report on June 26, 1997. OIG recommended that:

(1) AMS instruct area offices to require that their plant inspectors properly select and adequately safeguard the integrity of product samples. AMS responded by issuing a notice in June 1997 instructing all inspectors and supervisors of AMS' responsibility to properly select and accurately safeguard the integrity of product samples.

(2) AMS require area offices to ensure that required inspection reports are prepared by their inspectors. In addition, instruct the area offices to review their inspector assignments to ensure that sufficient resources are assigned to perform the required sanitation inspection. AMS responded by requiring that area offices ensure sanitation inspections are performed in accordance with AMS instructions and that inspection reports are properly documented. Also, supervisors were instructed to ensure that sufficient resources are assigned to perform sanitation inspections.

(3) AMS develop controls to ensure that AMS area offices send review samples to AMS headquarters for all USDA contracts, and to ensure that the area offices include in their contract files documentation of the review samples sent to Headquarters. AMS responded by developing controls to ensure that review samples are submitted when required, and by developing procedures to ensure contract checklist documents are received and on file. The AMS instruction covering the inspection of USDA deliveries (File Code 147-A-1) was revised and distributed in July 1997 to address these issues.

(4) AMS issue guidance to the area offices reminding them to obtain certificates of origin for all USDA military contracts prior to shipping any products, and to include a copy of the certificate in each contract file. OIG also recommended that AMS instruct the area offices to require that AMS' standardized certificate of origin be used by all processing plants to certify that commodities used to fulfill USDA and DOD contracts are of domestic origin. AMS responded by developing a Certification of Country of Origin form. A notice was issued to all inspectors of the domestic product origin requirements. Lot traceability procedures were implemented in May 1997 to verify product origin.

(5) where feasible, AMS inspectors compare the lot numbers for USDA and military contracts to the list of lot numbers graded to ensure that only graded products are shipped. AMS responded by revising and distributing File Code 147-A-1 in July 1997. This instruction included an exhibit to be used to document the certificate issued showing the number of cases of product graded, and the number of cases loaded for each shipment. This was done so that only the acceptable code mark(s) or lot numbers of graded product are shipped.

(6) AMS require the area offices to implement a more effective and comprehensive administrative review system to ensure the proper maintenance and security of USDA grading stamps and grading certificate inventories. AMS responded by conducting regional meetings between June 2 and 13, 1997, with regional directors and respective officers-in-charge. At these meetings the implementation of a more effective and comprehensive administrative review system was discussed.

(7) AMS require area offices to enforce their procedures that require annual reviews of surety bonds, and assure processors meet prepayment requirements prior to providing inspection services. AMS responded by reviewing all contractual agreements on an annual basis to ensure

processors meet surety or pre-payment requirements prior to providing inspection and/or grading service. A letter and Notice were sent to all supervisors in May 1997, instructing them to review contracts to confirm the amount of surety is appropriate for the type of service.

The OCFO closed this audit on November 14, 1997. No further action is required by AMS.

Implementation of Agricultural Provisions of NAFTA (50801-4-At) - OIG issued its report on March 28, 1997.

OIG's report contained 13 recommendations for AMS which addressed strengthening the enforcement of import regulations, providing better information to users of AMS Market News statistics concerning the balance of trade, and developing more effective strategies for addressing Canadian bulk easement restrictions.

With regard to strengthening the enforcement of import regulations, AMS completed investigations of the Section 8e compliance violations specifically addressed in OIG's report. Although the cases referenced did not result in civil penalties, AMS continues to investigate and assess civil penalties for violations of Section 8e requirements.

In December 1997, AMS added a disclaimer to its daily and weekly Market News reports indicating that transshipments may reach material levels during the Mexican winter shipping season. The disclaimer also refers readers to the final Customs reports for monthly transshipment data.

AMS worked with FAS to address the issue of more effective strategies for addressing Canadian bulk easement restrictions.

The OCFO closed this audit for AMS on September 29, 1998. No further action is required by AMS.

Monitoring Milk Market Reform (01001-2-Ch) - This audit was closed prior to issuance of a report.

OIG stated that the maximum number of workdays elapsed on this audit requiring that the audit be closed prior to issuance of a report. OIG has suspended the audit indefinitely.

Federal-State Inspection Program in Puerto Rico (01005-1-Hy) - OIG issued its report on September 10, 1998.

OIG's report contained 11 recommendations, which addressed the inaccurate accounting of Federal-State Inspection funds by the Puerto Rico Department of Agriculture, or PRDA. OIG identified over $250,000 in fresh products inspection monies and nearly $400,000 in processed product inspection monies, which were inappropriately used or accounted for. AMS has reached a management decision with OIG on all 11 recommendations and has requested closure from the OCFO on 2 of the 11 recommendations. As of February 2000, PRDA has submitted additional information to resolve the remaining issues identified in the report. AMS will continue to work with PRDA to resolve

all issues as soon as possible.

National Pork Board (01801-1-Kc) - OIG issued its report on March 31, 1999.

The OIG report contained 11 recommendations, which suggest that the Board needs to improve accountability and increase the Board's independence from the National Pork Producers Council. The review did not disclose misuse of checkoff funds. The Board has submitted additional policy and procedures to improve its accountability and to increase its independence. AMS is in the process of requesting closure for several of the recommendations and will continue to work with the Board to resolve all issues identified in the report.

Assessments on Stored Tobacco (03001-3-At) - OIG issued its report on August 20, 1998.

OIG found that for the transactions it tested, the tobacco importers complied with the applicable laws and regulations relating to payment of imported tobacco fees. There were no recommendations and no actions were required by AMS.

GAO REPORT FINDINGS

Mr. Skeen: Please provide the findings, recommendations, and actions for each GAO report listed in the explanatory notes.

[The information follows:]

Assessment of Concentration Within the Meat Packing Industry (#150071) - This report was issued on April 23, 1997. GAO found that the concentration within the meat packing industry has intensified, with four companies controlling 81 percent of the industry as of 1995. There were no recommendations made for AMS as a result of this audit. Consequently, there was no action necessary by AMS.

Review of Milk Pricing Under the Northeast Dairy Compact (#150122) - GAO found that about one-third of the 18 billion gallons of milk produced by U.S. dairy farms each year is processed into fluid milk. Farmers sell their milk to dairy cooperatives, which in turn sell the milk to retailers who process, bottle, and sell the milk to consumers. GAO reported that the Bureau of Labor Statistics price indexes for all uses of milk and at all levels - farm, processor, and retail - rose overall from September 1991 through September 1997. This report was issued on May 16, 1998. There were no recommendations made as a result of this review. Therefore, no action was required by AMS.

Food Safety: Dioxin in Food and Feed (#150646) - GAO found that the joint FSIS, FDA investigation of the source of elevated dioxin levels in food products caused producers confusion about the actions they were to take. GAO also noted that the current food safety system is inefficient. This report was issued on April 10, 1998. There were no recommendations and no actions were necessary by AMS.

Review of Fee Based Programs (#93520) - GAO found that unlike agencies that rely primarily on appropriated funding, user-fee based programs face policy and management issues concerning how to be accountable to both the Congress

and fee payers and how to handle the budgetary difference between fee-financed and appropriated activities. This report was issued on December 19, 1997. There were no recommendations and no actions were necessary by AMS.

Dairy Industry: Information on Prices for Fluid Milk and the Factors that Influence Them (#150123) - GAO found that farmers, dairy cooperatives, wholesalers, and retailers are all involved in the movement of milk from the dairy farmer to the consumer. Each of the entities involved in this process adds value to the milk which may impact the amount of the farm-to-retail price spread. This report was issued on October 8, 1998. There were no recommendations and no actions were necessary by AMS.

Eggs and Egg Products (#150083) - GAO expressed the opinion that inconsistent policies and procedures in three areas have weakened the nation's egg safety efforts. Only half the states have followed FDA's recommendation that require food service operators to use pasteurized eggs or egg products when serving populations. There are inconsistent policies on returning eggs from grocery stores to processors to be repackaged, redated, and returned to the retail level and inconsistent practices for expiration dating on egg cartons which can mislead consumers about the eggs' freshness and may pose a food safety risk. The report was issued July 1999. FSIS took the lead on responding to GAO. No actions were necessary by AMS.

STATUS OF OIG AND GAO REPORTS

Mr. Skeen: Also, provide the status of the three ongoing OIG and GAO reports listed in the explanatory notes.

[The information follows:]

Monitoring Milk Market Reform (01001-2-Ch) - This audit was closed prior to issuance of a report.

OIG stated that the maximum number of workdays elapsed on this audit requiring that the audit be closed prior to issuance of a report. OIG has suspended the audit indefinitely.

Federal-State Inspection Program in Puerto Rico (01005-1-Hy) - OIG issued its report on September 10, 1998.

OIG's report contained 11 recommendations, which addressed the inaccurate accounting of Federal-State Inspection funds by the Puerto Rico Department of Agriculture. OIG identified over $250,000 in fresh products inspection monies and nearly $400,000 in processed product inspection monies, which were inappropriately used or accounted for. AMS has reached management decision with OIG on all 11 recommendations and has requested closure from the OCFO on 2 of the 11 recommendations. As of February 2000, the Puerto Rico Department of Agriculture, or PRDA, has submitted additional information to resolve the remaining issues identified in the report. AMS will continue to work with PRDA to resolve all issues as soon as possible.

Dairy Industry: Information on Prices for Fluid Milk and the Factors that Influence Them (#150123) - GAO found that farmers, dairy cooperatives, wholesalers, and retailers are all involved in the movement of milk from the

dairy farmer to the consumer. Each of the entities involved in this process adds value to the milk which may impact the amount of the farm-to-retail price spread. This report was issued on October 8, 1998. There were no recommendations and no actions were necessary by AMS.

RESEARCH AND PROMOTION

Mr. Skeen: Last year you reported that several industry groups inquired how to establish research and promotion programs. Were any new programs added in fiscal year 1999? Do you expect to add any in fiscal year 2000 or 2001?

Response: One new program, the Peanut Promotion, Research, and Information Order, was implemented in fiscal year 1999.

If the vote is favorable in the referendum on the proposed cultivated blueberry program, AMS will implement the Blueberry Promotion, Research, and Information Order in fiscal year 2000.

We are currently conducting rulemaking on a proposed national program for olive oil. It is possible that the olive oil program could be implemented in fiscal year 2001. Other possibilities for fiscal year 2001 are programs for apples, asparagus, Hass avocados, and sweet corn. These programs would be implemented under the Commodity Promotion, Research, and Information Act of 1996. A proposal for a Lamb Promotion, Research, and Information Order has been submitted to USDA under the Commodity Promotion, Research, and Information Act of 1996. This program should be operational in fiscal year 2001.

RESEARCH COOPERATIVE AGREEMENTS

Mr. Skeen: Update the table that appears on pages 732 and 733 of last year's hearing record on research cooperative agreements for fiscal year 1999.

[The information follows:]

Fiscal Year 1999 Research Cooperative Agreements

Agreement Numbers	Cooperator	Project	Amount
A-3677	Texas Agricultural Experiment Station, College Station, TX	To update and validate the spatial equilibrium model for soft red and soft white winter wheat in conjunction with the U.S. Army Corps of Engineers . .	FY98 $21,960 FY99 $15,360
A-3754	Upper Great Plains Transportation Institute, Fargo, ND	To develop an annual information database on regional and short-line railroads in the U.S. to support policy and research objectives	$39,450

Fiscal Year 1999 Research Cooperative Agreements

Agreement Numbers	Cooperator	Project	Amount
A-3782	Texas Agricultural Experiment Station, College Station, TX	To identify means by which small-scale meat processors can increase sales by pursuing niche market opportunities in the restaurant sector	$41,899
A-3785	Upper Great Plains Transportation Institute, Fargo, ND	To enhance the Ocean Freight Rate database and Grain Transportation Report database and conduct research on grain containerized transportation trends	$30,000
A-3786	Upper Great Plains Transportation Institute, Fargo, ND	To develop an annual information database on regional and short-line railroads in the U.S. to support policy and research objectives (additional work in conjunction with U.S. DOT) . . .	$40,000
A-3791	California Institute for Rural Studies, Davis, CA	To develop a profile of California direct marketing based upon survey data of California farmers	$40,000
A-3793	Texas Agricultural Experiment Station, College Station, TX	To produce an assessment of the potential economic effects of South American inland transportation improvements on U.S. corn and soybean producers	$40,000
A-3796	Maryland Department of Agriculture, Annapolis, MD	To determine the feasibility of developing market facilities to provide small- and medium-sized growers in the MD-PA-VA region greater opportunities for marketing locally grown fruits and vegetables	$25,000
A-3808	University of Illinois, Urbana, IL	To study the marketing implications which are likely to result from continued adoption of bioengineered grains and oilseeds in the U.S.	$40,000

ASSISTANCE TO PORK PRODUCERS

Mr. Skeen: Please provide a complete breakout of all USDA assistance to pork producers since October 1, 1998, as you did in last year's hearing record in pages 736 through 739.

Response: Secretary Glickman established the Pork Crisis Task Force on December 11, 1998, and appointed Under Secretary Michael V. Dunn as its chairman. This task force, charged with developing approaches to solving this crisis, made numerous recommendations, which USDA has already implemented.

The task force identified eight major areas in which action was needed to help remedy the financial crisis. The action areas were: 1) bolster pork prices/USDA surplus removal; 2) increase demand for pork products; 3) increase available slaughter/remove live hogs from the market to accommodate record hog marketings; 4) promote pork exports; 5) provide financial assistance to pork producers; 6) expand financial protection for pork producers; 7) review pricing information and pricing practices; and 8) increase producer education.

The following list describes actions taken by USDA to address those eight action areas, updated through September 1999 when the Task Force last met. Since that time, live hog prices have substantially improved.

(1) Bolster Pork Prices/Surplus Removal

As of September 24, 1999, AMS had purchased over 117 million pounds of pork worth over $115 million since the start of the fiscal year. This includes over 49 million pounds for entitlement purchases valued at over $48 million and over 68 million pounds for surplus removal valued at over $67 million.

The Secretary contacted Attorney General Reno, Defense Secretary Cohen, Veterans Affairs Secretary West, and Interior Secretary Babbitt to encourage the procurement of increased quantities of U.S. pork in their meat purchases.

The 3.1 million metric ton U.S. food aid package for Russia, ratified by both countries in December 1998, included 50,000 metric tons of U.S. pork. The Farm Service Agency, or FSA, purchased the 110 million pounds of pork cuts as grant food aid assistance at a cost of approximately $88.5 million under the Food for Progress Program.

Following the Secretary's meeting with pork packers/processors, two major companies instituted voluntary floor prices during the point in the hog crisis where live hog prices were the lowest, to bolster average market prices and restore confidence in the industry.

(2) Increase Domestic Demand for Pork Products

AMS expanded its efforts to assist U.S. pork packers and processors in marketing their pork products through brand initiatives and quality management system verification. Premium Standard Farms, one of the Nation's largest pork packers, was accredited as the first USDA Process Verified company. They are using this accreditation as a marketing tool for their pork products both in the United States and internationally.

The Secretary met with representatives of the retail food industry to urge them to take advantage of large hog supplies by featuring pork products and reflecting lower farm prices in their retail prices to consumers.

(3) Increase Available Slaughter/Remove Live Hogs From the Market to Accommodate Record Hog Marketings

AMS completed a $15 million boneless pork purchase in March 1999, which required that the pork come from hogs slaughtered on Saturdays, Sundays, and during overtime hours outside of normal production.

In FY 1999, the Animal and Plant Health Inspection Service, or APHIS, accelerated the voluntary pseudorabies eradication program to protect the multi-billion dollar U.S. pork industry by removing the remaining infected hogs from the population to prevent further spread of the disease. In addition to removing hogs from the market, this action is expected to result in pseudorabies-free status for the United States, thus opening up

new foreign trade opportunities. A total of $80 million in emergency funds was transferred to APHIS from the Commodity Credit Corporation in FY 1999 to pay farmers fair market value for lost hogs. These funds covered euthanasia, depopulation, disposal, and transportation costs. Another $40 million was transferred in FY 2000 for similar activities. As of April 5, 2000, APHIS had paid out $71,390,510 to producers for the removal of 1,043,876 hogs from 830 herds.

The Secretary worked with Canadian Agriculture Minister Vanclief to encourage Canadian action to help alleviate this crisis, including ultimately resolving the labor strike at the Quality Meat Packers' plants in Canada.

(4) Promote Pork Exports

Nearly every allocation of the $5 billion GSM-102 program for fiscal year 1999 has contained pork as an eligible commodity.

On March 29, 1999, USDA issued a $1 billion GSM credit guarantee program for Korea of which $85 million has been allocated for red meat, including a $25 million carve-out exclusively for pork.

Fiscal year 1999 allocations for the promotion of the sale of U.S. pork and other red meat overseas were over $15 million.

Although Canadian regulations are currently under review, USDA won an agreement allowing slaughter swine from 33 pseudorabies-free states to enter Canada without undergoing the previous 30-day quarantine. This should greatly facilitate the movement of slaughter hogs into Canada.

Although yet to be realized, the Administration received Argentina's commitment on October 16, 1998, to allow entry of U.S. pork with certain controls. The Food Safety and Inspection Service delivered a proposal concerning disease certification in early December to the Argentine agency responsible for animal health and is waiting for an official response. The Argentine market is expected to be worth between $5 and $10 million.

(5) Provide Financial Assistance to Pork Producers

As announced by Vice President Gore, FSA initiated and completed a $50 million direct cash payment program for small-scale hog farmers. Under this program, a total of 45,293 small-scale hog farmers received direct cash payments for a total of 10.8 million slaughter hogs and 1.6 million feeder pigs they marketed during the last 6 months of 1998. FSA also completed a second cash payment program on September 24, 1999. This program utilized funds from the $145 million authorized by the 1999 Emergency Supplemental Appropriations Act. Under the second cash payment program, eligible producers are receiving payments of up to $5,000.

At the request of the Pork Crisis Task Force, the Internal Revenue Service agreed to give hog farmers with a net operating loss for 1998 expedited processing of tax returns. AMS launched a website to inform pork producers and corporations about this expedited tax refund service at: www.ams.usda.gov/taxref.htm.

(6) Expand Financial Protection for Pork Producers

FSA assisted producers in applying for loans by basing anticipated pork prices on futures contracts rather than on the lower, current market prices. They streamlined their loan guarantee procedures to make it easier and less complicated for lenders, and the processing time for all loan and

loan guarantee requests was reduced. FSA also worked with lender associations to inform lenders of alternatives available for guaranteed loans, including rescheduling or deferring installments and writing down debt.

(7) Review Pricing Information and Pricing Practices

The Grain Inspection, Packers, and Stockyards Administration, or GIPSA, completed an investigation of packer procurement practices in the Western Cornbelt region. They conducted an investigation of the terms of all hog procurement contracts and marketing agreements of the major packers to examine factors affecting the price differences. GIPSA began investigating current price spreads and packer pricing practices, focusing on packer competition for retail sales. They also investigated plant closings over the past two years to determine how much capacity was lost and whether the processing capacity had been shifted to firms in other locations, and they investigated instances where plants were acquired by another packer and then closed.

The Secretary urged the Department of Justice and the Federal Trade Commission to conduct an investigation into packer pricing practices. He also encouraged greater voluntary cooperation with AMS market news reporters in his meeting with major hog slaughters and processors.

AMS released two new hog reports in 1999 which included a new direct slaughter hog report and a new direct hog lean volume report. The expanded information contained in these reports allowed producers to more precisely evaluate the value of their hogs based on lean quality value differences. These reports included estimated and actual cash sales, weighted average calculations, market information for lean percent from 47-58 percent yield, and weight and lean differentials, which reflect premiums and discounts, depending on quality.

(8) Increase Producer Education

GIPSA, AMS, and FSA, in cooperation with the National Pork Producers' Council, conducted marketing seminars to make producers more knowledgeable about marketing options. Since December 1, 1998, AMS and GIPSA have conducted over 20 producer meetings throughout major hog-producing States.

AMS worked directly with the National Pork Board to focus its resources on industry information that will keep producers informed on factors affecting live hog and pork marketing.

Impact on Prices and Slaughter Rates

Slaughter hog prices, which dropped to $10.00 per hundredweight in December 1998, recovered following the implementation of many of the Pork Crisis Task Force's recommendations and USDA's swift action. The average price per hundredweight for barrows and gilts was $37.10 on September 27, 1999.

Mr. Skeen: Additionally, provide a summary table, organized by the eight action areas, of the dollar amounts spent for each action by the Department.

Response: Because the task force is no longer meeting, a current summary table is unavailable. We have prepared a summary outlining some of the direct financial support USDA provided to the pork industry. The following tables detail the two Small Hog Operation Payment Programs conducted in fiscal year 1999 and provide a summary of surplus pork purchases made by the Agricultural Marketing Service.

[The information follows:]

SMALL HOG OPERATION PAYMENT I PROGRAM As of March 2[illegible] 2000		
Funds Available:		$50,000,000.00
	Weekly Activity	Cumulative Activity
Alabama	$0.00	$192,413.53
Alaska	0.00	5,056.80
Arizona	0.00	10,555.60
Arkansas	(71.55)	69,825.65
California	0.00	66,967.00
Colorado	0.00	107,747.00
Connecticut	0.00	10,866.60
Delaware	0.00	26,023.40
Florida	0.00	79,823.80
Georgia	0.00	639,453.40
Hawaii	0.00	20,944.20
Idaho	0.00	51,792.40
Illinois	0.00	5,381,546.87
Indiana	0.00	3,816,360.80
Iowa	2,400.00	14,370,519.40
Kansas	0.00	1,277,962.40
Kentucky	0.00	510,247.40
Louisiana	0.00	16,686.20
Maine	0.00	6,036.20
Maryland	0.00	69,509.40
Massachusetts	0.00	32,668.40
Michigan	0.00	722,821.20
Minnesota	0.00	5,029,988.60
Mississippi	0.00	88,366.43
Missouri	0.00	2,646,656.63
Montana	0.00	106,853.20
Nebraska	2,230.00	5,210,840.60
Nevada	0.00	1,208.60
New Hampshire	0.00	2,946.80
New Jersey	0.00	28,938.40
New Mexico	0.00	4,410.40
New York	0.00	67,676.60
North Carolina	0.00	270,984.20
North Dakota	0.00	301,218.20
Ohio	0.00	2,310,454.87
Oklahoma	0.00	124,092.40
Oregon	0.00	30,549.40
Pennsylvania	0.00	400,086.20
Puerto Rico	0.00	465,173.40
Rhode Island	0.00	3,147.60
South Carolina	0.00	189,843.80
South Dakota	0.00	2,082,814.40
Tennessee	0.00	463,303.80
Texas	0.00	226,094.40
Utah	0.00	29,591.60
Vermont	0.00	2,126.40
Virginia	0.00	94,474.12
Washington	0.00	38,093.80
West Virginia	0.00	28,740.60

Wisconsin	(598.40)	1,303,599.20
Wyoming	0.00	13,168.80
National Totals	$3,960.05	$49,051,271.10
Returned to AMS		$900,000.00
SHOP I BALANCE		$48,728.90

SMALL HOG OPERATION PAYMENT II PROGRAM As of March 21, 2000		
Funds Available:		$125,000,000.00
	Weekly Activity	Cumulative Activity
Alabama	$0.00	$250,059.20
Alaska	0.00	5,056.80
Arizona	0.00	17,634.80
Arkansas	0.00	107,349.80
California	0.00	89,554.40
Colorado	0.00	140,200.00
Connecticut	0.00	10,935.00
Delaware	0.00	41,023.40
Florida	0.00	115,273.20
Georgia	0.00	918,807.20
Hawaii	0.00	57,557.40
Idaho	0.00	69,741.60
Illinois	0.00	8,408,547.80
Indiana	0.00	6,400,365.20
Iowa	2,400.00	22,928,672.05
Kansas	0.00	1,793,769.60
Kentucky	0.00	810,148.40
Louisiana	0.00	28,437.80
Maine	0.00	6,794.20
Maryland	0.00	109,061.00
Massachusetts	0.00	42,936.80
Michigan	0.00	1,196,019.80
Minnesota	0.00	7,784,375.80
Mississippi	0.00	102,382.20
Missouri	0.00	3,769,580.40
Montana	0.00	155,055.00
Nebraska	2,230.00	7,163,244.83
Nevada	0.00	3,040.20
New Hampshire	0.00	6,514.80
New Jersey	0.00	36,286.80
New Mexico	0.00	8,132.00
New York	0.00	89,086.00
North Carolina	0.00	487,359.40
North Dakota	0.00	377,399.60
Ohio	0.00	3,254,463.40
Oklahoma	0.00	194,054.60
Oregon	0.00	43,734.60
Pennsylvania	0.00	668,733.40
Puerto Rico	0.00	618,752.60
Rhode Island	0.00	3,259 60
South Carolina	0.00	250,362.20
South Dakota	0.00	2,628,761.00

Tennessee	0.00	631,304.00
Texas	0.00	322,033.20
Utah	0.00	41,320.00
Vermont	0.00	3,408.00
Virginia	0.00	156,838.80
Washington	0.00	62,734.40
West Virginia	0.00	34,605.00
Wisconsin	(598.40)	1,725,618.40
Wyoming	0.00	14,342.00
National Totals	$4,031.60	$74,184,727.68
Return to AMS		$0.00
SHOP II BALANCE		$50,815,272.40

Summary of Pork Purchases
USDA Agricultural Marketing Service

	Quantity	Total Cost
FY 98 Total Purchases	99,642,439	$106,163,028
Section 32 Surplus Removal Purchases	29,246,862	$29,827,443
*Entitlement Purchases	70,395,577	$76,335,585
FY 99 Total Purchases	118,424,663	$126,746,907
Section 32 Surplus Removal Purchases	68,324,186	$77,182,685
*Entitlement Purchases	50,100,477	$49,564,222
FY 00 Total Purchases Through 3/17/00	24,046,098	$26,133,658
*Estimated 4th Quarter Entitlement Purchases		$25,000,000
Estimated FY 00 Total Purchases		$51,133,658

*Purchases for the National School Lunch Program and Other Federal Food Nutrition Programs.

INTERNATIONAL TRADE PRICES AND VOLUME

Mr. Skeen: How much did AMS spend in fiscal year 1999 to report international trade prices and trade volume?

Response: In fiscal year 1999, AMS spent $494,700 to report international trade prices and trade volume. Of this amount, $70,700 was for Dairy Programs, $125,000 was for Poultry Programs, $120,000 was for Fruit and Vegetable Programs, and $179,000 was for Livestock and Seed Programs.

PESTICIDE DATA PROGRAM

Mr. Skeen: Please update the Committee on the agency's activities devoted to developing a rapid response capability.

Response: Funding was provided to the participating States to replace malfunctioning laboratory equipment, to upgrade technologies in compliance with Year 2000 requirements, and to fill personnel vacancies resulting from previous years' budget constraints. At the Federal level, two vacant

positions were filled. Program laboratory operations were streamlined to improve productivity and reduce costs. Testing was consolidated to fewer laboratories per crop to reduce preparation time needed to introduce new commodities. Laboratories have improved analytical methods and have added pesticides and metabolites for which data were needed. Sampling rates for seasonal crops were adjusted to reflect availability of product. Reduced sampling rates were implemented for crops that are highly blended such as oats. Operating procedures were modified to reduce sample losses during transshipment of perishable commodities. With enhancements in computer electronic transfer of information, data are submitted and reviewed at a faster pace than before. Although requests for data by EPA and other data users have increased substantially, our technical support staff has become more proficient in responding to numerous customized requests for data.

Mr. Skeen: Please provide a table that shows spending, by agency, for pesticide use and data collection and analysis to include fiscal year 1999 and fiscal years 2000 and 2001 estimates.

[The information follows:]

Pesticide Data Program Spending by Agency

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
States (a)	$8,516,000	$9,592,000	$9,669,000
AMS	$1,916,238	$3,108,000	$4,163,000 (b, c)
NASS (d)	$60,000	$60,000	$65,000
GIPSA (e)	$245,000	$390,000	$390,000
ARS (f)	$10,000	$0	$0
Total	$10,747,238	$13,150,000	$14,287,000

a. See question 9 for individual state allocations.
b. Includes poultry testing.
c. Includes meat/poultry testing and funds to be distributed for water collection.
d For statistical-sampling support and data analysis.
e. For grain collection and testing (oats) and peanut butter test methods and analysis.
f. For research on alternate pesticide extraction system from commodities.

SMALL FARMS

Mr. Skeen: In fiscal year 2000, AMS received its $321,000 request for small farms. What activities are planned, or have been completed, for this initiative in the current year?

Response: AMS partnered with the Cooperative State Research, Education, and Extension Service through the Sustainable Agricultural Research and Education, or SARE, program to offer producer marketing grants through the four SARE regions. AMS set aside $250,000 of the requested increase for producer marketing grants. SARE matched the amount for a total of $500,000. The balance will cover related project work.

Projects considered for grants include a wide range of marketing strategies for increasing farm sales; for example, demonstrating new methods of marketing directly to the public, adding value to products, developing alternative products, and experimenting with new marketing or processing techniques. The goal of this initiative is to encourage farmers to develop innovative

marketing practices that increase farm income and contribute to sustainable rural communities.

AMS will develop cooperative agreements with the universities that host each of the four SARE regions: the University of Vermont, the University of Nebraska, the University of Georgia, and Utah State University. Each region will solicit, review, and select projects using its established producer grant process with the involvement of AMS marketing staff. While each region follows a slightly different schedule, project selection will be completed by July 1, 2000.

Northeast Region - AMS received 28 marketing grant applications from the Northeast. AMS selected 10 projects that cover a range of marketing activities, including organizing a meat cooperative and Community Support Agriculture, marketing value-added meat products, marketing organic products, and developing a database for ethnic markets. A cooperative agreement outlining specific responsibilities for the AMS/SARE partnership has been completed.

The 10 projects selected from the Northeast region are listed below:

State	Project Title	AMS Funding
NY	Building Farmers' Market Business	$10,000
PA	Marketing Value-Added Pork Products	9,254
ME	Bird/Blossom/Berry Subscription Program	7,583
VT	Northern Vermont Meat Cooperative	5,900
MA	Marketing Database for Ethnic Markets	5,500
NY	Natural Beef Marketing	5,210
NY	Harvest Home Organic	3,328
VT	Establishing USDA Processing Facility	2,500
NY	Processing Champlain Valley Apples	2,400
PA	Ornamental Wheat	1,442

Southern Region - The southern region's Marketing Call for Proposals produced 48 applications for a total of $579,000. AMS will fund 6 marketing projects in this partnership.

State	Project Title	AMS Funding
AK	Cooperative Marketing of Organic Produce and Animal Products Direct to Consumers	$15,000
VA	Agricultural Entrepreneur Course	15,000
VA	Market Development of Organic, Free-Range Poultry	9,547
GA	Development of a Community-Supported Agriculture Model for Small, Limited Resource Farmers	10,000
NC	Direct Marketing Opportunities to Improve Economic Outlook	9,050

VA	Marketing Open-Pollinated Garden Seed as an Alternative Crop	4,486

The Southern region set a $15,000 cap for marketing grants, not to exceed 3 years for completion. Applicants submitted a 3-year budget that averaged $4,000 to $5,000 per year.

Western Region - AMS has received 136 producer marketing grants from the Western Region. The deadline for submitting grant applications was March 15, 2000. The scheduled decision date is April 6, 2000.

North Central Region - The deadline for submitting grant applications is April 28, 2000, with decisions to be made by June 29, 2000.

Mr. Skeen: Has the definition of a small farm changed from that you reported in last year's hearing record?

Response: No, we are still using the definition of a small farm cited in The Small Farms Commission report *A Time to Act: A Report of the USDA National Commission on Small Farms*, dated January 1998.

INSPECTION AND CERTIFICATION OF EQUIPMENT

Mr. Skeen: The fiscal year 2000 appropriations bill included a provision that requires the Secretary of Agriculture to inspect and certify agricultural processing equipment and imposes a fee for that inspection and certification. Please bring the Committee up to date on how the Department is responding to this provision.

Response: On July 16, 1999, AMS published an Advance Notice of Proposed Rulemaking and Notice of Public Meeting in the Federal Register to assist us in developing a complete inspection and certification program for equipment used to process livestock and poultry products. Through the Advance Notice and the public meeting, AMS was seeking information that would enable the Agency to develop an efficient and cost-effective program for inspecting and certifying equipment used to process livestock and poultry products. Specifically, we requested comments concerning initiatives that were underway in the industry to develop a voluntary consensus sanitary standard for the design and manufacture of equipment used to process livestock and poultry products; comments on the validity and usability of standards presented to AMS for consideration for adoption; suggestions of criteria to be used by AMS to select a sanitary standard; and any other information that would aid AMS in administering the program.

The Advance Notice solicited comments on the issue for a 60-day period ending September 14, 1999. The public meeting was held on August 10, 1999, in Washington, DC.

To assist interested parties in obtaining information on the proposed program and in reviewing comments as AMS received them, the Agency launched a website at http://www.ams.usda.gov/lsg/equip.htm/. This website contains the AMS press releases related to the development of the program, the Federal Register Advance Notice of Proposed Rulemaking and Notice of Public Meeting, complete transcripts of the August 10, 1999, public meeting, and all comments received.

The public meeting was attended by 42 representatives of the meat and poultry packing and processing industry, equipment manufacturing industry, trade and professional associations, standards developers, and other interested parties. By the close of the comment period, AMS had received 51 comments.

Nine commenters specifically supported the development of the program in general. These commenters wished to see the return of a third-party Government certification program for equipment design as an assurance of quality for buyers. While no commenters specifically expressed opposition to the development of the program, several commenters provided conflicting recommendations on specific characteristics of the proposed program. Most significantly, three groups proposed draft standards to AMS for consideration as the standard AMS would certify to. These three groups included a consortium of equipment manufacturing industry associations and two third-party standards development bodies. Additionally, several commenters stated that AMS should apply the guidelines used by FSIS in its former Equipment Acceptance Program.

Several commenters also provided AMS with criteria to use in selecting a standard. These criteria included compatibility with current industry practices, transparent requirements, and the ability to be revised in a timely manner as regulatory requirements and industry practices change.

A proposed rule for the program is being developed. Once developed, the proposed rule will be published in the Federal Register for industry comment.

Mr. Skeen: What has AMS collected in fees for agricultural equipment certification?

Response: As we have described above, the program is being developed in cooperation with industry groups this year. No fees have been collected. However, we expect to start offering this service on a fee basis next year.

MARKET PROTECTION AND PROMOTION

Mr. Skeen: The total request for Market Protection and Promotion is $8,106,000 and 11 staff years, as shown in the Project Statement Table on page 15-15 of the justification. The information about that increase that follows on pages 15-17 through 15-20 indicate an increase of 14 staff years. Please clarify.

Response: The increase justification on pages 15-17 through 15-20 reflects our best estimate of 14 additional staff years for Market Protection and Promotion activities.

SLOTTING FEES

Mr. Skeen: Please update the Committee on the status of the study measuring the impact of slotting fees on small to medium-sized producers. Has that report been submitted to Congress? If so, please provide a brief summary for the record.

Response: USDA's Economic Research Service, or ERS, is conducting a study on Food Retail Consolidation and Trade Practices. That study includes the examination of slotting fees used by grocery chains. The ERS study is progressing more slowly than anticipated. The first of three sections was expected to be released in the fall of 1999, but no updated release date has been issued.

ORGANIC SEAFOOD STANDARDS

Mr. Skeen: The fiscal year 2000 appropriations Act included $75,000 to begin development of organic standards with respect to seafood; please update the Committee on the agency's progress regarding organic regulations for seafood.

Response: We are planning three public meetings to receive public comment on issues related to the organic production and handling of aquatic animals to be labeled as organic. The meetings are scheduled for April 10, 2000, Mobile, Alabama; April 12, 2000, Anchorage, Alaska; and May 3, 2000, Providence, Rhode Island. In addition, AMS will bring together academics, certifiers, producers and handlers in two workshops to discuss technical and management issues of organic aquaculture and wild seafood production systems. The workshops are scheduled for April 10, 2000, in Seattle, Washington and June 23-24, 2000, in St. Paul, Minnesota. The Department also requested recommendations from the National Organic Standards Board, or NOSB, on aquatic animal standards. The NOSB has placed aquatic animal standards on its agenda for its June and October meetings.

FARMER-OWNED COOPERATIVES

Mr. Skeen: Please comment on AMS actions to encourage participation of farmer cooperatives in the commodity purchase program. If you have available any statistics on such participation, please provide them for the record.

Response: AMS supports farmer-owned cooperatives by utilizing fair and open competition in its programs. When purchase programs are set aside for small businesses, including 8(a) firms, small disadvantaged firms other than 8(a), and women-owned firms, AMS follows specific guidelines for ensuring that the set-aside will not prevent participation by farmer-owned cooperatives. A set-aside for numerous small businesses is employed only when an investigation supports a reasonable expectation that a farmer-owned cooperative(s) will not participate in a purchase program. If a large cooperative identifies itself as a potential supplier, AMS ensures that solicitations are issued on a full and open competitive basis, in whole or in part, as required by Public Law 106-78, dated October 22, 1999. If it is subsequently discovered that we may be preventing the participation of a farmer-owned cooperative, the amount of the set-aside will be re-evaluated.

AMS currently has two cooperatives participating in its commodity purchase program and no cooperatives have been prevented from participation. In fiscal year 1999, Farmland was awarded approximately $21.6 million worth of pork contracts which amounted to 22 percent of the total pork purchased. To date, in fiscal year 2000, Farmland Foods has been awarded approximately $5.9 million worth of pork contracts, which is 22 percent of the total pork purchases. Last year, industry vendors were invited to Washington, DC to participate in a workshop educating them on how to sell their food items to USDA. Additional workshops are being planned for fiscal year 2000 in Washington, DC, and California.

SHELL EGGS

Mr. Skeen: You state in your program status section that egg plant consolidations and closings have decreased the number of establishments that need inspection, and therefore the number of inspections has decreased. How many shell egg handlers and hatcheries were in business in fiscal year 1999? What percentage of these establishments were inspected in fiscal year 1999?

Response: In fiscal year 1999, there were 657 shell egg handlers and 403 hatcheries in business, totaling 1,060 registrants. One hundred percent of these registrants were inspected in fiscal year 1999.

Mr. Skeen: If the inventory of firms continues to decrease, do you anticipate reprogramming resources from this program?

Response: If the inventory of firms continues to decrease, we will be able to strengthen our enforcement activities and provide greater compliance with current legislation.

HUNT'S POINT

Mr. Skeen: In October 1999, four AMS employees were charged with taking bribes for downgrading produce so that receivers, thirteen of whom were also implicated, could negotiate lower prices with shippers. You state that you are taking a series of steps to prevent further such criminal acts, including random follow-up examinations of inspected product to verify grading. Will the six procedures you indicate in your justification be applied to all grading programs?

Response: When AMS learned of the events at Hunt's Point, the Administrator immediately directed the managers of AMS' grading programs to review and document the internal control procedures in place in each of those programs.

There are significant differences in the way our various grading programs operate. In some programs, samples of products are brought to our facilities for grading; in others, our graders are present in a producer's facility to monitor the entire production process; in still others, our graders examine samples of products at auction markets, at wholesale markets, or at purchasers' facilities. Each of these different operating scenarios requires a unique set of internal controls and management techniques. Therefore, the six specific procedures being implemented for improving control of the terminal market inspection program may not fit the needs of AMS' other programs. However, the principles that underlie those six procedures (employee integrity, rigorous training, vigorous supervision and review, graders' independence, and objectivity) are built into the control systems in all of our programs. We are renewing our efforts to reinforce the application of those principles throughout our grading programs to ensure the integrity of AMS services.

AMS WEBSITE

Mr. Skéen: The AMS website is interesting and informative, with much good information for farmers. You reported that the site received 8 million hits in fiscal year 1998. Have you seen an increase in use of your website? How many hits were received by the Farmer Direct Marketing Web Page? Has the number increased?

Response: We have seen a dramatic increase in the use of AMS' website since 1998, primarily in the accessing of agricultural commodity Market News reports. The Market News pages consistently receive the most "hits" on any given day. The AMS website also lists all known farmers' markets nationwide (as referenced in the April 2, 2000, *Parade Magazine*), which has increased the site's popularity with consumers. Based on the current "hit rate," we anticipate over 20 million hits for fiscal year 2000, triple the activity in 1998. The Farmer Direct Marketing site has been averaging roughly 9,000 hits, or requests, per month--which is up from 1998.

Mr. Skeen: What percent of the small to medium producers in your target audience have Internet access?

Response: We do not know what percentage of small- to medium-sized producers in our target audience have Internet access, but evidence indicates that the figure is growing. We have strived to include the most accurate and up-to-date information for those producers who do have access. The information provided on our web sites is guided by feedback from our customers. The feedback we have received via the web sites and other channels has been favorable.

AMS is working closely with USDA's Digital Divide Team to find ways to help

producers get access to the Internet using outreach activities directed to small and medium producers.

PERISHABLE AGRICULTURAL COMMODITIES ACT

Mr. Skeen: Your agency has been concerned that small growers understand their rights under the Perishable Agricultural Commodities Act, and in fiscal year 1999 developed a brochure and wrote articles to accomplish that goal. You say that you believe that small growers have a better understanding due to this information. What efforts are you undertaking in the current year to help growers understand the Perishable Agricultural Commodities Act, and are you measuring their understanding to see if your efforts are effective?

Response: The agency is taking an active role this fiscal year to ensure that small growers understand their rights and responsibilities under the Perishable Agricultural Commodities Act, or PACA. In December, AMS developed an Internet training course which allows growers and others to learn about PACA requirements, as well as how to utilize the services offered by the agency when problems arise. The course is free and can be taken by anyone with Internet access. Although it is always difficult to measure the effectiveness of any outreach effort, the Internet course provides us with the capability to determine who has completed the course, which may give us some insight into the number of growers who have taken advantage of this training opportunity.

During this fiscal year, AMS is sending representatives to speak to groups of small growers about the PACA program. These presentations will be made in several states with significant fruit and vegetable production, including California, Florida, Georgia, New Mexico, and Texas. AMS will also be sending a speaker in April to present PACA information at an annual conference in Memphis, TN, that is targeted to small, disadvantaged growers. Finally, we will be mailing a packet of information regarding the PACA program to contacts at numerous Land Grant Universities. These contacts have been identified because they deal directly with fruit and vegetable growers in their respective states, and we are asking them to assist us in providing this information to the growers who need it.

MILK PRODUCTS REPORT

Mr Skeen: Until recently, USDA disclosed data in a very useful form which tracked packaged sales of milk products by fat type and flavor. I understand this data was widely used by the dairy industry to track trends such as movement toward low fat milk or flavored milk consumption. Did USDA stop publishing this data? If so, why did USDA stop publishing this data?

Response: AMS discontinued the early release of preliminary sales data of individual fluid milk products. This was done so we could develop a new database processing system. The later release of final data of this sales series has been continued. Once the database has been developed, the earlier release will be reinstated.

CLASS III PRICING

Mr. Skeen: USDA's final rule for milk pricing proved to be controversial. USDA now has until December 2000 to issue new regulations regarding changes to Class III pricing. Typically, USDA has needed several months to gather input when promulgating rules in the dairy arena, and these pricing issues are quite complex. Does USDA plan to promulgate the rule on an emergency basis? How much time will be available for input through the emergency process for changes to Class III pricing?

Response: The legislation requires the Secretary of Agriculture to conduct

rulemaking, on the record of a public hearing, to reconsider the Class III and Class IV milk pricing formulas. The legislation further requires that a final decision be published in the Federal Register on December 1, 2000, and that the resulting formulas shall take effect on January 1, 2001. All actions that are necessary to meet the legislated deadline, including the possible issuance of an emergency final decision, will be taken.

Mr. Skeen: Considering how controversial this issue is, does USDA feel comfortable without providing the much needed time for input through the regular rulemaking process?

Response: A formal rulemaking proceeding will be held to gather the input necessary to make a decision within the time frame required by the legislation.

QUESTIONS SUBMITTED BY MR. BONILLA

COTTON PROGRAMS

Mr. Bonilla: The director of the AMS cotton division recently retired. Could you provide a timetable for identifying and naming an equally qualified replacement?

Response: This is an extremely important position and AMS plans to use all sources in advertising to obtain the best applicants. In addition, the job has been announced at meetings with the industry. We expect the position to be filled sometime this summer.

Mr. Bonilla: The industry has recommended that the agency begin providing growers with a classification of the cotton's color using machines rather than the classer's determination. Is the equipment currently in the classing offices capable of providing an accurate color classification or will new equipment be necessary? If new equipment is purchased what impact will that have on the level of future classing fees?

Response: The Agricultural Marketing Service Cotton Program, through a voluntary user fee service, uses High Volume Instruments (HVIs) to determine quality measurements of cotton. The color measurement of cotton is made by a colorimeter contained within the HVI. The instrument measures grayness, which indicates how light or dark the cotton is, and also yellowness, which indicates how much yellow color is in the cotton. Color gives an indication of the fibers' ability to accept dyes in the manufacturing process, and the accuracy of the color is very important in the marketing of cotton. The HVI equipment currently used in the classing offices is capable of providing an accurate color classification.

CHECKOFF PROGRAMS

Mr. Bonilla: Export markets are vital to the profitability of U.S. agriculture. We are in a highly competitive global environment and need to use our resources to the fullest to compete. Would you agree that checkoff funds should also be used for foreign trade related activities that are consistent with U.S. trade policies and export objectives?

Response: The purpose of checkoff programs is to expand the demand for -- and increase the consumption of -- agricultural commodities both in the U.S. and abroad. Checkoff boards are authorized to conduct market research and educational and promotional programs in foreign countries consistent with the legislative authority provided by Congress in the checkoff legislation applicable to each commodity.

Mr. Bonilla: What steps have you taken to improve the signature verification process for future petitions that call for referendums on checkoff programs?

Response: We learned that this is a much more difficult task than we knew. As we approach future petitions, we have decided to consult with experts in the process of elections and referenda. To determine the improvements needed, we are seeking counsel from outside sources, such as academics.

Mr. Bonilla: Please detail all the procedures taken and the steps followed to verify signatures on the petition that call for a referendum on the pork checkoff.

Response: AMS organized the petitions into bundles and assigned a unique identifying number. The petitions were then converted into an electronic

database, which was reviewed to check for errors. AMS then queried the database for duplicates, dates outside of the representative period, and for petitions that did not have a signature. Once these had been removed, a random sample was selected and a telephone survey was conducted by an independent firm. Politel, the survey firm, contacted the sample of petitioners and asked them the questions: (1) did you sign the petition, (2) were you a producer, and (3) did you sell hogs. In addition, petitioners were requested to submit documentation to show they had sold hogs. The results were tallied and letters were sent to 428 petitioners who had given a non-positive response to the first question. Those results were then compiled and forwarded to the Secretary for a decision.

QUESTIONS SUBMITTED BY MS. KAPTUR

SMALL FARMERS

Ms. Kaptur: Ms. Merrigan, I was most interested in your prepared testimony, which said "since price supports are no longer available for producers to fall-back on, agricultural producers, particularly small producers, must increasingly depend on marketing to maintain their profitability. Small and medium-sized farmers have the fewest resources to compete in this evolving marketplace." This is quite a powerful observation, and one, which I share. Did Freedom to Farm leave behind small and medium sized producers?

Response: While the fixed contract payments and the modest marketing assistance loan provisions are helpful, Freedom to Farm has not really provided the kind of safety net assistance that producers need during periods of troubled markets. That is true no matter the size of operation. However, larger operations are more likely to have access to resources that can provide a cushion during difficult times. It is also the case that the farm community must grapple with weather and biological uncertainties while trying to produce and market a perishable commodity. Thus, they have fewer options available when markets turn down to make adjustments in their operation. For smaller farmers, who often face fewer buyers as concentration increases among packers, handlers, and processors, a general lack of bargaining power means even fewer options in the sale of their products.

Ms. Kaptur: Also noting your point about concentration in agriculture threatens to inhibit competition, what is the relative ability of farmers to negotiate with buyers on an equal footing? Is there a real ability to negotiate terms, or are producers in a take-it-or-leave-it situation?

Response: Economists have long described production agriculture as characterized by price takers -- farmers who can neither dictate the price they pay for inputs nor the price they receive for their products. This term still characterize most of agriculture today, although there are exceptions to every generalization. For example, producers who band together to form cooperatives may have greater success in negotiating the terms of sale for their products. Producers who differentiate their product for a niche market are also better able to negotiate the terms of sale for their products. Still, these are the exceptions rather than the rule. As concentration has increased in livestock and poultry markets, in dairy processing, and even in grain purchasing, producers increasingly feel that they have less bargaining power than ever before. That is one reason why producers turn to contracting in the hope of securing a premium above the going market price for their product. If the contract is fair, and the producer can meet the terms of the agreement, then he or she can indeed do better in the market. The real problems begin when the producer has no alternative but to accept a contract, has no say in the terms of that contract, and has no ability to reasonably expect that his or her performance will return the premium.

Ms. Kaptur: We have heard suggestions about greater use of crop insurance to help deal with risk. We have also heard at times some suggest that producers make greater use of futures markets. As a general proposition, for which commodities and livestock do these devices present a real option for producers, and for which commodities and livestock do they not?

Response: A futures or options contract can be used by a producer to manage risk whenever changes in the local price received for a commodity are reasonable correlated with a futures market price. Several commodities including dairy, nine crops (corn, soybeans, oats, cotton, soft wheat, winter wheat, spring wheat, domestic sugar, and rice), and three livestock enterprises (fed cattle, feeder cattle, and hogs) have viable futures markets. These markets cover the major agricultural enterprises in the U.S. and reflect between one-half and two-thirds of total farm receipts. Markets for which

futures contracts do not exist or are not yet viable include poultry, aquaculture, tobacco, nursery, and specialty crops.

When used properly, futures and options markets offer producers a flexible tool to protect revenues from falling prices during a crop year. When misused, however, futures and options can increase financial risk for a producer. Also, these tools cannot generally raise farm incomes when prices remain depressed over several crop years.

Many producers still do not use futures and options, even though these tools have been proven by successful farmers to be effective in dealing with price risk. Most of the reasons cited by producers for not using them imply the urgent need for more producer risk management training and better information. The Risk Management Agency is striving to meet the educational needs of producers in dealing with price and other risks with its Risk Management Education program. It also operates the Dairy Options Pilot Program, which encourages dairy producers to use these tools through training and by sharing in the cost of buying put options.

Ms. Kaptur: What are the tools you believe are available to small and medium sized producers that AMS can help provide?

Response: AMS supports direct marketing, farmers' markets, and wholesale markets through our Wholesale Market Development Program; is implementing mandatory price reporting for meat and livestock; and is conducting a pilot project using dairy forward contracting provisions directed at helping producers make rational and informed decisions. Our Perishable Agricultural Commodities Act program is very important in protecting producers' interests, as are marketing orders and agreements and our efforts at outreach, such as those provided through USDA's Outreach Workshops--workshops to assist small, limited resource, and minority farmers in making practical marketing decisions to strengthen their survivability in the marketplace.

FARMERS' MARKETS

Ms. Kaptur: You and I discussed yesterday my view that Farmers' Markets can be a great help to producers, but we need to find ways to maximize their benefit. For example, I suggested to you that we need to find ways to move specialized products from one region of the country to another for resale at Farmers' Markets. What can you do to help with such an effort?

Response: Farmers selling products at farmers' markets is one of several methods for marketing direct to customers and is an growing choice among farmers to obtain higher profit margins. Marketing these same products through other regional farmers' markets would likely reduce their margins since there is a need to identify resellers or retail outlets in those areas. Although profit margins may be reduced because of additional handling and transportation costs, some of these losses can be offset through increased volumes gained by moving products into larger markets.

Opportunities exist for AMS to support this movement of specialized farm products by focusing on educational initiatives that address the relative importance of regional, national, and global marketing strategies for small farmers. Opportunities for additional research and promotional programs are needed, many of which are currently underway. AMS has identified several options for supporting such an effort in its Farmers' Direct Marketing Action Plan, to include developing a series of "How To" manuals on startup, marketing, and expansion for direct marketing enterprises. Through ongoing collaboration with the North American Farmers Direct Marketing Association, or NAFDMA, AMS has initiated projects to collect and disseminate marketing data that will support a wider distribution of small farmers' products. The organization's membership includes direct marketers and farmers' market managers throughout the U.S. Through this relationship with NAFDMA, AMS can

facilitate the exchange of information between marketers and farmers' markets and thereby cultivate new market opportunities for both groups. AMS will continue to expand its partnership with the Cooperative State Research, Education, and Extension Service and its network of Extension professionals to communicate and disseminate relevant information critical to the farming community. AMS will utilize its farmers' market and direct marketing websites to communicate information about potential marketing opportunities.

Ms. Kaptur: What kind of assistance does AMS provide to help with the development of farmers markets? Can you give us some of your highlights?

Response: AMS works with State Departments of Agriculture, municipalities, farmer organizations, and other nonprofit groups to provide research, market studies, and technical assistance in developing farmers' markets. As resources are available, AMS provides funds to cooperating agencies and organizations to assist in planning, coordination, and implementation of farmers' market projects. AMS is currently engaged in several projects and activities to support farmers' markets:

- USDA Farmers' Market - Planning is underway for the 2000 season, starting May 19 through November 17. The Departments of Transportation and Labor and USDA's Beltsville Research Center will participate with their own farmers' markets this season.
- 2000 Farmers' Market Directory - Documents growth in farmers' markets nationally - June 1 completion
- Farmers' Market Website - Provides information on the USDA Farmers' Market, national trends, market locations, and links to other farmers' market programs and activities
- Farmers' Markets at Transit Sites - Project will establish demonstration markets at transit sites to assess viability of providing access to fresh fruit and vegetables for commuters
- Washington DC Farmers' Market - Supports development and improvements of farmers markets in low-income communities
- St. Paul, MN, Farmers' Market - Completed facility designs and business plans that are being used to generate public support and target funding sources
- San Francisco Public Market - Study to evaluate economic feasibility of creating a public market and education center for community residents
- Burlington Public Market - Study to evaluate market design and initiate vendor recruitment
- Fort Worth, TX, Farmers' Market - Feasibility study completed and site identified; the city is pursuing funding sources to develop a permanent farmers' market in downtown area

COMMODITY PURCHASES

Ms. Kaptur: You are requesting funds to improve the overall efficiency of the Commodity Purchase Services program. First, can you describe for us how this acquisition works? Generally, I believe that the Food and Nutrition Service comes to you to solicit commodities for use in the various food programs. How do you proceed when you get these requests?

Response: A great number of commodity purchases are a direct result of AMS' determination that a particular industry is in need of market support. This analysis may be made after a request is received by the industry or it may be generated by AMS after a review of the current market situation. In these cases, we ask the Food and Nutrition Service, or FNS, to supply us with an estimate of the quantity and pack sizes they can effectively and efficiently distribute to eligible outlets. This estimate is weighed against the amount of product we need to remove in order to stabilize the market, and a decision memo is sent to the Secretary requesting approval to make a bonus purchase. With that approval, AMS can initiate solicitations to bid and the

purchase process begins.

Ms. Kaptur: From time to time you make Section 32 purchases to help relieve temporary surpluses and to help price-weakened commodities. How will the funds you are requesting help with this situation?

Response: The automated data processing systems will allow AMS to respond more quickly to industries that require immediate market support by allowing analysts to rapidly access and interpret market data, including production, pack, stock trade, and price data. At the same time, the system will expedite the process of soliciting orders by providing information to state and local agencies and school officials regarding products that may be made with various commodities.

Ms. Kaptur: Again, I told you about the concern I was hearing from Congresswoman Stabenow of Michigan regarding the slow pace for consideration of a Section 32 purchase of tart cherries. The representations made to me - which you seemed to have agreed with - is that this year the process is taking longer than it has in the past. What is the cause of this delay, and is there anything that you could suggest the proponents of these purchases do to make it easier to complete the review process?

Response: This year has been unusual because we have been approached by numerous industries seeking USDA's assistance in resolving surplus situations. While the review process of surplus situations is normally accomplished in a more timely manner, issues related to marketing matters, such as price trends and inventory management, have made this process more complicated. Often, information needed to establish that a surplus situation exists is difficult to obtain, requiring AMS to pursue a variety of information sources to confirm the nature of the surplus. In those situations, an industry's help in gathering the information would help facilitate more timely purchases, and the database we are proposing this fiscal year will further expedite this process.

Ms. Kaptur: Going back to our discussion of small farmers and their need to move commodities, what can AMS do together with FNS and other food procuring agencies of the federal government to more quickly recognize a price-weak condition so that purchases can have a faster positive impact on the market?

Response: The automated information systems that we are requesting will enable us to more rapidly identify commodities with especially acute surpluses. With this information, we will be able to begin the purchase process promptly, including the identification of outlets for commodity in cooperative with FNS. In addition, by making it easier for school systems and other local agencies to identify products that can be made from particular commodities, we will facilitate both the placement of commodities and additional purchases by the schools themselves.

Ms. Kaptur: Last year in our report we encouraged FNS to do more to try to acquire commodities from small farmers for use in school food programs and other food assistance programs. What have you done or can you do to help put producers in a position to bid on these contracts?

Response: AMS, in conjunction with FNS, is working with the Cooperative State Research Education and Extension Service to identify small farmer cooperatives close to schools and to establish relationships between the farmers and school purchasing agents. This will facilitate the schools' purchasing directly from the farm community nearest them to supply fresh product for their school lunch programs.

Of particular note is an initiative undertaken in the Florida Panhandle by AMS in cooperation with the Natural Resources Conservation Service, Florida A&M

University, and the West Florida Resource Conservation and Development Council. Through this effort small farmers organized into a cooperative adopted recordkeeping and basic business skills, developed a sustainable market, and established, through a high level of customer service, a solid reputation as a Department of Defense certified produce vendor. This cooperative has improved the income and quality of life for its small farmers. AMS is actively disseminating the details of this success story to other small farmers through publications, web sites, and regional workshops.

Ms. Kaptur: Recognizing that state and local authorities purchase the bulk of food in the school food programs, what have you done or can you do to make these buyers more sensitive to the condition of small and medium-sized farmers?

Response: Many state and local programs purchase commodities directly from suppliers. AMS, in conjunction with the Food and Nutrition Service, is working with the Cooperative State Research Education and Extension Service to identify small farmer cooperatives close to schools and to establish relationships between the farmers and school purchasing agents. This will facilitate the schools' purchasing directly from the farm community nearest them to supply fresh product for their school lunch programs.

Pork Producers Referendum

Ms. Kaptur: I understand that you will soon be conducting a referendum about whether or not to continue the pork checkoff program. Can you tell me how this referendum came about? Who requested it? Is it part of a regular cyclical review? What are its implications?

Response: We have begun the referendum rulemaking process, and the referendum will be held as soon as possible. Over 19,000 signatures were provided to USDA requesting the referendum. After a significant effort to verify the signature, AMS was unable to detemine with certainty the precise number of eligible petitioners. Therefore, after weighing the unique circumstances involved, the Secretary determined that equity favors giving pork producers the opportunity to vote on the pork checkoff program. It is not part of a legislatively-mandated regular cyclical review, but it has been 12 years since the last referendum. The referendum will determine whether assessments will continue to be collected to fund the pork promotion, research, and consumer information program or if assessments will cease and the program will be phased out.

Ms. Kaptur: There have been suggestions that there were many invalid signatures and that USDA had not done enough to ferret them out. Yet I am told the Secretary decided under his authority to proceed with the referendum despite the uncertainty of whether 15 percent of bona fide producers had signed the petition. What can you tell us about this?

Response: The Secretary reviewed the verification process used by AMS and determined that it was vulnerable to criticism. He also determined that he could not say with certainty whether sufficient petition signatures were submitted by the Campaign for Family Farms. He concluded that equity favors giving producers the opportunity to vote on the pork checkoff program.

Ms. Kaptur: What assurances can you give us that when the referendum goes ahead there will be transparent voting procedures so that people can be certain that only eligible individuals did indeed vote?

Response: Proposed referendum rules will be published for public comment. Any person may challenge a producer voter who they believe to be ineligible to vote and challenged producers may be required to provide proof of eligibility. A person is defined as any individual, group of individuals, partnership,

corporation, association, cooperative, or any other legal entity. Importers would be required to submit U.S. Customs Service Form 7501 with their request for a mail ballot as evidence they paid the pork assessment.

MICROBIOLOGY DATA PROGRAM

Ms. Kaptur: You are requesting $6 million to initiate a program of testing fruits and vegetables for microbiological contamination, as part of the President's Food Safety Initiative. What's the purpose of this program? Why would this task be assigned to AMS (rather than some other agency)?

Response: Although the U.S. domestic food supply is unmatched in both quantity and quality, in recent years, sporadic cases of microbiological and viral contamination and parasitic infestation accounted for 90 percent of the confirmed food borne disease outbreaks nationwide. Apparently, microorganisms once thought to be under control are adapting to their environments, developing resistance to conventional food processing operations, and are re-emerging with increased pathogenicity. Current practices in food production, the mass preparation of prepared meals, the trend to consume a greater proportion of meals away from home, the emphasis to increase fresh fruits and vegetables in the diet, and product distribution logistics may all contribute in some way to the risk of contracting food borne illness.

The President has directed the development of a Food Safety Initiative and a Produce and Imported Foods Safety Initiative. Under these initiatives, the Food and Drug Administration, or FDA, and USDA share the responsibility for developing a research program aimed at reducing disease caused by food borne microbes and their natural products. The President also directed FDA and USDA to issue guidance on good agricultural practices and good manufacturing practices for fruits and vegetables. It is generally agreed that there are a number of missing pieces of information in the scientific basis for reducing or eliminating pathogens in the agricultural setting. One of those missing pieces is valid statistical information on the present-day level of fecal contamination and pathogenic contamination of the nation's fresh fruit and vegetable supply. Without this information, it is very difficult to determine if recommended changes in the production and handling of these commodities are effective. Our $6.2 million request is to develop a program designed to provide this piece of the missing information. It is also our hope that once this statistical data is available to both government and the public, innovative minds in other disciplines will make use of it in research areas that have not yet been considered.

Statistically valid microbiological testing of the produce available in this country is not being performed. The Centers for Disease Control and Prevention, or CDC, FDA, and the States do some testing in support of regulatory mandates and outbreak episodes. CDC has the primary responsibility for surveillance and tracking of both communicable and food borne illness. FDA provides support to this effort by funding surveys and notifying CDC of findings related to regulatory and laboratory investigations. CDC also relies on reports from State and local health departments to estimate the number of food borne illness cases occurring across the country. These reports are based on outbreak information from at least one or more individuals experiencing a similar illness, depending on the source. Local and state health departments conduct an investigation to identify the source of contamination and the specific food, if possible, before notifying CDC. Reports are limited by the ability of state and local authorities to follow up leads and report investigations to CDC. For example, outbreaks involving restaurants or institutions are more likely to be recognized than those involving foods prepared in the home. In addition, the information reported can also differ widely by state, with some states having no surveillance staff specifically assigned to monitor for the presence of key pathogens and

spoilage organisms in food and water.

The Agricultural Marketing Service has in place a highly respected program for surveying for the presence of pesticides in U.S. produce. This program has been in effect for a number of years, and the quality of its data has been praised by many users. The Microbiology Data Program, or MDP, would use the infrastructure of the Pesticide Data Program, or PDP, as its blueprint. All the elements that make PDP the scientifically-sound program that it is would be incorporated into the MDP. The same States performing work for PDP would perform work for MDP. The same samplers that obtain samples for PDP would be trained to gather the samples for MDP. A rigorous laboratory quality control program would be initiated to ensure that the results from various laboratories are comparable. The number of samples taken at each site would be statistically determined by the National Agricultural Statistics Service, or NASS, as is done for PDP, and the electronic transfer of data from the laboratories to AMS would mirror the data transfer for the PDP program, to take advantage of the expertise developed in PDP. The data would be analyzed for accuracy and published in an annual summary. The expertise and much of the infrastructure needed for MDP is already available in AMS, thus making the cost of the program less than if another agency were to develop the program from the start.

Questions Submitted by Mr. Skeen

FY 2001 Budget

Grain Inspection, Packers, and Stockyards Administration

COMPLAINTS FROM LIVESTOCK PRODUCERS

Mr. Skeen: Update the table that appears on page 761 of last year's hearing record showing the number of complaints received from livestock producers to include fiscal year 1999 actuals and fiscal year 2000 estimates.

Response: [The information follows:]

Fiscal Year	Number of Complaints
1996	2,265
1997	1,820
1998	1,684
1999	1,372
2000	2,150 estimated

GRAIN FACILITIES

Mr. Skeen: Update the table that appears on page 761 of last year's hearing record showing the number of persons or companies who registered under current statutes and the number of grain facilities involved in export activities to include 1999. Why does the grain facilities data no longer include elevators that export grain from the U.S. in land carriers?

Response: [The information follows]

Year	No. of Registrants	Total Facilities That Export
1995	96	499
1996	87	460
1997	85	365
1998	86	54
1999	78	66 *

* Beginning in 1998, this figure includes only the elevators located at export port locations in the United States that export grain in waterborne carriers. It does not include elevators that export

grain from the United States in land carriers that were previously reported.

In an effort to streamline the registration process, GIPSA requests registrants that publish an annual report to submit such document in lieu of listing all their elevators from which they plan to export grain.

Moreover, many entities that register do not own grain elevators (e.g. stevedoring companies, merchandisers, brokers, etc.). Also, those firms that export less than 1500 metric tons of grain annually are not required to register.

GRAIN INSPECTED AND/OR WEIGHED

Mr. Skeen: Update the tables that appear on pages 762a through 762b of last year's hearing record, showing the grains inspected and/or weighed for export by country of destination for fiscal year 1999.

Response: [The information follows]

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT BY COUNTRY OF DESTINATION

FY99 - YEAR TO DATE SEP 30, 1999

- METRIC TONS -

COUNTRY	WHEAT	RYE	YELLOW CORN	WHITE CORN	OATS	BARLEY	SORGHUM	SOYBEANS	FLAX	SUN FLOWER	TOTAL
ALGERIA	573,270	0	939,316	0	0	0	0	0	0	0	1,512,586
ANGOLA	0	0	19,649	0	0	0	0	0	0	0	19,649
ARGENTINA	0	0	0	0	0	6,714	0	0	0	0	6,714
AUSTRALIA	0	0	0	0	0	0	0	32,361	0	0	32,361
AZERBAIJAN	3,500	0	0	0	0	0	0	0	0	0	3,500
BAHRAIN	18,973	0	0	0	0	0	0	0	0	0	18,973
BANGLADESH	1,039,508	0	8,999	0	0	0	0	0	0	0	1,048,507
BARBADOS	20,432	0	35,965	0	0	0	0	21,850	0	0	78,247
BELGIUM	248,534	0	0	0	0	0	0	459,044	0	19,368	726,946
BELIZE	13,301	0	0	0	0	0	0	0	0	0	13,301
BENIN	1,820	0	0	0	0	0	0	0	0	0	1,820
BOLIVIA	32,486	0	0	0	0	0	0	0	0	0	32,486
BOSNIA-HERC	80,396	0	0	0	0	0	0	0	0	0	80,396
BOTSWANA	25,371	0	0	0	0	0	0	0	0	0	25,371
BRAZIL	104,135	0	120,963	0	0	0	0	0	0	0	225,098
BURUNDI	0	0	2,740	0	0	0	0	0	0	0	2,740
CAMEROON	17,997	0	9,817	0	0	0	0	0	0	0	27,814
CAPE VERDE	0	0	21,281	0	0	0	0	0	0	0	21,281
CHILE	388,060	0	543,580	0	0	0	0	9,850	0	0	941,490
CHINA MAIN	342,621	0	147,250	0	0	0	0	2,598,508	0	0	3,088,379
CHINA T	903,417	0	4,662,108	0	0	0	0	2,133,688	0	0	7,699,213
COLOMBIA	641,621	0	1,474,175	72,790	0	0	0	48,316	0	0	2,236,902
CONGO (BRAZ)	47,212	0	0	0	0	0	0	0	0	0	47,212
COSTA RICA	162,923	0	380,952	13,752	0	0	0	178,965	0	0	736,592
CROATIA	0	0	0	0	0	0	0	29,628	0	0	29,628
CYPRUS	37,287	0	134,941	0	0	0	0	0	0	0	172,228
DENMARK	0	0	0	0	0	0	0	19,000	0	0	19,000
DJIBOUTI	24,842	0	0	0	0	0	0	0	0	0	24,842
DOMINICN REP	281,155	0	807,607	0	0	0	0	0	0	0	1,088,762
ECUADOR	176,018	0	263,181	0	0	0	0	0	0	0	439,199
EGYPT	4,211,642	0	3,710,146	0	0	0	0	40,476	0	0	7,962,264
EL SALVADOR	180,592	0	352,810	32,933	0	0	0	1,098	0	0	567,433
ESTONIA	41,999	0	0	0	0	0	0	0	0	0	41,999
ETHIOPIA	229,378	0	10,000	0	0	0	19,510	0	0	0	258,888
FINLAND	0	0	0	0	0	0	0	81,018	0	0	81,018
FRANCE	0	0	0	0	0	0	0	250,270	0	0	250,270
GABON	2,200	0	0	0	0	0	0	0	0	0	2,200
GEORGIA	54,502	0	0	0	0	0	0	0	0	0	54,502
GERMANY	0	0	3,505	0	0	0	0	1,174,909	0	0	1,178,414
GHANA	173,443	0	4,281	0	0	0	3,370	0	0	0	181,094

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT BY COUNTRY OF DESTINATION

FY99 - YEAR TO DATE SEP 30, 1999

- METRIC TONS -

COUNTRY	WHEAT	RYE	YELLOW CORN	WHITE CORN	OATS	BARLEY	SORGHUM	SOYBEANS	FLAX	SUN FLOWER	TOTAL
GREECE	0	0	0	0	0	0	0	121,413	0	0	121,413
GRENADA	18,468	0	2,700	0	0	0	0	0	0	0	21,168
GUADELOUPE	250	0	0	0	0	0	0	0	0	0	250
GUATEMALA	86,349	0	313,762	31,825	0	0	0	0	0	0	431,936
GUYANA	54,017	0	6,737	0	0	0	0	0	0	0	60,754
HAITI	67,015	0	0	0	0	0	0	0	0	0	67,015
HONDURAS	167,205	0	90,121	11,000	0	0	0	0	0	0	268,326
ICELAND	5,876	0	16,697	0	0	0	0	0	0	0	22,573
INDIA	0	0	84,958	0	0	0	0	0	0	0	84,958
INDONESIA	554,116	0	122,278	0	0	0	0	1,036,341	0	0	1,712,735
IRAN	0	0	157,499	0	0	0	0	0	0	0	157,499
IRAQ	65,099	0	0	0	0	0	0	0	0	0	65,099
IRELAND	0	0	0	0	0	18,186	0	5,822	0	0	24,008
ISRAEL	870,204	0	393,582	0	0	0	92,435	539,066	0	0	1,895,287
ITALY	671,957	0	0	0	0	0	0	224,394	0	0	896,351
JAMAICA	159,541	0	211,274	0	0	0	0	0	0	0	370,815
JAPAN	3,316,318	0	15,760,597	64,488	0	422,791	1,506,735	3,769,031	0	0	24,839,960
JORDAN	397,051	0	103,297	0	0	0	0	0	0	0	500,348
KENYA	93,118	0	15,000	0	0	0	0	0	0	0	108,118
KOREA REP	1,442,915	0	6,762,545	132	0	0	0	1,398,056	0	0	9,603,648
LEBANON	203,112	0	116,197	0	0	0	0	0	0	0	319,309
MALAYSIA	34,300	0	473,524	0	0	0	0	306,952	0	0	814,776
MALTA	27,629	0	29,088	0	0	0	0	0	0	0	56,717
MEXICO	1,692,664	0	4,395,065	68,105	2,374	50,498	2,449,592	3,768,742	0	0	13,427,040
MOLDOVA	5,000	0	0	0	0	0	0	0	0	0	5,000
MONGOLIA	36,430	0	0	0	0	0	0	0	0	0	36,430
MOROCCO	308,506	0	602,586	0	0	0	106,445	79,338	0	0	1,096,875
MOZAMBIQUE	160,513	0	0	0	0	0	0	0	0	0	160,513
NETH ANTIL	5,718	0	4,248	0	0	0	0	0	0	0	9,966
NETHERLANDS	22,686	0	1,100	0	0	0	0	2,431,910	0	31,951	2,487,647
NEW ZEALAND	5,500	0	11,000	0	0	0	0	0	0	0	16,500
NICARAGUA	62,295	0	40,704	0	0	0	0	10,327	0	0	113,326
NIGER	0	0	0	0	0	0	2,000	0	0	0	2,000
NIGERIA	1,346,991	0	0	0	0	0	0	0	0	0	1,346,991
NORTH KOREA	354,862	0	72,863	0	0	0	0	0	0	0	427,725
NORWAY	38,707	0	0	0	0	0	0	0	0	0	38,707
OMAN	0	0	47,019	0	0	0	0	0	0	0	47,019
PAKISTAN	912,718	0	0	0	0	0	0	0	0	0	912,718
PANAMA	117,513	0	249,583	0	0	0	0	1,063	0	0	368,159
PERU	762,866	0	611,022	0	0	0	0	5,997	0	0	1,379,885
PHILIPPINES	1,720,561	0	48,414	0	0	0	0	225,597	0	0	1,994,572

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT BY COUNTRY OF DESTINATION

FY99 - YEAR TO DATE SEP 30, 1999

- METRIC TONS -

COUNTRY	WHEAT	RYE	YELLOW CORN	WHITE CORN	OATS	BARLEY	SORGHUM	SOYBEANS	FLAX	SUN FLOWER	TOTAL
POLAND	31,829	0	0	0	0	0	0	0	0	0	31,829
PORTUGAL	42,730	0	0	0	0	0	0	193,654	0	28,656	265,040
REP S AFRICA	75,288	0	191,002	0	0	0	0	0	0	0	266,290
RUSSIA	1,639,558	0	424,542	0	0	0	0	200,846	0	0	2,264,946
RWANDA	0	0	57,411	0	0	0	0	0	0	0	57,411
SAUDI ARABIA	0	0	1,261,557	0	0	0	0	0	0	0	1,261,557
SENEGAL	0	0	8,073	0	0	0	0	0	0	0	8,073
SINGAPORE	34,259	0	0	0	0	0	0	0	0	0	34,259
SOMALIA	0	0	2,501	0	0	0	9,500	0	0	0	12,001
SPAIN	243,935	0	91,818	0	0	0	196,122	1,304,542	0	58,013	1,894,430
SRI LANKA	433,974	0	0	0	0	0	0	0	0	0	433,974
ST. VINCENT	24,150	0	23,873	0	0	0	0	0	0	0	48,023
SUDAN	82,304	0	19,999	0	0	0	48,397	0	0	0	150,700
SURINAME	10,969	0	13,456	0	0	0	0	0	0	0	24,425
SWAZILAND	15,548	0	0	0	0	0	0	0	0	0	15,548
SWEDEN	8,007	0	0	0	0	0	0	0	0	0	8,007
SWITZERLAND	31,562	0	0	0	0	0	0	0	0	0	31,562
SYRIA	0	0	473,760	0	0	0	0	42,382	0	0	516,142
TANZANIA	0	0	4,998	99,505	0	0	0	0	0	0	104,503
THAILAND	332,834	0	0	0	0	0	0	703,925	0	0	1,036,759
TRINIDAD	131,336	0	65,140	0	0	0	0	21,520	0	0	217,996
TUNISIA	0	0	444,966	0	0	23,965	0	0	0	0	468,931
TURKEY	26,891	0	683,128	0	0	0	0	264,736	0	0	974,755
UGANDA	4,985	0	0	0	0	0	0	0	0	0	4,985
UN ARAB EM	54,358	0	27,709	0	0	0	0	0	0	0	82,067
UN KINGDOM	136,007	0	0	0	0	24,102	0	314,096	0	0	474,205
UZBEKISTAN	0	0	0	0	0	0	0	90,800	0	0	90,800
VENEZUELA	542,844	0	1,344,772	0	0	0	0	64,103	0	0	1,951,719
VIETNAM	11,000	0	13,813	0	0	0	0	5,500	0	0	30,313
YEMEN	451,075	0	109,756	0	0	0	0	0	0	0	560,831
YUGOSLAVIA	0	0	0	0	0	0	0	15,565	0	0	15,565
ZAIRE	42,177	0	2,700	0	0	0	0	0	0	0	44,877
ZAMBIA	0	0	0	0	0	0	5,000	0	0	0	5,000
ZIMBABWE	47,335	0	0	24,201	0	0	0	0	0	0	71,536
GRAND TOTAL	30,321,660	0	49,661,700	418,731	2,374	546,256	4,439,106	24,224,699	0	137,988	110,815,603
SHIPMENTS TO CANADA*	183,990	0	1,620,091	0	0	0	0	1,462,341	0	0	3,281,161

*NOT INCLUDED IN TOTAL INSPECTION FOR EXPORTS
GRAIN SHIPPED FOR STORAGE IN CANADA IS REPORTED AT TIME OF SHIPMENT FROM ST LAWR SWY PORTS

SOURCE: FEDERAL GRAIN INSPECTION SERVICE

GRAIN DUST EXPLOSIONS

Mr. Skeen: Update the table that appears on page 762d of last year's hearing record showing the number of explosions resulting from grain dust, including the number of deaths and injuries, to include fiscal year 1999.

Response: [The information follows]

Year	Explosions	Injuries	Deaths
1995	12	6	2
1996	16	26	1
1997	15	14	1
1998	18	22	7
1999	9	14	0

EXPORTED GRAIN COMPLAINTS

Mr. Skeen: Update the table that also appears on page 763a-c of last year's hearing record showing the number of complaints for exported grain that you received and the number of open cases to include fiscal year 1999 actuals and fiscal year 2000 figures to date.

Response: [The information follows]

Fiscal Year	No. Complaints	No. Cases Open
1993	50	0
1994	30	0
1995	28	0
1996	20	0
1997	23	0
1998	15	0
1999	22	0
2000 (to 3/20)	9	3

FOREIGN COMPLAINT SUMMARY DATA - SINCE 1993

	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000 (10 Months)	
	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.
TOTALS																
TOTAL EXPORT LOTS	6,393		5,974		7,130		6,874		6,884		6,723		7,896		3,351	
NUMBER OF DISCREPANCIES	50		30		28		20		23		14		22		9	
CARRIERS INVOLVED	62		36		50		24		27		17		37		9	
TOTAL LOTS INVOLVED	70	1.6	40	1.0	61	1.4	25	0.6	34	0.5	24	0.4	47	1.4	10	0.3
BARLEY DISCREPANCIES	-		1		1		1		2		-		-		-	
LOTS INVOLVED	-	-	1	1.4	1	0.1	1	2.1	2	3.3	-	-	-		-	-
CORN DISCREPANCIES	22		11		10		3		6		5		8		2	
LOTS INVOLVED	30	2.3	12	0.6	28	2.0	3	0.1	6	0.3	6	0.2	21	2	2	0.2
SORGHUM DISCREPANCIES	-		-		2		1		-		-		2		-	
LOTS INVOLVED	-	-	-	-	3	1.5	1	0.6	-	-	-	-	2	0.6	-	-
SOYBEAN DISCREPANCIES	2		2		3		4		3		-		-		1	
LOTS INVOLVED	2	0.3	2	0.1	8	0.4	4	0.5	4	0.5	-	-	-		1	0.4
WHEAT DISCREPANCIES	26		16		12		11		12		9		14		6	
LOTS INVOLVED	36	2.0	25	1.9	22	1.0	16	1.2	22	1.2	18	1.2	22	1.6	7	0.3

COMPLAINT LOTS BY GRAIN AND FACTOR

	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000 (10 Months)	
	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.	NO.	% BY WT.
BARLEY																
DOCKAGE	-	-	1	1.4	-	-	-	-	-	-	-	-	-	-	-	-
FOREIGN MATERIAL	-	-	1	1.4	-	-	-	-	-	-	-	-	-	-	-	-
ROCKS	-	-	-	-	-	-	-	-	1	1.7	-	-	-	-	-	-
MOISTURE	-	-	-	-	-	-	1	2.1	-	-	-	-	-	-	-	-
ERGOT	-	-	-	-	1	0.1	-	-	-	-	-	-	-	-	-	-
MOLD	-	-	-	-	1	0.1	-	-	-	-	-	-	-	-	-	-
RODENTS	-	-	-	-	-	-	-	-	1	1.7	-	-	-	-	-	-
WEED SEED	-	-	-	-	1	0.1	-	-	-	-	-	-	-	-	-	-
CORN																
INFESTATION	1	0.1	2	0.07	-	-	1	0.06	-	-	-	-	-	-	1	0.1
MYCOTOXINS	-	-	-	-	-	-	-	-	1	0.1	-	-	-	-	1	0.1
AFLATOXIN	-	-	-	-	2	0.1	-	-	-	-	-	-	-	-	-	-
HEATING	2	0.2	-	-	-	-	-	-	1	0.1	4	0.2	-	-	-	-
MOISTURE	9	0.8	1	0.05	18	1.8	1	0.1	3	0.07	5	0.2	4	0.4	-	-
DAMAGED KERNELS	14	0.9	6	0.5	2	0.09	-	-	3	0.3	4	0.2	2	0.1	-	-
MOLD	1	0.1	-	-	2	0.1	-	-	-	-	-	-	1	0.1	-	-
HEAT DAMAGE	7	3	2	0.1	1	0.03	-	-	1	0.1	-	-	-	-	-	-
BROKEN CORN & FM	26	1.8	7	0.2	5	0.2	1	0.02	4	0.2	1	0.01	18	1.5		0.1
ODOR	1	0.04	1	0.01	-	-	-	-	1	0.02	2	0.08	-	-	-	-

COMPLAINT LOTS BY GRAIN AND FACTOR

	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000 (to date)	
	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT
OIL RESIDUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PESTICIDE RESIDUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROCKS	-	-	-	-	1	0.09	-	-	-	-	-	-	-	-	-	-
BLACK SPECKS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WEED SEEDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WEIGHT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SORGHUM																
DOCKAGE	-	-	-	-	3	1.5	-	-	-	-	-	-	-	-	-	-
BROKEN KERNELS & FM	-	-	-	-	3	1.5	-	-	-	-	-	-	1	0.2	-	-
INFESTATION	-	-	-	-	-	-	1	0.6	-	-	-	-	2	0.6	-	-
COTTONSEED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ZEARALENONE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WEIGHT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SOYBEANS																
FREE FATTY ACIDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROTEIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OIL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INFESTATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HEATING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MOISTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DAMAGED KERNELS	1	0.1	-	-	3	0.1	1	0.1	-	-	-	-	-	-	-	-
HEAT DAMAGE	-	-	1	0.04	2	0.08	-	-	-	-	-	-	-	-	-	-
FOREIGN MATERIAL	2	0.3	-	-	3	0.1	2	0.2	2	0.4	-	-	-	-	1	0.4
SPLITS	1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER COLOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OIL RESIDUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WEED SEEDS	-	-	-	-	-	-	1	0.1	-	-	-	-	-	-	-	-
DLQ	-	-	1	0.09	-	-	-	-	-	-	-	-	-	-	-	-
SAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WEIGHT	-	-	-	-	6	0.3	1	0.3	2	0.2	-	-	-	-	-	-
WHEAT																
PROTEIN	13	0.7	6	0.5	2	0.1	2	0.1	3	0.1	2	0.08	11	0.6	1	0.1
INFESTATION	14	0.9	-	-	-	-	1	0.1	1	0.1	7	0.6	1	0.02	2	0.5
DOCKAGE	7	0.4	3	0.2	6	0.7	7	0.8	-	-	-	-	1	0.2	2	0.1
TEST WEIGHT	-	-	2	0.2	-	-	3	0.2	-	-	1	0.07	1	0.2	1	0.1
MOISTURE	3	0.2	1	0.06	-	-	-	-	6	0.1	-	-	8	0.4	1	0.04
DAMAGED KERNELS	1	0.1	4	0.2	6	0.1	2	0.1	7	0.2	-	-	3	0.2	-	-
SPROUT DAMAGE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCAB DAMAGE	-	-	-	-	-	-	1	0.02	-	-	-	-	-	-	-	-
HEAT DAMAGE	-	-	1	0.1	2	0.04	1	0.1	-	-	-	-	1	0.1	-	-

COMPLAINT LOTS BY GRAIN AND FACTOR

	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000 (to date)	
	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT	NO.	% BY WT
FOREIGN MATERIAL	6	0.3	3	0.1	7	0.3	6	0.7	-	-	-	-	1	0.2	2	0.1
SHRUNKEN & BROKEN	2	0.1	6	0.2	2	0.04	6	0.7	1	0.1	1	0.07	1	0.2	2	0.1
TOTAL DEFECTS	4	0.3	3	0.1	-	-	2	0.1	-	-	-	-	2	0.2	-	-
HARD, VIT. OF AMBER COL.	-	-	-	-	-	-	-	-	-	-	2	0.03	-	-	-	-
DARK HARD & VITREOUS	-	-	-	-	-	-	-	-	2	0.05	-	-	-	-	-	-
WHEAT OF OTHER CLASSES	3	0.1	-	-	-	-	2	0.1	6	0.1	5	0.3	13	0.8	-	-
CONTRASTING CLASSES	1	0.1	1	0.01	-	-	1	0.1	-	-	-	-	-	-	-	-
FALLING NUMBER	3	0.3	-	-	2	0.06	-	-	-	-	-	-	-	-	-	-
VARIETY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERGOT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KARNAL BUNT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TREATED SEED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TCK SMUT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VOMITOXIN	-	-	3	0.2	-	-	-	-	-	-	-	-	-	-	-	-
WEED SEEDS	1	0.03	-	-	-	-	1	0.1	-	-	-	-	-	-	1	0.1
COTTON SEED	-	-	6	0.7	1	0.1	-	-	-	-	-	-	-	-	-	-
OIL RESIDUE	1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HEATING	-	-	**	0.1	-	-	-	-	-	-	-	-	-	-	-	-
OLQ	2	0.03	-	-	-	-	-	-	-	-	-	-	-	-	1	0.4
SAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STONES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PESTICIDE RESIDUE	2	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-
QUALITY	6	0.2	-	-	-	-	-	-	-	-	-	-	1	0.1	-	-
WEIGHT	3	0.1	3	0.07	-	-	-	-	4	0.1	1	0.02	2	0.1	-	-

NUMBER OF COMPLAINTS ENDING MARCH 17

FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000 (to date)
27	15	14	11	15	7	6	9

AFLATOXIN INSPECTIONS

Mr. Skeen: For the record, please update the table that appears on page 763d of last year's hearing record showing the number of aflatoxin inspections to include fiscal year 1999.

Response: [The information follows]

Fiscal Year	No. of Inspections
1995	66,096
1996	68,190
1997	62,582
1998	54,923
1999	62,875

VIOLATION REPORTS

Mr. Skeen: How many violation report calls did you receive in fiscal year 1999? How many were investigated? What is the nature of violations reported?

Response: GIPSA-FGIS received 16 violation reports in fiscal year 1999. GIPSA personnel conducted 5 onsite investigations and addressed the remaining cases by reviewing information received from field office personnel. Examples of alleged violations reported included false weighing, deceptive loading and grain handling practices, altering official certificates, issuing false official certificates, exporting grain without official inspection, performing official duties improperly, and employee misconduct.

POULTRY COMPLIANCE COMPLAINTS

Mr. Skeen: Update the table that appears on page 765 on the number of poultry compliance complaints received in fiscal years 1994 through 1999.

Response: [The information follows]

POULTRY COMPLAINTS

Fiscal Year	Number of Complaints
1995	104
1996	86
1997	66
1998	82
1999	113

DEALER/ORDER BUYER FINANCIAL FAILURES

Mr. Skeen: Please update the table that appears on page 765 of last year's hearing record showing dealer/order buyer financial failures to include fiscal year 1999.

Response: [The information follows]

Fiscal Year	No of Dealers Failures	Total Owed Livestock Sellers	Recovery from Bonds	Recovery From Other Sources	Percent Total Recovery	Unrecovered Losses
1995	15	1,699,739	350,452	77,684	25	1,271,603
1996	10	4,277,688	283,212	1,462,236	41	2,532,240
1997	8	732,424	243,450	38,064	38	450,910
1998	10	685,726	133,345	61,435	28	490,946
1999	10	1,684,128	291,261	38,024	20	1,354,843

FOUR FIRM CONCENTRATION

Mr. Skeen: Also update the table showing the four firm concentration ratio for steer and heifer slaughter, boxed beef, sheep and lamb slaughter, and hog slaughter to include data for 1998.

Response: [The information follows:]

Four-firm Concentration in Meat Packing
Reporting Years 1980-1998

Year	Steers & Heifers	Boxed Beef	Sheep & Lambs	Hogs
1980	36	57	56	34
1981	40	59	53	33
1982	41	60	44	36
1983	47	60	44	29
1984	50	62	49	35
1985	50	62	51	32
1986	55	67	54	33
1987	67	80	75	37
1988	70	79	77	34
1989	70	79	74	34
1990	72	79	70	40
1991	75	79	72	44
1992	78	81	71	44
1993	81	83	73	43
1994	82	86	73	45
1995	81	84	72	46
1996	79	82	73	55
1997	80	83	70	54
1998	81	85*	68	56

Note: All figures for years 1980 through 1990 are based on firms' fiscal years as reported to GIPSA. Figures for 1991 through 1998 are based on calendar year Federally-inspected slaughter.

* Figure is preliminary.

AUCTION MARKET FAILURES

Mr. Skeen: Please update the table that appears on page 767 of last year's hearing record showing the number of auction market failures, the amount owed for livestock each year, and the amount recovered from bonds and other sources during each year to include fiscal year 1999.

Response: [The information follows:]

Auction Market Failures

Fiscal Year	No. of Auction Market Failures	Total Owed Consignors	Recovery From Bonds	Recovery From other Sources	Percent Total Recovery
1995	6	747,344	308,380	37	41
1996	3	343,508	220,123	0	64
1997	5	258,768	182,029	13,473	76
1998	2	225,001	66,131	0	29
1999	3	862,666	60,000	424,589	56

LIVESTOCK SLAUGHTER

Mr. Skeen: Update the table that appears on page 767 of last year's hearing record, showing what percentage of the livestock that is slaughtered annually comes from captive supplies and/or forward contracts to include fiscal year 1998 actuals.

Response: [The information follows:]

Packer feeding and acquisition through forward contracts and marketing agreements as a percentage of leading packers' total steer and heifer slaughter, 1990-98

Year	Packer fed cattle	Cattle from forward contracts and marketing agreements	Total
		Percent	
		4 largest beef packers	
1990	5.1	15.1	20.1
1991	4.7	14.0	18.7
1992	4.1	16.7	20.8
1993	3.8	13.7	17.5
1994	3.9	17.0	20.9
1995	3.2	18.1	21.3
1996	3.4	19.1	22.5
1997	3.8	16.0	19.9
1998	3.5	18.9	22.4
		15 largest beef packers	
1990	5.0	13.9	18.9
1991	4.5	12.7	17.2
1992	4.1	15.3	19.4
1993	4.1	13.3	17.4
1994	4.0	16.5	20.5
1995	3.3	17.8	21.1
1996	3.3	18.8	22.2
1997	2.8	14.9	18.6
1998	3.7	17.7	21.4

SLAUGHTERERS/PROCESSORS SUBJECT TO THE P&S ACT

Mr. Skeen: Would you please update the table that appears on page 768 of last year's hearing record showing the number of slaughtering and processing packers subject to the Packers and Stockyards Act to include fiscal year 1999?

Response: [The information follows:]

Slaughterers and Processors Subject to the P&S Act[1]

Year	Bonded slaughtering firms[2]	Non-bonded slaughtering plants[3]	Processing-only plants[4]
1987	634	849	4,743
1988	638	807	4,645
1989	619	801	4,512
1990	574	721	4,402
1991	585	683	4,415
1992	561	626	4,352
1993	509	606	4,355
1994	482	573	4,258
1995	470	576	4,202
1996	433	545	4,229
1997	431	403	4,192
1998	409	434	NA
1999	377	488	NA

[1] Data are not available on the number of non-Federally-inspected, non-bonded slaughtering plants and processing-only plants subject to the P&S Act.

[2] Includes all bonded firms operating Federally-inspected (FI) and non-Federally-inspected (NFI) plants. The P&S Act requires firms with purchases of $500,000 or more to be bonded and file annual reports. Some firms with smaller volumes of purchases are voluntarily bonded and are included in this column, but do not file annual reports.

[3] This column is an estimate of the number of non-bonded slaughter firms (operating FI plants) subject to regulation under the P&S Act that are not required to be bonded because they purchase less than $500,000 of livestock per year. Includes slaughtering plants that also do processing. Excludes NFI plants.

[4] Firms that conduct processing-only operations are not required to be bonded. Excludes NFI plants.

NA = data not yet available.

CUSTODIAL ACCOUNT COMPLIANCE AUDITS

Mr. Skeen: Update the table that appears on page 769 of last year's hearing record showing the number of compliance audits conducted on custodial accounts, the number of markets with shortages, the total dollars involved, and the amount restored to include fiscal year 1999.

Response: [The information follows:]

Fiscal Year	No. of Audits	No. of Markets With Shortages	Total Amount of Shortages	Amount Restored
1995	700	185	7,122,936	4,265,410
1996	517	170	5,479,852	3,699,905
1997	375	103	2,903,333	1,876,096
1998	393	187	5,705,252	3,690,355
1999	233	103	4,294,368	2,701,091

COMPETITION, FAIR TRADE PRACTICES, FINANCIAL PROTECTION

Mr. Skeen: Please provide a table showing the amount of funds spent on competition, fair trade practices, and financial protection to include fiscal years 1998 through fiscal year 2001.

Response: [The information follows:]

Fiscal Year	Competition	Fair Trade Practices	Financial Protection
1998	$ 90,853	$ 644,001	$ 289,401
1999	$ 789,708	$1,696,951	$1,502,247
2000 est.	$1,289,708	$2,396,951	$2,152,247
2001 est.	$1,789,708	$2,996,951	$2,802,247

GIPSA CERTIFICATES

Mr. Skeen: Have all current GIPSA certificates been converted to laser print? If so, does the program now allow for automatic data comparison to grade standards?

Response: Yes, all certificate forms have been converted to laser print. However, the program does not allow for automatic data comparison to grade standards.

FY 2001 BUDGET REQUEST

Mr. Skeen: Provide a breakout, by item, of your fiscal year 2001 budget request to the Secretary, the Secretary's request to OMB, and the OMB allowance.

Response: The following table reflects the breakout of GIPSA's fiscal year 2001 budget request:

(Dollars in Thousands)

Line Item	Request to the Secretary	Request to OMB	OMB Allowance
Standardization Activities	$4,150	$3,728	$3,728
Compliance Activities	5,479	4,919	4,919
Methods Development	5,473	5,554	5,554
Packers and Stockyards	20,307	18,948	19,348
Total Available	35,409	33,149	33,549
New User Fees		-22,676	-23,076
Start-up Costs	____	3,700	3,700
GIPSA Budget (with legislation)	35,409	14,173	14,173

ECONOMIC/STATISTICAL ANALYSIS

Mr. Skeen: Are there any legal actions pending which require economic and statistical analysis by the agency? If so, how many? Please summarize them for the record.

Response: Currently there are three referrals pending in the Office of the General Counsel which have required or will require economic or statistical analysis. These referrals involve a packer failing to inform producers of a change in its contract settlements; a packer involved in a boycott of a particular feedlot; and a market agency engaged in weight fraud and the issuance of false scale tickets. In addition, extensive analysis has been completed in response to a petition for rulemaking filed by the Western Organization of Resource Counsels.

DEALER FAILURES

Mr. Skeen: How much of the amount of unrecovered losses in the livestock marketing chain is dealer failures during fiscal year 1999?

Response: There were $1,354,843 in unrecovered losses from livestock dealer failures in fiscal year 1999.

UNRECOVERED LOSSES

Mr. Skeen: Please provide a five-year table showing the total unrecovered losses from dealer failures compared to the total owed sellers of livestock at the time of failure to include fiscal year 1999.

Response: [The information follows:]

Fiscal Year	Total Owed Livestock Sellers	Unrecovered Losses	Total Percent Unrecovered
1995	1,699,739	1,271,603	75
1996	4,277,688	2,532,240	59
1997	732,424	450,910	62
1998	685,726	490,946	72
1999	1,684,128	1,354,843	80

SELECT ELEMENTS IN GRAINS

Mr. Skeen: Please provide an update on the work GIPSA is doing with the World Health Organization's proposed guidelines for select elements in grains?

Response: The 31st CODEX Committee on Food Additives and Contaminants (CCFAC), under the Joint FAO/WHO Food Standards Programme, agreed to return the draft guideline levels for cadmium in cereals, pulses and legumes to step 6. These guidelines will be circulated for comment and consideration at the Committee's 32nd session during the week of March 20, 2000. The 31st CCFAC also agreed to return the draft maximum levels for lead to step 6 for redrafting by the Danish delegation with assistance from the United States.

PESTICIDE DATA PROGRAM

Mr. Skeen: What is your agency doing in support of the Pesticide Data Program in fiscal year 2000? How much does the agency expect to spend in fiscal years 2000 and 2001 in support of the Pesticide Data Program?

Response: In FY 2000, the agency will support the Pesticide Data Program by analyzing 300 oat samples for pesticide residues and developing a method to analyze peanut butter for

pesticide residues. In FY 2000 and 2001, the agency will analyze 600 peanut butter samples for pesticide residues. The budget for the Pesticide Data Program in FY 2000 is $390,000. The budget for FY 2001 has not yet been established, but the agency projects the budget will be $350,000 to $400,000 in FY 2001.

VIOLATION CASES - GRAIN

Mr. Skeen: Were there any violation cases pending at the end of fiscal year 1999? What is the status of any violation cases pending at the end of fiscal year 1999?

Response: GIPSA-FGIS had 10 cases pending action at the end of fiscal year 1999. Eight cases remain opened, while two have been closed in FY 2000. In one closed case, the Agency sent an information letter to a manager of a flour mill and to a licensee providing procedural guidance; in the other, the Agency found that there was insufficient evidence to support the allegation.

INTERNATIONAL MONITORING PROGRAM

Mr. Skeen: One of the international monitoring program functions is to travel to other countries to explain the agency's inspection and weighing procedures. How many countries did staff travel to in fiscal year 1999, and how many are planned for fiscal year 2000? What is the total cost of this travel? How much do the participating entities contribute to these costs? Provide for the record a list of countries you traveled to in fiscal year 1999, and the amount of funding each entity provided. Also, provide for the record a list of countries you plan to travel to or have traveled to in fiscal year 2000, and the amount of funding each entity provided or will provide.

Response: GIPSA's role with respect to international activities has evolved in recent years. We have received an increased number of requests to provide international consultative services for the private sector and for other USDA Agencies. In fiscal year 1999, staff traveled to 29 countries (on 36 trips) to explain the agency's inspection and weighing procedures, attend meetings with international government officials, attend conferences, and respond to grain quality discrepancies. We received several requests from the Farm Service Agency and the Foreign Agricultural Service to monitor the quality of commodities shipped under USDA programs such as the Section 416(b) program and the PL-480 program. We also traveled to Canada to inspect U.S. wheat exported through Canadian ports at the request of U.S. exporters. A list of countries visited during fiscal year 1999 follows.

Bangladesh
Canada
China
Costa Rica
Dominican Republic
Egypt
El Salvador
Georgia
Guatemala
Honduras
India
Indonesia
Italy
Jordan
Kenya
Kuwait
Mexico
Nicaragua
North Korea
Panama
Peru
Philippines
Saudi Arabia
Singapore
South Africa
Sri Lanka
Syria
Tanzania
Venezuela

The total costs (and funding source) for fiscal year 1999 is summarized below:

Funding Source	Travel Costs
GIPSA (appropriated and trust)	$43,347.41
Other USDA Agencies	69,802.44
USDA Cooperators	12,955.06
Private Sector	11,323.05
TOTAL	$137,427.96

In fiscal year 2000 (through January), we have traveled to 9 countries (on 9 trips). Most of our international travel cannot be planned or projected far in advance, but we anticipate travel to continue at about the same rate as in fiscal year 1999. A list of countries visited during fiscal year 2000 (through January) follows.

Canada
China
Korea
Mexico
Montenegro
Morocco
Syria
Turkey
Yemen

The total costs (and funding source) for fiscal year 2000 (through January) is summarized below.

Funding Source	Travel Costs
GIPSA (appropriated and trust)	$ 4,661.18
Other USDA Agencies	17,258.21
USDA Cooperators	17,695.43
Private Sector	2,847.95
TOTAL	$42,462.77

IBP CASE

Mr. Skeen: Update the Committee on the case involving charges against IBP, Inc, of giving preferential treatment to a select group of feedlots in Kansas.

Response: In August 1995, GIPSA filed a complaint alleging that IBP gave an undue or unreasonable preference to a small group of Kansas feedlots and their customers by guaranteeing them high prices and other favorable terms for their cattle and unjustly discriminating against other Kansas feedlots and their customers by refusing to offer them the same terms. The complaint was dismissed by the Chief Administrative Law Judge (ALJ) in September 1997. GIPSA filed an appeal of the decision with the USDA's Judicial Officer in November 1997. In a decision issued in July 1998, the Judicial Officer reversed some of the findings of the ALJ and entered an order that required IBP to cease and desist from entering into agreements that contain a right of first refusal in which IBP may obtain livestock by matching the highest previous bid, rather than having to raise the bid to purchase the livestock. In August 1998, IBP appealed the Judicial Officer's decision to the Eighth Circuit Court of Appeals. The Eighth Circuit reversed and vacated the Judicial Officer's order in a decision filed in August 1999.

ADP HARDWARE/SOFTWARE PURCHASES

Mr. Skeen: Provide GIPSA's spending levels for ADP hardware and software purchases and related contractual support in fiscal year 1999, and estimates for fiscal years 2000 and 2001?

Response: [The information follows:]

(In thousands of dollars)

	FY 1999	FY 2000	FY 2001
Equipment (purchases/leases)	898	519	484
Software (purchases/leases)	37	37	39
Contractual Support	275	50	53
TOTAL	1,210	606	576

EXPORT CARGO SAMPLING PROJECT

Mr. Skeen: Please update the Committee on the work you are doing with U.S. Wheat Associates in the "Export Cargo Sampling Project."

Response: U.S. Wheat Associates (USWA) annually conducts an export wheat cargo quality survey. GIPSA collects wheat samples for the survey by means of the Export Cargo Sampling Project and facilitates the transfer of quality information for these samples to U.S. Wheat Associates. The quality data collected through the survey is provided to potential buyers of U.S. wheat and is used as a resource in market development and enhancement.

Currently, GIPSA provides information on all grading factors, protein, hardness, heavy metals, deoxynivalenol, scab damage, and pesticide residues for over 900 sublot samples every year. U.S. Wheat Associates combines this data with other information on end-use quality attributes that has been measured by other laboratories, and reports all data in an annual quality report. We've been cooperating with U.S. Wheat Associates on the project for over 15 years now, making improvements and enhancements each year.

PROPOSED REGULATIONS - FEED WEIGHING

Mr. Skeen: Provide the Committee with the current status of proposed regulations for feed weighing, live bird weighing, and growing contracts that base grower payment on comparison of other grower' performance.

Response: GIPSA has undertaken one regulatory initiative and has formulated a workplan for another to address problems of competitive structure in the poultry industry.

On February 10, 1997, GIPSA published in the Federal Register (62 FR 5935-5937) an advance notice of proposed rulemaking to solicit comments on the need for and the possible wording of regulations for the poultry industry in regard to these grow-out arrangements. Since then GIPSA has undertaken a significant regulatory initiative; it wrote and has published in the Federal Register a proposed rule for the weighing of feed in grow-out arrangements when feed weight affects the grower's payment. In addition, it has formulated and forwarded a workplan to the Office of Management and Budget for considering amendments to current poultry contract regulations. The amendments, reflecting changed realities in the industry since the current

regulations were promulgated in the 1960's and early 1970's, would better ensure poultry grow-out contracts do not infringe on growers' rights under the Packers and Stockyards Act to be treated fairly and without deception or discrimination.

The Office of Management and Budget is currently reviewing the final rule for the weighing of feed in a grow-out arrangement. On November 15, 1999, the Office of Management and Budget designated the workplan for amendments to poultry contract regulations as significant.

TEXAS PANHANDLE INVESTIGATION

Mr. Skeen: Has the final report on the peer review of the econometric and statistical analysis of the Texas Panhandle investigation been submitted to GIPSA? If so, please submit GIPSA's reaction to the report.

Response: GIPSA is very pleased with the peer review process. The final report of the Texas Panhandle investigation, as well as the comments of the panel of seven peer reviewers, was released in December, 1999. The reviewers generally concurred that the scope of the investigation was appropriate, and large amounts of useful data were collected on individual cattle procurement transactions. Several suggestions for improved data collection processes, descriptive data analyses, and model development were offered.

GIPSA feels that the peer review process served its purpose. Very capable reviewers conscientiously reviewed GIPSA's Texas Panhandle fed-cattle investigation and made numerous suggestions that will increase the knowledge gained from that investigation, contribute to future analysis of livestock procurement investigations, and enable GIPSA to strengthen our investigative process in general. The effects of non-spot procurement of livestock remain a very high priority for the Department, and we will continue to investigate the practice and take regulatory and legal steps when violations of the Packers and Stockyards Act are indicated.

OTHER SERVICES

Mr. Skeen: Why does object class 25.2 Other Services increase by $2.9 million in the budget request?

Response: The increase in object class 25.2 Other Services from $1,827,000 to $3,735,00 totals $1,868,000. This increase is primarily made up of approximately $1.3 million of work to be conducted in cooperation with universities and other institutions associated with anti-competitive behavior and the competitive structure of the poultry industry. The majority of the rest of the increase is associated with the alteration of the structure in Kansas City and other costs associated with the increase in methods development.

Mr. Skeen: Provide a sub-object class breakout for 25.2 - Other Services to include fiscal years 1999-2001.

Response: [The information follows:]

(In thousands of dollars)

	1999	2000	2001
Administrative support and statistical services performed by other Federal Agencies	576	472	619
Personnel and data processing by other Federal Agencies	879	720	945
Maintenance agreements on ADP equipment	18	15	20
Training tuition fees and other related training costs	168	138	181
Applied and developmental research	11	200	1,600
Repair and alteration or maintenance of equipment, furniture or structures	123	101	132
Miscellaneous services - covers publication notices, advertising, and other non-contractual services	179	147	193
All other services and overhead costs	41	34	45
Total, Object Class 25.2	1,995	1,827	3,735

EQUIPMENT

Mr. Skeen: There is a $1.1 million increase in equipment for fiscal year 2001. What equipment will GIPSA procure in 2001 if the budget request is approved?

Response: The majority of the increase will be for biotechnology-related testing equipment with the remainder associated with the equipment needs of the substantial increase in staff.

CIVIL RIGHTS

Mr. Skeen: Why does the GIPSA request include specific funding levels for civil rights? Does the Department still coordinate civil rights activities through the Departmental Administration area? How would the civil rights funding be used that is requested in the budget? Specifically, what proactive outreach efforts will be made if these funds are approved?

Response: The Secretary has made civil rights a priority commitment for USDA. It is USDA's goal to treat every employee and customer fairly and equitable, with dignity and respect. GIPSA is strongly committed to supporting the Secretary's goal. Although the USDA Office of Civil Rights within the Departmental Administration area provides Department-wide services, funding for civil rights is important in the GIPSA budget to continue efforts to resolving EEO discrimination complaints involving our employees. GIPSA is also focusing on improving areas of employment underrepresentation through the recruitment, hiring and retention of women,

minorities and persons with disabilities.

GIPSA will also increase outreach efforts to minority and socially disadvantaged groups through increases; support and assistance to community-based organizations.

The funding will be used to recruit and hire minorities into the workforce in order to increase cultural diversity in GIPSA.

We will also make sufficient use of increased funding for partnerships with community-based organizations, land grant and other institutions of higher education.

Additionally, GIPSA will increase or use new outreach initiatives to assist minority and limited resource customers.

U.S.- CHINA AGREEMENT

Mr. Skeen: Please explain the role GIPSA had in the Agreement on U.S. - China Agricultural Cooperation that was signed on April 10, 1999.

Response: GIPSA has been involved in the U.S. Government efforts to address China's concerns with *Tilletia controversa* [Kuhn], or TCK smut, for several years. We have participated in numerous surveys, demonstrated our sampling and analysis procedures to visiting Chinese delegations, and participated in technical discussions and interagency negotiations with China.

More recently, when USDA developed a comprehensive pest risk assessment (PRA) to quantitatively demonstrate the risk to China of introducing TCK into their domestic wheat producing areas through imports of U.S. wheat, GIPSA participated on the USDA team that formulated this science-based document.

Since the U.S.-China Agricultural Agreement was signed in April 1999, GIPSA has continued to work with the Office of the U.S. Trade Representative, the Foreign Agricultural Service, and industry groups toward its successful implementation.

This historic agreement established a science-based tolerance for TCK smut in U.S. wheat exports to China, thereby eliminating a longstanding trade barrier for wheat from the U.S. Pacific Northwest. The new tolerance, based in sound science *and* considered feasible by the U.S. grain industry, will remain in place unless and until agreement is reached that it should be changed or eliminated.

The agreement calls for a Chinese technical team to visit the United States to review the conclusions of the PRA that led to the agreed-upon tolerance. Plans are now underway for the Chinese technical team to visit the United States this Spring. The agreement also calls for GIPSA to test and certify that future shipments of wheat from the United States to China meet the tolerance. GIPSA has implemented procedures to test Chinese shipments for TCK according to the agreed-upon methodology. We will certify China's recent purchase of 50,000 tons of

wheat from the U.S. Pacific Northwest, their first since signing the agreement.

INFORMATION STAFF

Mr. Skeen: Please provide an object class table for the $350,000 increase for information staff.

Response: [The information follows:]

Object Code	Amount ($Thousands)
11 – Personnel Compensation	190
12 – Personnel Benefits	48
21 – Travel	60
25 – Other Services	10
26 – Supplies and Materials	25
31 – Equipment	17

METHODS DEVELOPMENT

Mr. Skeen: Please provide an object class table for the $1,980,000 increase for methods development.

Response: [The information follows:]

Object Code	Amount ($Thousands)
11 – Personnel Compensation	520
12 – Personnel Benefits	130
25 – Other Services	600
26 – Supplies and Materials	40
31 – Equipment	690

VALUE-ADDED TRAITS

Mr. Skeen: Please describe in further detail what the justification for analytical tests to ensure the supplier receive the financial benefits derived from producing grain with value-added traits means.

Response: The grain industry is moving toward the production of more "value-added" or "quality enhanced" grains. That is, farmers will produce grains with special qualities that enable a processor to improve the efficiency of the processing operation or increase the value of the actual end product or both. Accurate measurement of the special quality and transparent exchange of information is essential if the added value is to be shared among all market participants from farmers to end-user. GIPSA will ensure the market has the standardized testing methods so that accurate testing and transparent information exchange could occur.

Mr. Skeen: Please provide for the record what the value assurance procedures are that would ensure the preservation of a specific quality trait from farm to end-user.

Response: Value assurance procedures will involve a wide range of production, handling, and testing processes to ensure specific quality traits are preserved from farm to end-user. GIPSA plans to evaluate the market need for government standards to evaluate and certify the adequacy of commercial processes.

Mr. Skeen: What role will GIPSA play in the development?

Response: Both profit and nonprofit organizations are developing identity preservation certification systems for the commercial market. Some are asking for USDA recognition. GIPSA plans to evaluate the market need for government oversight and authorization of the I.P. certification systems.

Mr. Skeen: Would these value assurance procedures be created from whole cloth or is there already something established in this arena?

Response: If GIPSA concludes there is a market need for government oversight of I.P. certification systems, GIPSA will build on the current systems and work to achieve a market consensus for appropriate performance standards.

BIOTECHNOLOGY

Mr. Skeen: What does the justification mean by "biotechnology is being applied to produce a new generation of disease?

Response: The sentence in its entirety states: "Biotechnology is being applied to produce a new generation of disease and pest resistant grains such as Roundup Ready soybeans and Bt corn."

BIOTECHNOLOGY REFERENCE FACILITY

Mr. Skeen: Please describe in further detail the proposal to develop a biotechnology reference facility. What do you mean by the term "facility" in this proposal?

Response: The United States Department of Agriculture (USDA), under the authority of the United States Grain Standards Act, 7 U.S.C. 71 et. seq., (USGSA), will establish a reference facility (i.e., laboratory) at GIPSA's Technical Center in Kansas City, MO. The laboratory will be used to evaluate and verify the validity of existing analytical procedures applied to the detection and quantitation of bioengineered traits in grains and oilseeds. The laboratory will establish sampling procedures for use in testing bioengineered grains and oilseeds. These standardized sampling and testing methods will be implemented through GIPSA's inspection program. Finally, the laboratory will accredit qualified private laboratories to provide actual biotechnology testing services. GIPSA's process for providing assurance of the competence of its accredited laboratory(ies) will include a review of the laboratory's organizational structure; personnel qualifications; equipment and facilities; equipment calibration and maintenance procedures; quality control program; record keeping procedures; availability and use of operational/quality manuals; content and quality of actual test reports; testing conditions, methods and procedures; sample handling and selection procedures; an on-site inspection the laboratory's equipment and facilities; a performance evaluation, and a mandatory proficiency testing program to verify laboratory performance over time.

Mr. Skeen: What is the cost to develop a biotechnology reference facility?

Response: GIPSA is renovating space in an existing building (i.e., GIPSA's Technical Services Division in Kansas City, Missouri) for the biotechnology reference laboratory.

ECONOMETRIC MODELS

Mr. Skeen: How much of the $1.2 million increase for packers and stockyards would go to developing econometric models?

Response: Approximately one-third is expected to be used to develop econometric models. The overall initiative to help identify anti-competitive behavior and the competitive implications of contract livestock production addresses complex issues that are important to examining the competitiveness of firms and markets in the meatpacking industry. An ongoing effort will be needed to develop methodology, databases, and analyses to effectively monitor competitive behavior and the competitive effects of structural changes in the meatpacking industry. Much of the work for this initiative will be conducted in cooperation with universities and other institutions. It is anticipated that some individual projects will focus on either the development of econometric models or

the examination of economic variables associated with production and marketing contracts, but that some will address both aspects. The final determination of the proportion of the $1.2 million that will go to each area will be made after discussion of research interests with persons at various institutions.

PRODUCTION AND MARKETING CONTRACTS

Mr. Skeen: How much of the $1.2 million increase for packers and stockyards would go to examining economic variables associated with production and marketing contracts?

Response: Approximately two-thirds is expected to be used to examine economic variables associated with production and marketing contracts. The overall initiative to help identify anti-competitive behavior and the competitive implications of contract livestock production addresses complex issues that are important to examining the competitiveness of firms and markets in the meatpacking industry. An ongoing effort will be needed to develop methodology, databases, and analyses to effectively monitor competitive behavior and the competitive effects of structural changes in the meatpacking industry. Much of the work for this initiative will be conducted in cooperation with universities and other institutions. It is anticipated that some individual projects will focus on either the development of econometric models or the examination of economic variables associated with production and marketing contracts, but that some will address both aspects. The final determination of the proportion of the $1.2 million that will go to each area will be made after discussion of research interests with persons at various institutions.

BUDGET INCREASE

Mr. Skeen: Provide an object class table for the $1.2 million increase for this request.

Response: [The information follows;}

Object Code	Amount ($Thousands)
11 – Personnel Compensation	230
12 – Personnel Benefits	46
21 – Travel	124
25 – Other Services	700
31 – Equipment	100

ANTI-COMPETITIVE BEHAVIOR

Mr. Skeen: Are any funds currently being targeted to identify anti-competitive behavior and to examine competitive implications of contract livestock production? If so, how much?

Response: In fiscal year 2000, GIPSA has $636,000 budgeted for competition activities. We regard virtually all of these funds as being targeted to investigate potential anti-competitive behavior in the livestock, meat, and poultry industries. Of this amount, $600,000 supports competition activities in GIPSA's Denver and Des Moines regional offices, which have primary responsibility for competitive issues affecting the cattle, hog, and sheep and lamb industries. Competitive issues surrounding marketing agreements, forward contracting and packer ownership of livestock are of major concern to GIPSA, and account for about 20 to 30 percent the budget for competition activities.

COMPETITIVE STRUCTURE OF POULTRY INDUSTRY

Mr. Skeen: According to the justifications, much of the work to examine the competitive structure of the poultry industry will be done outside of the agency, how much of the work do you project to be done outside of the agency?

Response: In response to your question, much of the work examining the competitive structure of the poultry industry will be done outside the agency using cooperative agreements with universities and other institutions. The agency will focus its efforts on developing tools that aid in identifying, investigating and preempting opportunities within the current competitive structure for unfair, deceptive and discriminatory behavior. The agency currently has two cooperative agreements that were signed in FY1999, worth $132,216 in total. They examine grow-out contract design issues and the effect of geography on the competition among live poultry dealers for poultry grower services. The agency is requesting an additional $400,000 in FY2001 for other institutions to examine issues relating to the competitive structure of the poultry industry. Work within the agency will concentrate on examining the implementation of grow-out contracts, in particular identifying opportunities within current contracts for unfair, deceptive and discriminatory behavior and analyzing regulatory remedies to preempt to opportunities.

Mr. Skeen: Which universities and other institutions would be used to conduct this work?

Response: It is not known at this time which universities and institutions will be used to conduct this work, although it likely will include institutions that have experience examining the poultry industry.

Mr. Skeen: Provide an object class table for the $800,000 increase to examine the poultry industry.

Response: [The information follows:]

Object Code	Amount ($Thousands)
11 – Personnel Compensation	136
12 – Personnel Benefits	28
21 – Travel	100
25 – Other Services	400
31 – Equipment	136

RAPID RESPONSE TEAMS

Mr. Skeen: How much is GIPSA currently spending on rapid response teams?

Response: To date, GIPSA has spent $78,161.

Mr. Skeen: How many GIPSA staff are dedicated to rapid response in fiscal year 2000 and how many do you propose to dedicated to rapid response in fiscal year 2001?

Response: In fiscal year 2000 we have put together rapid response teams on an as needed basis, but none are dedicated at this time. We have requested 12 staff years for rapid response teams within GIPSA for fiscal year 2001.

Mr. Skeen: Provide an object class table for the $1.3 million increase for rapid response.

Response: [The information follows:]

Object Code	Amount ($Thousands)
11 – Personnel Compensation	645
12 – Personnel Benefits	161
21 – Travel	200
25 – Other Services	170
31 – Equipment	124

Mr. Skeen: What grade level do you expect to fill the positions for the rapid response team at?

Response: We expect the rapid response teams to include grades GS-11/12 & 13.

Mr. Skeen: Please provide any examples of how rapid response has been used.

Response: July 1999 - Sioux Falls, Brookings and Mitchell, South Dakota -- Respond to concerns of cattle and hog producers that packers allegedly violated the Packers and Stockyards Act when South Dakota's mandatory livestock price reporting law took effect on July 1, 1999. The portion of the law prohibiting packers from discriminating prices paid for livestock was declared unconstitutional by a U.S. District Court on July 26, 1999. An investigation was completed by GIPSA's Denver regional office, and is under review at GIPSA headquarters.

September 1999 - Kirksville, Marshall, Maryville and Mexico, Missouri -- Respond to livestock producers' concerns that packers may have violated the Packers and Stockyards Act when Missouri's new mandatory livestock price reporting law took effect on August 28, 1999. Enforcement of the Missouri law is presently held in abeyance pending a Federal court decision on its constitutionality, but the law initially generated a considerable amount of controversy and misunderstanding among producers and the packing industry. Swift action by the Rapid Response Team enhanced communication among GIPSA, the state of Missouri, producers, and the packing industry. Possibly as a result of the pro-active actions of the Rapid Response Team, no violations of the Packers and Stockyards Act and regulations were found.

November 1999 - Excel, Wichita, Kansas -- Respond to an issue concerning two Excel plants that were harvesting kidneys before carcasses were weighed on the hot weight scale, resulting in carcass weight being short about 2 pounds per carcass. Excel made $710,791 in restitution to its feedlot suppliers, who were expected to reimburse their customers.

January 2000 - Tecumseh, Nebraska -- Respond to complaints concerning a broiler processor that ceased operations on January 14, 2000, owing 29 poultry growers $461,619 for unpaid poultry obtained under a poultry growout contract. A team of Packers and Stockyards investigators was immediately dispatched to the plant to marshal trust assets, determine who was unpaid, and assist them in filing trust claims under the Packers and Stockyards Act. Emergency funding of operations under a bankruptcy court order was agreed to, allowing for the purchase of feed and for processing of chicks on hand to continue until all birds have been processed. All valid trust claims, calculated to total $250,820 will be fully funded.

February 2000 - Jackson, Mississippi -- Respond to poultry growers' concerns of unfair treatment under the Packers and Stockyards Act as a result of complaints made by poultry growers about changes to their growout contracts. The poultry firm's management and grower representatives negotiated amendments to the original contract offer that improved grower pay and addressed other grower concerns. Most growers have signed negotiated contract.

February 2000 - Paxinos, Pennsylvania -- A packer ceased operations in February 2000, owing approximately $175,000 for livestock. An immediate investigation resulted in sellers receiving payment in full without further delay and/or litigation expense to collect the amounts owed

February 2000 - Williston, North Dakota -- The investigation concerns the proper payment for leased livestock sold at auction. The investigation is pending.

February 2000 - Blackfoot, Idaho -- An auction market operated without the required surety bond. The Rapid Response Team worked with the auction market and its surety company to immediately reinstate the bond before further sales were held. The investigation is continuing.

SWINE CONTRACT LIBRARY

Mr. Skeen: How did GIPSA determine the cost to establish a swine contract library to be $400,000? Please provide any documentation for the record that supports that amount.

Response: The Agency requests $400,000 per year for activities associated with implementing the proposed regulations. Four additional staff years will be needed to collect the data, verify its accuracy and completeness, develop and maintain databases, summarize, report, and analyze the data. Staff also will answer questions from the public and analyze the data for possible investigations under the Packers and Stockyards Act.

Activities associated with the swine contract library will include receiving, reviewing and analyzing contracts to distill information for our home page on the Internet and related GIPSA recordkeeping. These activities will also include monitoring and reviewing packer monthly reports to assure completeness, consistency, and accuracy. Staff will answer questions from packers and from users of our home page on the Internet, and be involved in compliance issues such as investigations and plant visits. Additional activities will involve statistical analysis of the data on the monthly reports to determine ways to improve the quality of the reporting process, increase the usefulness of the information released to the public, and assess potential investigative uses of the data. We anticipate development of additional outreach and other public information activities related to the new program. Our projected additional costs include additional communication costs, travel expense for plant visits for monitoring, training, additional office supplies, and computer hardware and software acquisition and maintenance, in addition to the four staff years.

Object code table for the $400,000 increase for the swine contract library.

Object Code	Amount ($Thousands)
11 – Personnel Compensation	220
12 – Personnel Benefits	55
21 – Travel	25
26 – Supplies and Materials	40
31 – Equipment	60

Mr. Skeen: According to the justification statement for the swine contract library, the term "additional staff will be required" is used twice; yet, there is no request for additional staff years. How many additional staff will be needed to carry out this work? Will this item require additional staff?

Response: Four additional staff years will be needed for the activities associated with implementing and operating the swine contract library.

Mr. Skeen: The Secretary of Agriculture received $4.7 million in fiscal year 2000 to carry out the new mandatory price reporting law that was included in the fiscal year 2000 appropriations act. Did the GIPSA submit any request to the Department for the use of those funds? If so, when was the request made? Please submit for the record the request made to the Department for fiscal year 2000 mandatory price reporting funds.

Response: GIPSA chose not to submit a request to the Department for the use of those funds. We believe we have the necessary resources in FY 2000 to draft and finalize a regulation for the hog contract library and start collecting contracts from pork slaughterers. The bulk of the additional personnel will be required at the beginning of FY 2001. Therefore, we are requesting the additional funding and staff for FY 2001.

NEW USER FEES

Mr. Skeen: At what stage of the process is the legislation to initiate new user fees for GIPSA? When will the administration submit proposed legislation for new user fees for GIPSA?

Response: The legislation was cleared through the Office of Management and Budget and was forwarded to Congress in May of 1999.

Questions Submitted by Ms. Kaptur

FY 2001 Budget

Grain Inspection, Packers, and Stockyards Administration

GENETICALLY MODIFIED FOODS

Ms. Kaptur: Secretary Dunn, the testimony of the agencies under you jurisdiction is the most comprehensive I believe we have heard from agencies of USDA on the subject of genetically modified foods. I know you have been giving this issue a great deal of thought, and while the issue of whether or not to require labels is before the Congress, people are wondering about the safety of their food supply. Based upon the report that was done for you, could you outline for us the main concern you have about the ability to test for and verify that a food is or contains genetically modified organisms, the standards that are used to identify a food as genetically modified, the skills among existing personnel or what work would be needed to train personnel to deal with this issue?

Response: The prevailing methods for detecting the presence of biotechnology-derived products are the Polymerase Chain Reaction (PCR) and Enzyme-Linked Immunosorbent Assay (ELISA) analytical methods. The PCR technology is widely used throughout the world, and while the exact analytical method may vary from laboratory to laboratory, the scientific principle is the same. The ELISA technology is also used throughout the world for a variety of purposes, including the detection of biotechnology-derived products. Although the PCR and ELISA tests are based on fundamentally sound science, no country or organization has developed a formal standardization or verification of performance process for these methods. Without standardized and validated testing methods, quantification of the amount of genetically-engineered grain in a shipment is very difficult. The performance of PCR analysis requires skilled personnel and a special laboratory, ELISA testing is much better suited for the field or market.

GIPSA is responding to the need for standardized and validated testing methods by establishing the biotechnology reference facility at its Technical Services Division in Kansas City, Missouri. The Agency is currently in the process of hiring a project leader, a laboratory operator, and several technicians. The Agency currently has a microbiologist on staff.

APHIS reviews data provided by petitioners conducting multi-year field trials of genetically-modified crop plants. The environmental assessment addresses the impacts on "human health and the environment," including impacts to food safety for humans and animals. The information from its regulatory review of biotechnology-derived products is shared with the Food and Drug Administration (FDA) and (GIPSA) who have specific mandates for food safety and grain quality, respectively.

Ms. Kaptur: Can you provide for us some type of chart that shows the line responsibilities for AMS, APHIS, and GIPSA in dealing with this issue? Who would be in charge?

Response: Under the authority of the United States Grain Standards Act, 7 U.S.C. 71 et. seq., and in accordance with the Agency's mission to facilitate the marketing of grains, oilseeds, and related agricultural products, GIPSA will establish a biotech reference laboratory. The laboratory will be charged with standardizing processes to verify performance of commercially available analytical tests for biotechnology-derived grains and oil seeds.

APHIS reviews provide detailed analysis of potential agricultural and environmental impacts, rather than food safety impacts (except in the broad sense that food safety to humans and animals is considered in environmental assessment), but shares information from its regulatory review of biotechnology-derived products with the Food and Drug Administration (FDA) and GIPSA, who have specific mandates for food safety and grain quality, respectively.

Ms. Kaptur: To your knowledge, what studies have been done to date that outline the risks and concerns of genetically modified foods? Have these studies been verified, modified, or contradicted by subsequent works?

Response: To date, GIPSA has focused on testing methodologies for determining whether or not grains and oilseeds are genetically modified. We have not evaluated the risks attributed to or the food safety concerns associated with genetically modified food. Such work is done by FDA.

APHIS supports work with other Federal Agencies with responsibilities for the oversight of biotechnology as identified in the 1986 Coordinated Framework for crosscutting issues with respect to the technology. For example, APHIS supported the EPA and FDA major international workshop on biotechnology-derived products and implications for allergenicity.

Additionally, in early April of 2000, The National Academy of Sciences published a report on crops that are genetically engineered and found no evidence that food on the market are unsafe to eat as a result of genetic modification.

Ms. Kaptur: To the extent that you are seeking funds to develop new biotechnology testing methods, analytical tests, and greater quality assurance procedures, how long do you think it will be before this work is completed and we have such verifiable tests and procedures in place?

Response: GIPSA plans to begin the process of evaluating test methods and accrediting laboratories during the summer of 2000. Limited qualitative test methods should be available by the 2000 corn and soybean harvest. Additional research and

development are required to standardize adequately any quantitative testing. This research will occur during FY 2001.

Ms. Kaptur: Have there been any testing methods or analytical tests developed by other nations that you believe to be good and reliable?

Response: The European Commission, Joint Research Center (JRC) has been very involved in evaluating both Polymerase Chain Reaction (PCR) and Enzyme-Linked Immunosorbent Assay (ELISA) analytical methods, the prevailing methods for detecting the presence of biotechnology-derived products. The JRC has conducted laboratory analytical trials involving both of these technologies and has approved select PCR and ELISA tests for use in the European Union (EU). The PCR technology is widely used throughout the world, and while the exact analytical method may vary from laboratory to laboratory, the scientific principle is the same. The ELISA technology is also used throughout the world for a variety of purposes, including the detection of biotechnology-derived products. A few ELISA tests have been developed for select Bt corn varieties and glyphosate-tolerant soybeans. GIPSA has also heard that new tests are being developed in the U.S. and in other nations and fully expects additional tests to be introduced in the near future.

The PCR and ELISA tests are based on fundamentally sound science, and the EU has evaluated some PCR and ELISA tests. However, no country or organization has developed a formal standardization or verification of performance process. To meet this need, GIPSA is establishing a biotechnology reference laboratory. The biotechnology reference laboratory will work with the life science organizations, test kit manufacturers, and analytical laboratories to establish a program to verify performance of these tests for genetically-derived grains and oil seeds.

Ms. Kaptur: GIPSA wants to develop a biotech reference facility. Given all of the research work that has been done on biotechnology over the years, how will this work be integrated, including the research and materials that may be held by ARS, our Land Grant Institutions, the National Agricultural Library, and other appropriate federal agencies?

Response: The GIPSA Biotechnology Reference Facility will focus on establishing standardization processes to verify performance of commercially available analytical tests for biotechnology-derived grains and oil seeds. This facility will depend on and utilize the research that has been conducted by ARS, universities, and other Federal Agencies in developing appropriate evaluation and verification procedures.

FINAL RULE

Ms. Kaptur: You referenced the regulations you published about non-reporting of price as a condition of purchase or sale of livestock. The comment period closed a year ago, and you have received and analyzed eighteen comments. This seems to be a small number of comments, and something that should not hold up a final rule. When do you

intend to publish the final rule and what intermediate steps do you still have to take before publishing the rule?

Response: The 18 comments to the Advance Notice of Proposed Rulemaking provided information and anecdotal evidence, but did not provide much evidence to substantiate on-going complaints from livestock producers about non-reporting of price as a condition of purchase or sale of livestock. Thus, we performed additional analyses to build on the record justifying the prohibition of non-reporting of price as a condition of purchase or sale of livestock. During this time, mandatory price reporting was implemented in the Livestock Mandatory Reporting Act (7 U.S.C. § 1635). As a result, GIPSA revisited the need for and the advisability of the proposed rule and determined that we still need to prohibit these conditions.

COOPERATIVE RESEARCH AGREEMENTS

Ms. Kaptur: You also mentioned five cooperative research agreements that you have signed regarding competitive conditions in markets. With whom are those agreements, and what is the timeframe for completion of this work?

Response: In FY1999, we entered into five cooperative research agreements with several universities, and to date in FY2000 we have entered into one other involving the University of California at Davis and USDA's Economic Research Service. A brief description and estimated completion date for each follows.

A New Direction for Assessing Market Power in the Beef Packing Industry, conducted by Lynn Hunnicutt, DeeVon Bailey, and Quinn Weninger, Department of Economics, Utah State University.

This project will assess possible use of market power by beef packers using a non-traditional model based on such factors as plant throughput utilization rates and examine data collected by GIPSA for a recent investigation of fed-cattle procurement in the Texas Panhandle. The project is scheduled for completion in October 2001.

An Analysis of the Effects of Captive Supply in Fed Cattle Marketing in the Texas Panhandle, conducted by David Bessler, Department of Agricultural Economics, Texas Agricultural Experiment Station (Texas A&M University).

This project will follow up on analyses conducted by economists at the University of Nebraska and Iowa State University as part of GIPSA's recent Texas Panhandle fed-cattle investigation. It will examine whether use of existing inventories of cattle that are committed to packers through forward sales agreements (commonly referred to as captive supplies) before the animals are ready for slaughter resulted in lower spot market prices during the February 1995-May 1996 period covered by the Texas investigation. The new study will use a different methodology, directed graphs, which is an analytical tool that has not previously been used for this purpose. The project also will assess whether this

new analytical tool may be used to evaluate whether captive supplies of beef cattle have a long-run effect on spot market prices. The project is scheduled for completion in June 2000.

Economic Effects of Regulating Broiler Contracts, conducted by Tomislav Vukina, Department of Agricultural and Resource Economics, North Carolina Agricultural Research Service (North Carolina State University).

This project will examine the economic effects on contract growers and integrators of alternative compensation methods (rather than basing payment on a grower's performance relative to other growers' performance); the distribution between growers and integrators of business risks associated with different layout times between flocks; and the effects of different asset requirements imposed on growers. This project is scheduled to be completed in September 2001.

The Market for Poultry Grower Services: Dimensions and Market Power Exertion, conducted by Victoria Salin and Alan Love, Department of Agricultural Economics, Texas Agricultural Experiment Station (Texas A&M University).

This project will begin to examine relevant markets for broiler grower services and test for possible use of market power in the procurement of such services. The study will attempt to determine if and how competition by competing integrators influences the terms of contracts offered by an integrator in a given market area. The project is scheduled for completion in September 2001.

Competitive Bidding in Simulated Auction Markets, conducted by Dale J. Menkhaus and Owen R. Phillips, Department of Agricultural and Applied Economics, University of Wyoming.

This project will examine possible collusive behavior in auction markets. The study will provide information about bidding behavior in a controlled setting in order to gain insights about expected behavior in actual markets. The project is scheduled for completion in September 2000.

Competitiveness of the Bidding Process for Live Cattle in the Texas Panhandle Region, conducted by Richard J. Sexton and Mingxia Zhang, University of California, Davis; and James MacDonald from the USDA's Economic Research Service.

This project will develop and test a theory based on spatial market analysis of the impact of forward sales on the cash market price for live cattle. It will provide a conceptual and empirical investigation of the bidding methods used in the Texas Panhandle region to determine whether the current structure works to the disadvantage of sellers and reflects collusive practices by buyers. The researchers will also develop spatial models of oligopsony to study the role of forward sales, and test the model empirically. The project is scheduled for completion in September 2001.

COMPETITIVE STRUCTURES IN LIVESTOCK AND POULTRY INDUSTRIES

Ms. Kaptur: You are requesting $2 million for studies of competitive structures in the livestock and poultry industries. Who will conduct these studies, and what is the timeframe before their completion?

Response: Some of this work will be done in cooperation with universities and other institutions that are playing leading roles in developing models of the type essential to analyzing competition in the current livestock, meatpacking, and poultry industries. Cooperative agreements of this type are typically completed within one to two years of their start.

Ms. Kaptur: Who supports and who opposes such studies?

Response: Support for this type of research and analysis is broad-based. Many industry and producer groups are concerned about the issues these studies address. The knowledge gained from studies such as these will allow GIPSA to enforce the Packers and Stockyards Act more effectively.

SUFFICIENT AUTHORITY

Ms. Kaptur: There is an issue as to whether or not you have sufficient authority to deal with the kinds of complaints that come to you regarding contracting practices, particularly in the poultry industry. Over the past year, what clarifications have you received regarding how you can more effectively use the authority you already have?

Response: GIPSA received no further clarification during the past year regarding how it can more effectively use the authority it already has in dealing with contracting practices in the poultry industry. Existing regulations address the types of information packers must provide to seller of livestock regarding purchase contracts.

H.R. 2829

Ms. Kaptur: You know that I have introduced HR 2829 in response to the belief that you do not have sufficient enforcement authority to deal with complaints in the poultry industry. From you perspective, if enacted, what would this bill allow you to do that you cannot do at the present time?

Response: Enactment of the administrative authority provisions of H.R. 2829 will provide more uniform application of the provisions of the Packers and Stockyards Act. Some of the violations GIPSA finds with poultry firms involve conduct which, although in violation of a federal law, does not measure up to the types of cases typically handled by the Department of Justice. The Department of Justice places a lower priority on these cases, resulting in lengthy delays in prosecution, or in some cases, no prosecution at all.

Granting GIPSA the authority to pursue all alleged poultry firm violations of the Packers and Stockyards Act will result in increased compliance. Administrative authority over poultry firms sends a clear message to the poultry industry that GIPSA now has the tools close at hand to enforce the Packers and Stockyards Act. The potential for administrative enforcement and assessment of civil penalties will cause poultry firms to keep a closer watch on their conduct to be certain that even the minor violations are avoided.

POULTRY COMPLAINTS

Ms. Kaptur: Have the number of complaints from poultry growers about unfair practices by the poultry integrators been increasing in recent years?

Response: Yes, this may be due to Packers and Stockyards Programs increased enforcement activity in the poultry industry. This may also be due to Packers and Stockyards Programs increased participation in poultry industry meetings and the establishment of an 800-hotline number.

Ms. Kaptur: What are the nature of the complaints?

Response: Recently, GIPSA has received a large number of complaints from growers in Mississippi that a particular poultry integrator was trying to force a new unfriendly contract on them. The integrator finally modified the proposed contract so that it was acceptable to the growers. Other complaints include:

Complaint: Contract termination -- Contracts are terminated for various reasons. The complaints most often received are for poor performance. Many growers complain that their performance can be influenced by inputs supplied by the integrator and which they have no control over. For these reasons the grower can be placed on probation and have their flock density reduced and overall payment reduced at no fault of their own. Often growers who grow birds in old conventional houses are forced to compete with growers who grow birds in new cool cell/tunnel fitted houses. The conventional house growers not only perform worse but this can lead to being placed on probation and eventually contract termination. Many growers complain that they are being forced to upgrade their houses from conventional to cool cell/tunnel houses or face contract termination. Upgrading conventional houses cost thousands of dollars that may never be recovered by the grower.

Poultry growers think the contracts are unfair because they are written very one-sided in favor of the integrator. The grower doesn't believe he is getting paid as much as he should. Growers who claim the contract terms are not correctly applied to their settlements often contact GIPSA.

Complaint: Chick placement -- Growers complain about receiving large numbers of cull chicks that die early or do not grow-out and hurt the flock performance. Many other growers complain that they do not get the number of chicks charged to their flocks.

Complaints are often received alleging the integrator has reduced the density (number of chicks per square foot) less than promised when the cash flow calculations were made. Lower density results in fewer birds per house, less pounds of meat, and less settlement payment. Growers complain of excessive layout time caused by the integrator (time between the last flock picked up and the next flock placed). The less flocks per year, the less pounds of meat per year and the fewer dollars generated by the farm. Another complaint received from growers involves receiving flocks of inferior chicks. Growers who receive inferior chicks who are required to compete against growers who receive higher quality chicks will perform worse, make less money and be financially disadvantaged at no fault of their own.

Complaint: Feed -- Growers complain often that they are charged for more feed than they receive. The growers cite handwritten feed tickets and feed trucks with leaking truck bins. Growers complain that the feed left over after the grow-out is under estimated. This can result in a higher flock cost, a worse performance and less settlement pay.

Complaint: Weight -- Growers complain about the large variance in tare weights, preset tare weights, inaccurate tare weights and hand written tare weights on scale tickets. Complaints are received about the accuracy of weighing live birds. Complaints are received alleging birds are pre-shrunk prior to weighing, some scale tickets are hand written, and weights are manipulated by the weighmaster during weighing. Other complaints include the catching crews damaging property, abusing the grower's facility, abusing the grower and the birds.

POULTRY INVESTIGATION WORK

Ms. Kaptur: The GIPSA budget submittal calls for an additional $800,000 for poultry investigation work. Explain how you intend to use those funds.

Response: GIPSA's budget submittal includes an additional $800,000 to assess the competitive characteristics of markets for poultry grower services. The project will develop basic information about the structure and competitive conditions associated with the market for grower services. It will examine geographic distributions of growers around integrators' facilities; production and transportation costs; entry and exit conditions; contract terms (e.g., length of contracts, integrator and grower responsibilities, supervision provided, method of determining compensation); and general grower-integrator relationships (e.g., distance between growers and integrators, number of integrators growers have contracted with, length of tenures and waiting lists, and efforts to find new growers). It will also examine how contract terms are implemented, such as which chicks are assigned to which growers, feed weighing arrangements, and measurement of factors used in settlements (e.g., specification and application of objective versus subjective standards, methods of grouping growers for settlements, and uniformity of services provided by integrators).

The project will provide fundamental information about the relevant markets for grower services and address questions such as whether treatment of growers varies among integrators and among growers of a particular integrator. We have long focused our attention on contract disputes. This project will begin to examine the underlying competitive conditions in the market for grower services. Some of the work for this project will be done in cooperation with universities and other institutions that are playing leading roles in developing models of the type essential to analyzing competition in the poultry industry.

BIOTECHNOLOGY AND GENETICALLY MODIFIED FOODS

Ms. Kaptur: You also testified about the needs you have with respect to biotechnology and genetically modified foods. Can you identify shipments of American goods that have been rejected because of concerns about GMO's, and say whether or not that concern was justified? When you claim that U.S. corn growers lost about $400 million in sales, it would be helpful for us to understand the basis for you claim.

Response: GIPSA is not aware of any specific shipments of grain that have been rejected, per se - that is, denied entry and reexported - due to the presence of biotech grain. However, there have been incidents where shipments have been temporarily detained.

In October 1999, Thai wheat importers reported finding biotech material in a shipment of U.S. wheat. The allegation was surprising, because there are no biotech varieties of wheat approved for commercial production in the United States at this time. The Thai importer was concerned because they mill the wheat, use it in seafood batter formulations, then reexport it to the European Union. Ultimately, it was determined that the wheat contained a minute quantity of biotech corn as admixture, which would be removed in the normal milling process. The shipment was accepted and processed.

We are aware of two other incidents when shipments were temporarily detained. These disruptions were due to protests staged by an environmental activist group - once in Colombia (in February 1999, coincident with Biosafety Protocol negotiations) and once in Ecuador (in January 2000). In both cases, the cargoes ultimately were accepted by the importing country.

Since the 1998/99 marketing year, the United States has lost $200 million in annual corn sales to the European Union (EU) member nations of Spain and Portugal, which traditionally accounted for nearly all U.S. corn imports to the EU. These losses are a direct result of the EU's regulatory approval process for biotech products. Under current EU regulation (Council Directive 90/220/ EEC), all agricultural products destined for release into the environment must pass an approval process. This process applies to biotech products produced within the EU, as well as to imports intended for release into the environment or that could inadvertently be introduced into the environment, such as bulk grain.

Ms. Kaptur: Can you detail for us which domestic food processors have established specific policies about GMO's and what those policies might be?

Response: Gerber and Heinz have stated that their baby foods won't have genetically modified organisms; Seagram states that its wines and spirits are GMO-free.; and Frito-Lay, a unit of Pepsi Co., is asking its growers not to plant genetically engineered corn in an attempt to try to exclude genetically modified ingredients from its products.

Ms. Kaptur: There is interest in legislative proposals, including HR 3377 introduced by Congressman Kucinich of Ohio, that would mandate labeling of genetically modified foods. Has the Department taken a position on this bill as of yet?

Response: The Department has not released a position on HR 3377.

Ms. Kaptur: Have any food companies taken it upon themselves to label something as "GMO free"?

Response: We are unaware of any U.S. food companies that have labeled their products as "GMO-free". If a company does begin to label their product as "GMO-free", authority over such labels falls within FDA.

Ms. Kaptur: Were such a claim to be made, how comfortable would you be about the validity of that claim?

Response: FDA is responsible for the labeling of foods derived from current biotech crops. With adequate production, handling, and processing controls, a food company should be able to provide reasonable assurances that a product is "GMO-free".

Ms. Kaptur: Under existing law, could you take any action against any food processor that made such a claim and was unable to substantiate the claim?

Response: The authority for labeling foods derived from grains and oilseeds resides with the Food and Drug Administration.

RAPID RESPONSE TEAMS

Ms. Kaptur: You are requesting and increase of $1.3 million, and 12 additional staff, for "rapid response teams". What sort of problems and potential violations would these teams be investigating? How would their work help producers and consumers?

Response: The kinds of problems or investigations that require rapid response teams would include large financial failures and packer or poultry trusts complaints that require quick and decisive action by the Agency to protect assets for unpaid livestock or poultry sellers. It would also include investigating competitive issues that could have a harmful

effect on small livestock producers or poultry growers. The rapid response teams would permit the Agency to act quickly with sufficient staff in order to bring the investigation to a close sooner then would otherwise be possible.

COMPETITIVE STRUCTURE OF THE POULTRY INDUSTRY

Ms. Kaptur: You are also once again requesting funding for an examination of the competitive structure of the poultry industry. What, specifically, are you proposing to study? Why do you believe these issues are important?

Response: The budget request includes an additional $800,000 to assess the competitive characteristics of markets for poultry grower services. The project will develop basic information about the structure and competitive conditions associated with the market for grower services. It will examine geographic distributions of growers around integrators' facilities; production and transportation costs; entry and exit conditions; contract terms (e.g., length of contracts, integrator and grower responsibilities, supervision provided, method of determining compensation); and general grower-integrator relationships (e.g., distance between growers and integrators, number of integrators growers have contracted with, length of tenures and waiting lists, and efforts to find new growers). It will also examine how contract terms are implemented, such as which chicks are assigned to which growers, feed weighing arrangements, and measurement of factors used in settlements (e.g., specification and application of objective versus subjective standards, methods of grouping growers for settlements, and uniformity of services provided by integrators).

The project will provide fundamental information about the relevant markets for grower services and address questions such as whether treatment of growers varies among integrators and among growers of a particular integrator. We have long focused our attention on contract disputes. This project will begin to examine the underlying competitive conditions in the market for grower services.

Due to limited data and academic institutional support, little has been done in the past to examine the competitive structure of the poultry industry. Research has not been definitive nor provided consistent results. A sustained effort will be needed to develop a solid base of knowledge to assess competitive conditions in the industry. Some of the work for this project will be done in cooperation with universities and other institutions that are playing leading roles in developing models of the type essential to analyzing competition in the poultry industry.

Questions Submitted by Mrs. Emerson

FY 2001 Budget

Grain Inspection, Packers, and Stockyards Administration

H.R. 2829

Mrs. Emerson: I am deeply troubled by the increasing concentration and consolidation in agriculture markets. This is a trend that is occurring in all areas of agriculture, such as grain handling, farm inputs such as seed and chemicals, transportation, and meat packing and processing. Fewer and fewer providers of farm inputs and fewer and fewer buyers of agricultural commodities are putting the family farmer at a disadvantage. In the poultry industry, 90 percent of broilers are produced under a contract, and in a lot of cases there is only one processor present in a region, which puts producers in the position of having to accept that company's terms and conditions. These difficult circumstances faced by producers raise a lot of questions about fairness and fair competition in the marketplace. In my Congressional District in Southern Missouri, a group of producers have gotten together to form the Heartland Poultry Growers Association. This group of growers have expressed to me many of the challenges they face as they work to make a living in this highly integrated industry.

It is my understanding that the administration has endorsed Ms. Kaptur's legislation, H.R. 2829, of which I am an original cosponsor, providing USDA with the same administrative authority over the poultry industry as it does over the beef and pork industries. Is that the case and would you please provide for the hearing record a letter to that effect?

Response: The Administration is in the process of reviewing H.R. 2829 and will provide the Congress with its recommendations as soon as the review is completed.

Mrs. Emerson: Can you explain to the Subcommittee how this legislation does not grant special privileges to poultry growers or to the poultry industry, but merely provides USDA with the very same authority it already has over the beef and pork industries? The point I would like to make, and which I would like to get your comment on, is that in terms of protection against anti-competitive and unfair practices, poultry growers currently are at a DISADVANTAGE relative to beef and pork producers. Please respond with your comments on this issue.

Response: Section 202 of the Packers and Stockyards Act protects against anti-competitive and unfair practices, as well as other illegal conduct of meat packers and live poultry dealers. Sections 203, 204, and 205 permit administrative enforcement of alleged violations by meat packers, but does not provide the same for live poultry dealers. Alleged violations by live poultry dealers must be enforced through actions commenced by the Department of Justice. Because the Department of Justice has dockets overloaded

with a multitude of different criminal cases, poultry cases often receive lower priority, resulting in delayed prosecution or withdrawal without prosecution. Poultry growers are placed at a disadvantage as a result in this slowed prosecution process. USDA believes that all livestock producers should be afforded the same protections under the Packers and Stockyards Act and that meat packers and poultry processors be subject to the same administrative enforcement authority under the Packers and Stockyards Act. If enacted, H.R. 2829 would ensure, consistent with congressional intent, that the Department's expertise in addressing unfair, unjustly discriminatory, or deceptive practices would be applied uniformly to all sectors of the meat and poultry industries.

Mrs. Emerson: What kinds of concerns do you hear from poultry growers and do you think that H.R. 2829 would help USDA address those concerns?

Response: Growers express concerns that the Department fails to take formal legal action against poultry integrators who violate the Packers and Stockyards Act. Under current authority the Department must refer violations to the Attorney General with a request for prosecution in U.S. District Court. District Court dockets are often overloaded with serious criminal cases, lengthening the time frame in which violations of the Act will be prosecuted. This added time might also mitigate any finding of possible violation on the part of a live poultry dealer, particularly if the live poultry dealer has ceased the practice for which the action is brought. Enactment of the administrative authority provisions of H.R. 2829 will provide more uniform application of the provisions of the Packers and Stockyards Act. Under those provisions all decisions and orders would be issued by the Department's Administrative Law Judges rather than by numerous Federal Judges whom seldom have direct knowledge of the poultry industry.

Mrs. Emerson: Can you explain to the Subcommittee some of the procedures and actions that the Department is prevented from taking with regard to the poultry industry, which it can take in cases involving the beef and pork industries?

Response: Section 203 of the Packers and Stockyards Act enables the Department to assess civil penalties of not more than $10,000 for each violation proven against a packer. In determining the civil penalties assessed, the Department is required to consider the gravity of the offense, the size of the business involved, and the effect of the penalty on the person's ability to continue business. If the person fails to pay an assessed penalty, the Department can refer the matter to the Attorney General who may recover the penalty by an action in the appropriate district court of the United States. Under current authority the Department is prevented from requesting or collecting civil penalties from live poultry dealers.

Section 204 of the Packers and Stockyards Act allows a packer to appeal an order made under section 203 to the Court of Appeals for the circuit in which he has his principal place of business. Section 204 enables the Department to petition the Circuit Court of Appeals to issue a temporary injunction, restraining (to the extent deemed proper) the packer and his officers, directors, agents, and employees, from violating any of the

provisions of the order pending the final determination of the packer's appeal. If the Court of Appeals affirms or modifies the order of the Department made under the provisions of Section 203, its decree operates as an injunction to restrain the packer, and his officers, directors, agents, and employees from violating the provisions of such order or such order as modified. Under current authority the Department is prevented from petitioning for the issuance of a temporary injunction restraining live poultry dealers and their officers, directors, agents, and employees, from violating any of the provisions of the Department's order pending final determination of an appeal of such order.

Section 205 of the Packers and Stockyards Act enables the Department to pursue any packer, or any officer, director, agent, or employee of a packer, who fails to obey any order of the Secretary issued under the provisions of Section 203. If convicted the Department can issue a fine not less than $500 or more than $10,000, or imprison someone for not less than six months or more than five years, or both. Under current authority the Department is prevented from issuing fines or imprisoning any live poultry dealer, or any officer, director, agent, or employee of a live poultry dealer upon conviction for failing to obey an order of the Department for violating the Packers and Stockyards Act.

Civil penalties, temporary injunctions, fines, and the power to imprison those who violate the Act and orders made under the provisions of the Act when violations are proven provide powerful deterrents to both first time and repeat violators of the Act. The absence of such authorities in relation to proven violations of the Act by live poultry dealer prevents the Department from taking formal action which may act to deter first time or repeat violators of the Act in the poultry industries.

COMPETITIVE STRUCTURE OF THE POULTRY INDUSTRY

Mrs. Emerson: Last year, you requested an increase in $750,000 for poultry compliance activities, which this Subcommittee approved. This year you are requesting $800,000 to examine the competitive structure of the poultry industry. Can you explain in further detail what you did with last year's funds and what you would do with the proposed increase this year?

Response: The $750,000 for poultry compliance activities has been used in a number of ways. We've initiated a comprehensive review of the weighing practices and scales at all of the major poultry complexes throughout the United States. GIPSA has trained our employees in methods used to conduct these weighing and compliance investigations. Further, we have implemented a more aggressive weighing procedure.

We have initiated a nationwide review of the various turkey operations and their contract compliance. We expect to complete review of nearly 70 percent of the turkey operations by the close of fiscal year 2000. These turkey operations consist of both the traditional integrated companies and operations whose purpose is to grow turkeys for slaughter by other firms.

GIPSA has increased proactive contacts with poultry industry members, including increased attendance at major poultry industry meetings and events, making many presentations about our enforcement responsibilities and activities in the poultry industry, scheduling visits with poultry growers individually and in groups to discuss their issues and concerns. We requested that major poultry companies implement company-wide policies at the corporate level consistent with our regulations, rather than at the complex level, as has been the case in the past. We have also increased, and intend to further increase our economic and legal staff to support our poultry compliance work.

By the close of fiscal year 2000 we anticipate that GIPSA employees will expend over 8,200 hours investigating poultry compliance issues of various kinds. These poultry issues are both complaint driven and agency initiated (checkweighing and contract compliance reviews). We estimate that nearly 85 percent of the total trade practice work done by the Atlanta region relates to poultry compliance.

The FY2001 submission includes an additional $800,000 to assess the competitive characteristics of markets for poultry grower services. The project will develop basic information about the structure and competitive conditions associated with the market for grower services. It will examine geographic distributions of growers around integrators' facilities; production and transportation costs; entry and exit conditions; contract terms (e.g., length of contracts, integrator and grower responsibilities, supervision provided, method of determining compensation); and general grower-integrator relationships (e.g., distance between growers and integrators, number of integrators growers have contracted with, length of tenures and waiting lists, and efforts to find new growers). We will also examine how contract terms are implemented, such as which chicks are assigned to which growers, feed weighing arrangements, and measurement of factors used in settlements (e.g., specification and application of objective versus subjective standards, methods of grouping growers for settlements, and uniformity of services provided by integrators).

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Due to limited data and institutional support, little has been done to examine the competitive structure of the poultry industry. A sustained effort will be needed to develop a solid base of knowledge to assess competitive conditions in the industry. Some of the work for this project will be done in cooperation with universities and other institutions that are playing leading roles in developing models of the type essential to analyzing competition in the poultry industry.

[The budget justifications for Marketing and Regulatory Programs follow:]

AGRICULTURAL MARKETING SERVICE

PURPOSE STATEMENT

The mission of the Agricultural Marketing Service (AMS) is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace, to the benefit of producers, traders, and consumers of U.S. food and fiber products This mission is carried out through eight broad activities that encompass a wide range of programs. AMS programs promote a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and technologies About seventy percent of the funds needed to finance AMS activities are derived from voluntary user fees. AMS provides services for private industry, State, and Federal agencies on a reimbursable basis, primarily in connection with the commodity grading programs.

The eight activities are: (1) market news; (2) standards, grading, and shell egg surveillance; (3) market protection and promotion; (4) wholesale market development; (5) transportation services; (6) payments to states and possessions; the (7) Perishable Agricultural Commodities Act program; and (8) strengthening agricultural markets and producer income (Section 32).

1. Market News Service:

The market news program is carried out under the following authorities:

. Agricultural and Food Act of 1981 (as amended by Food Security Act of 1985)
Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
Livestock Mandatory Reporting Act of 1999
Naval Stores Act
Tobacco Inspection Act of 1935
U.S. Cotton Futures Act
Peanut Statistics Act

The market news service is funded by appropriations for all but printed reports. AMS collects, analyzes, and disseminates market information for numerous agricultural commodities, including cotton and cottonseed; dairy products; fruits and vegetables; livestock, meat, grains and wool; poultry products and eggs, and tobacco. Market information covers local, regional, national, and international markets and includes current data on supply, movement, contractual agreements, inventories, and prices for all agricultural commodities. Market news reports provide producers and marketers of farm products and those in related industries with timely, accurate, and unbiased market information. Utilizing market news information assists in making the critical daily decisions of where and when to sell, and at what price.

Federal and State reporters obtain market information at trading points or by telephone. AMS staff analyzes and immediately disseminates compiled market information to the agricultural community, academia, and other interested parties by data networks, automatic telephone answering devices, facsimile machines, printed reports, radio and television, Internet, and newspaper columns. National information is integrated with local information and released in a form easily understood by the industry and locality served. AMS standards are used as the basis for reporting commodities. Subscription fees are charged for facsimile reports and mailed reports with the exception of tobacco mailed reports, which are free to producers as authorized by the Tobacco Inspection Act of 1935.

2. Standardization, Grading, and Shell Egg Surveillance:

These programs are carried out under the following authorities:

Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
U.S. Cotton Futures Act
United States Cotton Standards Act
Naval Stores Act
Tobacco Inspection Act of 1935
Tobacco Statistics Act
Wool Standards Act
Dairy and Tobacco Adjustment Act of 1983
Egg Products Inspection Act

Standardization and grading activities facilitate the domestic and international marketing of agricultural commodities. To facilitate the marketing of consumer grade eggs, the Shell Egg Surveillance Program ensures that eggs moving in commerce contain no more "restricted" eggs than are permitted in U.S. Consumer Grade B.

a. Standardization: AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition for use in the trading of agricultural commodities. These standards provide a common language for buyers and sellers of commodities both here and abroad to use in marketing commodities. AMS standards constitute the basis for market reporting. These standards are used in grading cotton, milk and dairy, eggs, fruits, livestock and meat, nuts, tobacco, poultry, and vegetables products. Grading fees provide revenue to fully fund the costs of this program.

b. Grading: The grading process involves the voluntary application of quality standards to agricultural commodities. AMS provides grading and certification services for agricultural commodities for which developed standards are available. In addition, AMS provides acceptance and condition inspection services for all agricultural commodities upon request. These services facilitate marketing by permitting purchasers to buy commodities without having to personally inspect them and by providing an impartial evaluation of the quality of products prior to their sale. AMS certification services provide assurance to buyers that the products they receive are the quantity and quality specified in their contract with the seller. AMS certificates can be used as evidence of quality and condition in a court of law to settle trade disputes. Production and quality control system audits are new services performed by AMS which reduce costs and assist the industry in marketing products under brand names. Grading, certification, and auditing activities are performed by Federal employees and Federally-supervised State employees. Grading fees provide revenue to fully fund the cost of this program.

c. Shell Egg Surveillance: In cooperation with the State departments of agriculture, shell egg handling operations are inspected at least four times yearly and hatcheries are inspected at least once yearly to control the disposition of certain types of undergrade and restricted eggs. Eggs which cannot be sold in shell form must be delivered to egg breaking plants. Funds for the Shell Egg Surveillance program are appropriated.

3. Market Protection and Promotion:

AMS administers programs under several laws that authorize the collection of pesticide use and residue information, ensure proper marketing practices, stimulate innovative and improved commodity marketing, and provide assistance to industry-sponsored activities.

In the administration of market protection and promotion activities the Agricultural Marketing Service operates under the following authorities:

Agricultural Marketing Act of 1946
Capper Volstead Act
Cotton Research and Promotion Act
Commodity Promotion, Research, and Information Act of 1996
Egg Research and Consumer Information Act
Export Apple Act
Export Grape and Plum Act
Federal Seed Act
Food Quality Protection Act of 1996
Plant Variety Protection Act
Potato Research and Promotion Act
Dairy Production Stabilization Act of 1983
Honey Research, Promotion and Consumer Information Act
Beef Promotion and Research Act of 1985
Pork Promotion, Research and Consumer Information Act of 1985
Watermelon Research and Promotion Act
Soybean Promotion, Research and Consumer Information Act
Mushroom Promotion, Research and Consumer Information Act of 1990
Fluid Milk Promotion Act of 1990
Organic Foods Production Act of 1990
Food, Agriculture, Conservation and Trade (FACT) Act of 1990
Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993
Popcorn Promotion, Research, and Consumer Information Act
National Kiwifruit Research, Promotion, and Consumer Information Act

a. Pesticide Recordkeeping Program. The pesticide recordkeeping program is authorized by the Food, Agriculture, Conservation and Trade (FACT) Act of 1990. This program established Federal regulations requiring certified applicators to maintain records of federally restricted use pesticide applications. In addition, the Act also requires that records be surveyed to provide a database on the use of federally restricted used pesticides. The pesticide recordkeeping program is funded by appropriation.

A Memorandum of Understanding signed by the AMS, the National Agricultural Statistics Service (NASS), and the Environmental Protection Agency (EPA) designated the responsibilities and roles of each agency pertaining to record surveys and reporting on restricted pesticide usage. AMS designates authority to monitor compliance with the recordkeeping requirements through cooperative agreements with State pesticide regulatory agencies. AMS utilizes federal inspectors in those States under the Federal regulations who do not enter into cooperative agreements. The accuracy of restricted use pesticide data will be enhanced by good recordkeeping practices by certified applicators. AMS uses information obtained during NASS pesticide-usage surveys as one indicator of the degree of compliance with recordkeeping requirements.

b. Pesticide Data Program. The Pesticide Data Program (PDP), established under authority of the Agricultural Marketing Act of 1946 and the 1996 Food Quality Protection Act, develops and communicates comprehensive, statistically-reliable information on pesticide residues in food to improve Government dietary risk assessment procedures. Data are provided on a continual basis to the EPA for use in the pesticide registration process and to other Federal and State agencies for use in determining policies intended to safeguard public health. To ensure integrity and the high degree of quality required for dietary risk assessment procedures, PDP's standard operating procedures parallel EPA's Good Laboratory Practice guidelines Long range strategic planning is accomplished through an Executive Steering Committee comprised of staff from USDA participating agencies, the EPA and the Food and Drug Administration. Information on significant findings is reported to the FDA.

c. Federal Seed Act. The Federal Seed program is authorized by the Federal Seed Act and funded by appropriations. The Act regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling and advertising of seed and the shipment of prohibited noxious-weed seed into a State. About 500 State seed inspectors are authorized to inspect seed subject to the Act. Seed samples are routinely drawn by State seed inspectors to monitor seed sold commercially. Should an inspection reveal infractions of the Act, a complaint may be referred to AMS by the cooperating State agency. Based on the results of tests and investigations, AMS attempts administratively to resolve each case. For cases that cannot be resolved, AMS will initiate appropriate legal action. Intrastate infractions are subject to State laws. Under the Agricultural Marketing Act, AMS will also test voluntarily submitted seed for a fee.

d. Plant Variety Protection Program. This program is authorized by the Plant Variety Protection Act and is fully funded by user fees. The Act encourages the development of novel varieties of sexually reproduced or tuber propagated plants by providing intellectual property rights protection to developers. The program assures developers exclusive rights to sell, reproduce, import, or export such varieties, or use them in the production of hybrids or different varieties, for a period of 20 years for most species and 25 years for woody plants.

e The Commodity Research and Promotion Acts. AMS provides oversight and direction to many industry-funded commodity research and promotion programs. These programs are funded by assessments that are collected and used by the industry to broaden and enhance national and international markets for various commodities. The various research and promotion acts provide authority for the collection of an assessment from various segments of the marketing chain. Producer assessments are most common, however, other programs assess processors, handlers, and/or importers. These assessments are used to carry out research and promotion activities for beef, cotton, milk and dairy products, fluid milk, eggs, soybeans, honey, mushrooms, peanuts, popcorn, pork, potatoes, and watermelons. AMS reviews and approves the budgets and projects proposed by the research and promotion boards to ensure that proposals comply with the Order and the Act. Each research and promotion activity reimburses AMS for the cost of implementing and overseeing its program. In addition, AMS reviews proposals submitted by industry for new programs. AMS is currently reviewing proposals for olive oil and blueberries programs.

f. National Organic Standards Program. This program is authorized by the Organic Foods Production Act of 1990. The Act requires AMS to develop national standards governing the production and handling of agricultural products labeled organic. The legislation also requires AMS to examine and accredit State and private certification programs to ensure their compliance with national organic standards. The program will certify that organically produced food products meet national standards. After the accreditation program is fully operational, AMS will begin assessing user fees as authorized by the Act. AMS provides support to the National Organic Standards Board, reviews materials for the national list of allowed synthetic materials, and coordinates the enforcement and appeals process. The program is currently funded by appropriations.

4. Wholesale Market Development:

This program is authorized under the Agricultural Marketing Act of 1946, and is funded through appropriations.

Under this program, AMS provides technical advice and assistance to States and municipalities that are interested in creating or upgrading wholesale market facilities, auction and collection markets, retail farmers markets, and public (urban) markets. AMS also conducts cooperative feasibility studies in cooperation with the private sector and other government agencies to evaluate and suggest efficient ways to handle and market agricultural commodities. AMS researches changes in the market place to assist States, localities, market managers/operators, and growers in making strategic decisions for future product development

5. Transportation Services:

Transportation services activities are authorized under the following authorities:

Agricultural Marketing Act of 1946
Agricultural Adjustment Act of 1938
Agricultural Trade and Assistance Act of 1954
Rural Development Act of 1972
International Carriage of Perishable Foodstuffs Act of 1982

AMS activities are designed to assure that the nation's transportation system will adequately serve the agricultural and rural areas of the United States by providing necessary rail, barge, truck, and shipping services. AMS provides technical assistance to shippers and carriers and participates in transportation regulatory actions before various Federal agencies In addition, AMS provides economic analyses and recommends improvements to domestic and international agricultural transportation. Transportation services activities are funded through appropriations.

6. Payments To States And Possessions:

The Federal-State Marketing Improvement Program (FSMIP) is authorized by the Agricultural Marketing Act of 1946 and is funded from appropriations Payments are made to State marketing agencies to: identify and test-market alternative farm commodities; determine methods of providing more reliable market information; and develop better commodity grading standards. This program has made possible many types of projects, such as electronic marketing and agricultural product diversification. Current projects are focused on the improvement of marketing efficiency and effectiveness, and seeking new outlets for existing farm-produced commodities The legislation grants USDA the authority to establish cooperative agreements with State departments of agriculture or similar State agencies to improve the efficiency of the agricultural marketing chain. The States perform the work or contract with others, and must contribute at least one-half of the cost of the projects.

7. Perishable Agricultural Commodities Act:

This program is carried out under the Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (PAA), and is fully funded by user fees. These Acts are designed to: (1) protect producers, shippers, distributors and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others. Commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce must obtain a PACA license and must abide by the fair trading practices established by the PACA.

Traders who have been found to have committed unfair trade practices face license suspension or revocation and may be required to post surety bonds before resuming operations. To increase protection and avert financial losses to growers and licensed firms, the Perishable Agricultural Commodities Act was amended in 1984 to create a statutory trust. Sellers of fruits and vegetables who have not been paid are secured under this legislation until full payment is made

Complaints of violations are investigated and resolved through: (1) informal agreement between the two parties; (2) formal decisions involving payments to injured parties; (3) suspension or revocation of license; and (4) publication of the facts. Any interested party or group may request AMS assistance in settling disputes under the PACA.

8. Strengthening Agricultural Markets and Producer Income (Section 32):

Under Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) an appropriation equal to 30 percent of gross customs receipts collected during each preceding calendar year and unused balances up to $300 million are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce.

a. Commodity Purchases:

Pursuant to Section 32, AMS purchases commodities such as meats and fish, fruits and vegetables, and poultry in order to stabilize market conditions These purchased commodities are distributed by the Food and Nutrition Service (FNS) to schools as part of the entitlement for the National School Lunch program and for other food assistance programs. AMS also provides purchasing services to FNS to supply food to recipients in Food Assistance Programs authorized by Congress AMS is reimbursed by FNS for the administrative costs associated with purchases made for FNS Federal Food Assistance.

b. Federal Food Specifications:

AMS develops, coordinates, and approves federal food product descriptions and establishes quality assurance policies and procedures for the procurement of food by USDA, Department of Defense, Indian Health Service, National Institutes of Health, Bureau of Prisons, and the Department of Veterans Affairs. The primary goal of this program is to update and streamline federal food specifications to improve the cost efficiency of federal food purchasing by using commercial item descriptions whenever possible.

c. Marketing Agreements and Orders:

The marketing agreements and orders program is authorized by the Agricultural Marketing Agreement Act of 1937. Marketing orders are designed to stabilize market conditions and to improve the returns for fluid milk and fruit and vegetable producers Stabilized market conditions are accomplished by:
(1) establishing minimum prices which handlers pay to dairy producers;
(2) regulating the quality and quantity of fruits and vegetables sold in commercial channels; and
(3) providing for market development and promotion (including paid advertising).

The orders are requested by producers and handlers. Evaluations and hearings on proposed marketing orders are conducted by AMS. Proposed orders are subject to approval by producers of the regulated commodity. Once approved, the Secretary issues the marketing order and sets the effective date of the order.

Section 32 funds authorized under 7 U.S.C. 612c are used by the Department for administering the marketing agreements and orders program at the national level, public hearings, referenda to determine producer sentiment concerning new programs, and proposed revisions of marketing orders already in effect. Administration at the local level is financed through handler assessments.

AMS headquarters are located in Washington, D.C., with approximately 161 year-round and seasonal field offices. The peak employment period of AMS occurs during the four month period, September through December, due to the seasonal nature of the cotton, tobacco, and fruit and vegetable grading programs Employment during the peak period averaged 4,869 during fiscal year 1999. As of September 30, 1999, there were 4,562 employees of which 2,869 were full-time employees and 1,693 were other than permanent full-time employees. Of this number, employees assigned to field office locations totaled 2,263 full-time and 1,663 other than permanent full-time employees.

OIG Reports		
#01001-1-Sf	07/17/97	AMS F&V Federal/State Inspection Program-Washington
#01801-2-Ch	09/15/98	AMS Dairy Plant Inspection Pilot Program-Wisconsin
#01001-3-Ch	09/23/98	National Fluid Milk Processor Promotion Program
#01016-2-Ch	03/13/98	Dairy Plant Inspection Activities
#01099-3-At	07/29/99	AMS Federal/State Inspection Service-Florida
#01099-4-At	10/06/97	Cotton Classing
#01601-2-Ch	11/14/97	Certification of Processed Products
#50801-4-At	09/29/98	Implementation of Agricultural Provisions of NAFTA
#01001-2-Ch	Ongoing	Monitoring Milk Market Reform (suspended by OIG)
#01005-1-Hy	Ongoing	Shipping Point Inspection Program in Puerto Rico

GAO Reports		
#150071	04/97	Assessment of Concentration within the Meat Packing Industry
#150122	04/98	Review of Milk Pricing under the Northeast Dairy Compact
#150646	04/98	Food Safety-Dioxin in Food and Feed
#935209	12/97	Review of Fee-Based Programs
#150123	Ongoing	Dairy Industry - Information on prices for fluid milk and the factors that influence them
#150083	7/99	Egg and Egg Products

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff Years

1999 Actual and Estimated 2000 and 2001

Item	1999 Actual		2000 Estimated		2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Agricultural Marketing Service:						
Marketing Services	$48,831,000	464	$51,497,000	474	$66,572,000	551
Payments to States and Possessions	1,200,000	--	1,200,000	--	1,500,000	--
Total	50,031,000	464	52,697,000	474	68,072,000	551
Obligations under other USDA appropriations:						
Food & Nutrition Service for commodity procurement services	760,404	13	760,000	13	760,000	13
Foreign Agricultural Service for emerging democracies	248,093	1	306,000	1	306,000	1
Miscellaneous Reimb.	15,750	--	2,000	--	2,000	--
Total, Other USDA Appropriations	1,024,247	14	1,068,000	14	1,068,000	14
Total, Agriculture Appropriations	51,055,247	478	53,765,000	488	69,140,000	565
Permanent Appropriations:						
Funds for Strengthening Markets, Income, and Supply (Section 32)	5,701,865,817	154	5,735,557,955	162	5,575,536,000	168
1999 Supplemental Appropriation	145,000,000	--	--	--	--	--
Deduct 1999 Rescission	-7,958,000	--	--	--	--	--
Recovery of prior year obligations	3,527,838	--	--	--	--	--
Carryin	131,966,602	--	112,630,114	--	300,000,000	--
Deduct transfers out	-5,114,576,288	--	-5,005,119,523	--	-5,037,494,000	--
Deduct carryout	-112,630,114	--	-300,000,000	--	-300,000,000	--
Deduct reverting to Treasury	--	--	-7,041,546	--	--	--
Net AMS	747,195,855	154	536,027,000	162	538,042,000	168
Perishable Agricultural Commodities Act Fund	8,383,415	90	8,808,000	95	9,024,000	95
Total, Permanent Appropriations	755,579,270	244	544,835,000	257	547,066,000	263
Non-Federal Funds:						
American Egg Board for Oversight work	123,522	2	203,000	2	203,000	2
Beef Board for Oversight work	154,385	2	189,000	2	189,000	2
Blueberry Board for oversight work	39,735	--	53,000	1	53,000	1
Cotton Board for oversight work	182,120	2	190,000	2	190,000	2
Dairy Board for oversight work	326,526	3	351,000	3	351,000	3
Fluid Milk Board for oversight work	220,355	3	264,000	3	264,000	3
Freshcut Flowers Board for oversight work	--	--	13,000	--	13,000	--

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff Years

1999 Actual and Estimated 2000 and 2001

Item	1999 Actual		2000 Estimated		2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Honey Board for oversight work	98,852	1	144,000	1	144,000	1
Popcorn Board for oversight work	38,766	--	39,000	--	39,000	--
Kiwi Board for oversight work	16,475	--	--	--	--	--
Mushroom Board for oversight work	47,488	--	67,000	1	67,000	1
Assessment for peanut non signers	35,000	--	36,000	--	36,000	--
Olive Oil Board for oversight work	24,229	--	54,000	1	54,000	1
Peanut Board for oversight work	146,340	2	99,000	1	99,000	1
Pork Board for oversight work	166,415	2	184,000	2	184,000	2
Potato Board for oversight work	89,161	1	127,000	1	127,000	1
Soybean Board for oversight work	152,380	2	184,000	2	184,000	2
Watermelon Board for oversight work	74,624	1	66,000	1	66,000	1
Fees for grading of cotton and tobacco	42,659,235	600	60,730,000	605	60,730,000	605
Grading of farm products for producers, processors, and municipal, State and Federal Agencies	112,431,044	1,612	110,125,000	1,575	110,125,000	1,492
Milk Market Administrators for audits and workers compensation	266,756	--	141,000	--	141,000	--
States for collection & dissemination of market news information	171,931	2	168,000	2	168,000	2
Total, Non-Federal Funds	157,465,338	2,235	173,427,000	2,205	173,427,000	2,122
Milk Market Orders Assessment Funds	35,569,000	432	40,768,000	442	43,622,000	442
Total, Agricultural Marketing Service	999,668,855	3,389	812,795,000	3,392	833,255,000	3,392

AGRICULTURAL MARKETING SERVICE

Permanent Positions by Grade and Staff Year Summary
1999 Actual and Estimated 2000 and 2001

GRADE	1999			2000			2001		
	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total
ES-5	2	--	2	2	--	2	2	--	2
ES-4	8	--	8	7	--	7	7	--	7
ES-2	1	--	1	1	--	1	1	--	1
ES-1	--	--	--	1	--	1	1	--	1
GS-15	33	1	34	33	1	34	33	1	34
GS-14	60	15	75	60	15	75	60	15	75
GS-13	130	70	200	131	72	203	131	73	204
GS-12	126	141	267	128	143	271	130	141	271
GS-11	52	204	256	49	206	255	51	204	255
GS-10	2	19	21	2	19	21	2	19	21
GS-9	60	588	648	59	588	647	61	585	646
GS-8	7	184	191	6	183	189	6	184	190
GS-7	59	364	423	60	367	427	62	364	426
GS-6	44	67	111	46	70	116	49	70	119
GS-5	24	231	255	26	232	258	29	228	257
GS-4	13	114	127	15	115	130	17	112	129
GS-3	2	27	29	3	29	32	4	27	31
GS-2	2	--	2	2	--	2	2	--	2
GS-1	2	--	2	--	--	--	--	--	--
Milk Market Orders Adm. & Staff	--	434	434	--	442	442	--	442	442
Ungraded Positions	--	21	21	--	22	22	--	22	22
Total Perm. Positions	627	2,480	3,107	631	2,504	3,135	648	2,487	3,135
Unfilled Pos. end-of-year	-21	-217	-238	--	--	--	--	--	--
Total, Perm. Full-time Employment End-of-Year	606	2,263	2,869	631	2,504	3,135	648	2,487	3,135
Total Staff Year	523	2,866	3,389	534	2,858	3,392	551	2,841	3,392

AGRICULTURAL MARKETING SERVICE
CLASSIFICATION BY OBJECTS
1999 Actual and Estimated 2000 and 2001

	1999	2000	2001
Personnel Compensation:			
Washington, D.C.	$6,938,303	$7,282,000	$7,722,000
Field	13,836,736	14,585,000	18,086,000
11.1	20,775,039	21,867,000	25,808,000
11.3	697,670	538,000	538,000
11.5	642,492	267,000	267,000
Total personnel comp.	22,115,201	22,672,000	26,613,000
12 Personnel benefits	4,896,908	4,992,000	6,384,000
13 Benefits for former pers	51,114	67,000	67,000
Total personnel compen. and benefits	27,063,223	27,731,000	33,064,000
Other Objects:			
21 Travel	1,248,217	1,312,000	1,874,000
22 Transportation of things.	192,407	85,000	217,000
23.2 Rental payments to others	868,941	878,000	928,000
23.3 Communications, utilities and miscel. charges	2,075,741	2,179,000	2,721,000
24 Printing and reproduction	321,450	367,000	429,000
25.1 Advisory & Assistance Svc.	26,379	30,000	30,000
25.2 Other services	11,793,456	13,409,000	20,441,000
25.3 Purchases of goods and services from Government Accounts	2,043,365	2,346,000	2,400,000
25.5 Research and development Contracts	28,413	33,000	33,000
25.7 Operation and maintenance of equipment	1,183,224	1,358,000	2,192,000
26 Supplies and materials	755,282	793,000	879,000
31 Equipment	1,016,612	976,000	1,364,000
41 Grants, subsidies and contributions	1,200,000	1,200,000	1,500,000
42 Insurance claims and Indemnities	39,706	--	--
43 Interest and dividends	308	--	--
Total other objects	22,793,501	24,966,000	35,008,000
Total obligations	49,856,724	52,697,000	68,072,000
Position Data:			
Average Salary, ES positions	$ 124,957	$ 128,080	$ 133,075
Average Salary, GS positions	38,586	40,456	42,056
Average Grade, GS positions	8.8	8.8	8.8

AGRICULTURAL MARKETING SERVICE

PASSENGER MOTOR VEHICLES

The 2001 Budget Estimates propose the purchase of 15 replacement vehicles and 1 additional motor vehicle

The estimated number of passenger motor vehicles available for fiscal year 2000 is the minimum necessary to maintain essential services in AMS programs. These cars are used to provide the following necessary services such as: (1) traveling to places which in most cases are not assessable by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; (2) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and (3) carrying boxes of cotton standards types for use in classing work and demonstration at farmers' meetings.

Additional passenger motor vehicles: One additional passenger motor vehicle is requested for use by the cotton futures program in response to an expected increase in workload.

Replacement of passenger motor vehicles: Replacement of 15 of the 39 vehicles that will be in operations is proposed. All vehicle replacement will be in accordance with GSA vehicle replacement standards.

The age and mileage data for passenger motor vehicles on hand as of September 30, 1999 are as follows:

Age			Mileage Data		
Age-Year Model	Number of Vehicles	Percentage of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percentage of Total
1993 or older	1	2	80 or over	13	33
1994	10	26	60-80	5	13
1995	5	13	40-60	2	5
1996	5	13	20-40	4	10
1997	3	8	Under 20	8	21
1998	11	28	Unavailable	7	18
1999	4	10			
Total	39	100	Total	39	100

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing Services:

For necessary expenses to carry on services related to consumer protection, agricultural marketing and distribution, transportation, and regulatory programs, as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to the second sentence of Section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $90,000 for employment under 5 U.S.C. 3109, [$51,625,000]; $66,572,000 including funds for the wholesale market development program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701).

MARKETING SERVICES

Appropriations Act, 2000		$51,625,000 a/
Budget Estimate, FY 2001		66,572,000
Increase in Appropriation		+14,947,000
Adjustments in 2000:		
Appropriations Act, 2000	$51,625,000	
Rescission Under P.L. 106-113	-128,000	
Adjusted Base for 2000		51,497,000
Budget Estimate, Current Law, 2001		-66,572,000
Increase Over adjusted 2000		+15,075,000

a/ Does not include $176,000 transferred to this account. The request for for Congressional Relations activities for FY 2001 is being reflected under the Office of the Assistant Secretary for Congressional Relations.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Market News Service	$22,117,000	+$6,969,000	$29,086,000
Shell Egg Surveillance & Standardization	6,028,000	--	6,028,000
Market Protection & Promotion	18,274,000	+8,106,000	26,380,000
Wholesale Market Development	2,556,000	--	2,556,000
Transportation Services	2,522,000	--	2,522,000
Total Available	51,497,000	+15,075,000	66,572,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1999 Actual		2000 Estimated		Increase Or	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
1. Market News Service							
(a) Cottonseed	$2,211,587	23	$2,216,000	23	--	$2,216,000	23
(b) Dairy Products	712,010	9	695,000	8	--	695,000	8
(C) Fruits and Vegetables	6,963,682	96	6,966,000	99	+724,000	7,690,000	106
(d) Livestock, meats and grain	8,890,852	118	8,693,000 a/	116	+6,138,000	14,831,000	174
(e) Poultry products	2,610,981	35	2,632,000	35	+107,000	2,739,000	36
(f) Tobacco	904,099	15	915,000	14	--	915,000	14
Total, Market News Service	22,293,210	296	22,117,000 b/	295	+6,969,000 (1)	29,086,000	361
2. Egg Surveill. &Standardiza.							
(a) Shell egg Surveill.	2,446,450	22	2,465,000	21	--	2,465,000	21
(b) Standar-dization	3,243,063	41	3,563,000	42	--	3,563,000	42
Total, Egg Surveill.& Standardization	5,689,513	63	6,028,000	63	--	6,028,000	63

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1999 Actual		2000 Estimated		Increase Or Decrease	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
3. Market Protection & Promo..							
(a) Federal Seed Act ...	1,207,383	12	1,169,000	12	--	$1,169,000	12
(b) Market Development & Assistance	415,318	5	410,000	5	+31,000	441,000	5
(c) Organic Standards ..	1,014,656	15	998,000	15	+703,000	1,701,000	16
(d) Pesticide Data	10,747,238	17	13,150,000	26	+1,137,000	14,287,000	28
(e) Microbiology Data	--	--	--	--	+6,235,000	6,235,000	8
(f) Pesticide Record-keeping	2,433,791	11	2,547,000	11	--	2,547,000	11
Total, Market Protection and Promotion.....	15,818,386	60	18,274,000 b/	69	+8,106,000 (2)	26,380,000	80
4. Wholesale Market Development ..	2,288,353	21	2,556,000	23	--	2,556,000	23
5. Transportation Services	2,567,262	24	2,522,000	24	--	2,522,000	24
Unobligated balance	350,276	--	--	--	--	--	--
Total, Available Or Estimate ...	49,007,000	464	51,497,000	474	+15,075,000	66,572,000	551
Transfers:							
Departmental Administration ..	-176,000	--	--	--			
Rescission	--	--	128,000	--			
Total, Appropriation ..	48,831,000	464	51,625,000	474			

a/ Does not include $4.7 million for Mandatory Livestock Price Reporting.

b/ Includes Rescission of $128,000 due to P.L. 106-113.

Justification of Increases and Decreases
Marketing Services

(1) An increase of $6,969,000 for Market News services ($22,117,000 available in 2000) consisting of:

(a) An increase of $453,000 and four staff years to expand reporting in foreign markets.

This increase will help U.S. commercial interests gain better access to foreign markets by providing more up-to-date price information. USDA's strategic plan recognizes that farming and ranching operations of all sizes are increasingly dependent on market expansion and exports for their growth in income. Current overproduction for many U.S. commodities has made it necessary to increase exports to help support U.S. producers, especially in light of declining farm revenues. Increases in world income and economic growth are helping to spur foreign demand for American agricultural products, with trade agreements providing improved access to these markets. Despite the growing presence of agricultural commodity world markets, U.S. agriculture does not have access to a centralized, consistent, public source of timely information on international prices and trade volume.

Foreign market information is particularly important to small and medium-sized U.S. producers who would otherwise have no access to the data. Due to the enormous growth in trade and the opportunity for business abroad, the Agricultural Marketing Service (AMS) is being asked to expand international market reporting by dairy, meat, poultry, and fruit and vegetable industry representatives. This expansion in market reporting is necessary in order to allow U.S. companies to take advantage of the business opportunities that are available around the world. If the U.S. lost the opportunity to increase its current trade volume by 2% due to the lack of sufficient market news information, the U.S. could lose over $1 billion per year.

Additional resources will allow AMS to expand coverage of export and import information relative to price, volume and movement of dairy, meat, poultry, and fruit and vegetables The Senate required increased reporting of exports and imports of beef, lamb, veal, and the products thereof, to assist the industry in providing a more transparent market and price discovery system. The program will develop new reports to meet industry requests, expand current reports, and increase its number of contacts to collect this information. As GATT and NAFTA has removed barriers to trade, AMS must expand coverage into South and Central America and Pacific Rim nations.

The number of reports developed will vary with each commodity group. Dairy, meat, poultry, and fruit and vegetable will develop and expand between 15 and 20 reports covering various products within the commodity groups.

(b) An increase of $614,000 and six staff years to expand the reporting of organically-grown fruits and vegetables.

Producers and traders in one of the most rapidly growing segments of the U.S. fruit and vegetable industry--organically-grown fruits and vegetables--are operating with little reliable and consistent market information. This increase will enable AMS to provide the reliable and timely information on organically-grown products the agricultural industry needs to find the best markets for their products and maximize their returns.

The lack of timely and unbiased market reports available to all could result in placing some participants in the market in a less favorable position than others, in the consolidation of firms, and in excessive margins at some trading levels. With an increasing focus by consumers on organically-grown fruits and vegetables, many producers are shifting at least some portion of their acreage to meet this demand. Statistics show that small-scale producers constitute the majority of organic farmers of fruits and vegetables. The large number of medium and small producers makes it critical that all participants have access to the same market information. Market transparency contributes significantly to the efficiency of marketing goods, with consumers being the end beneficiary of a consistent supply of high-quality products at reasonable prices.

The reporting of organically-grown fruits and vegetables will be centered at the Fresno Fruit and Vegetable Market News office. Reporters will travel extensively to the principal producing areas and to wholesale markets to identify key contacts and solicit cooperation. The staff will report prices and supplies to ensure that a complete picture of market levels and product movement is widely available.

This increase supports AMS Strategic Goal 1, facilitating the strategic marketing of U.S agricultural products in domestic and international markets.

(c) An increase of $5,902,000 and 56 staff years for mandatory price reporting.

This increase will provide permanent funding for the mandatory price reporting program authorized by the Livestock Mandatory Price Reporting Act of 1999. Increasing concentration within the meat industry has raised concerns over potential noncompetitive behavior by large companies which leads to distrust and suspicion by many growers and smaller segments of the industry. The Secretary's Advisory Committee on Agricultural Concentration recommended mandatory reporting be required if voluntary initiatives failed to meet the industries' price discovery needs Congress directed the Secretary to initiate industry mandatory reporting in the fiscal year 2000 budget and provided one-year start up funding of $4.7 million to be transferred form the Commodity Credit Corporation This funding request reflects a full year of operating costs for mandatory reporting.

With mandatory reporting, Market News reporters must expand their contacts with producers, processors, wholesalers, retailers, importers, and exporters of livestock, meat, and related products to collect the required information. In addition, a costly and resource intensive monitoring and review system will be required to ensure that the information is accurate and timely. Without a permanent budget increase, AMS Market News will not be able to continue the reporting responsibilities mandated by legislation. Industry members will not receive the price and volume disclosure information they are requesting on livestock traded on a contract or formula basis, or the information they need on imported and exported livestock and meat.

(2) An increase of $8,106,000 for Market Protection and Promotion ($18,274,000 available in 2000) consisting of:

(a) An increase of $139,000 and one staff year to continue implementation of the Organic Certification program.

This request will provide the level of funding AMS needs to operate the Organic Certification Program on an on-going basis. We anticipate the need for effective control and enforcement procedures to ensure the integrity of the organic label, especially for new products such as organic meat and poultry, once AMS begins accrediting State agricultural departments and private persons who will inspect participating producers and handlers to certify compliance with the organic program. State and private agencies will certify approximately 12,176 organic producers and 1,977 handlers. With full program funding and staffing, AMS will monitor State programs' compliance with national regulations, and develop a system to prevent fraudulent labeling.

Beyond the domestic market, AMS recognizes the importance of access to global markets in today's economy, and will also seek to facilitate the international marketing of organic products. AMS will work to ensure the harmonization of standards by monitoring existing international organic programs and participating in the development of international agreements for organic production and products The organic industry today is valued at $5.8 billion, and is growing at the rate of 20 percent per year. As the industry grows, the implementation of the National Organic Program becomes more complex and more critical. User fees can be collected and utilized to offset program expenses after the National Organic Program is underway.

(b) A one-time increase of $639,000 to finalize implementation of the National Organic Program, provide extensive customer outreach, and develop an international certification program.

This request will provide one-year funding to jump-start implementation of the Organic Certification Program and provide outreach to new customers. In the first year of implementing the National Organic Program, AMS estimates it will accredit at least 49 certifying agents (review applications, verify information, and visit sites for accreditation), review the performance of each certifying agent, enforce the Act and regulations (handle producer and handler appeals of adverse decisions by the certifying agents, and investigate alleged violations by certifying agents), review regulations and amendments to facilitate compliance by the industry, train reviewers and investigators, and develop a system for the collection and distribution of volume and price data for organic agricultural products

AMS plans an extensive outreach effort to educate consumers, producers, processors, certifiers, and trading partners about the program. In doing so, AMS will utilize its organic home page to distribute information on all aspects of the program. To reduce paperwork and facilitate rapid response, certifiers' applications and approvals will be handled electronically. Electronic distribution will be supplemented by a broad dissemination of program information through print and other media to the array of industry, consumers, and others with an interest in the organic program.

These funds will also allow AMS to implement an international program component to develop standards and accredit foreign state certifiers, in compliance with the Organic Foods Production Act of 1990. AMS will accredit international certifying agents, provide representation at CODEX meetings, and coordinate activities with the Foreign Agricultural Service (FAS). To assist organic producers and handlers in exporting their products, AMS will gather and disseminate relevant export data such as marketing strategies, market availability, United States export requirements, and foreign destination import rules. This information will make it easier for the organic industry to maintain and expand existing organic export markets, and will promote new and improved export markets for domestic organic agricultural products.

AMS plans to partner with various government and non-government groups to provide information on the program. Plans are underway to work cooperatively with USDA's Extension Service, utilizing their extensive county office structure and their electronic network throughout the country. AMS will collaborate with the Foreign Agricultural Service (FAS) to ensure international distribution of the rule and supplementary materials to facilitate U.S. exports of organic products. AMS is developing a strategy to work with organic trade associations and non-government organizations in distributing materials about the program and the certification process. The National Organic Standards Board will play a critical role in developing and implementing the outreach strategy. This funding supports AMS Strategic Goal 1, facilitating the strategic marketing of U.S. agricultural products in domestic and international markets, by enhancing the Agency's ability to assist producers of organic products.

(c) A decrease of $75,000 from the National Organic Program that was provided for the development of organic seafood regulations.

AMS expects to convene the two meetings and draft the seafood regulations in fiscal year 2000 Therefore, these funds are not needed in FY 2001.

(d) An increase of $6,235,000 and eight staff years to initiate a scientifically-sound microbiological data program as part of the President's Food Safety Initiative.

The safety of America's food supply remains a concern to everyone. This increase will fund the collection of data related to microbiological contamination that causes food-borne outbreaks.
The microbiology data program will collect data pertaining to food-borne pathogens and spoilage micro flora on domestic and imported fruits and vegetables. This program, part of the President's Food Safety Initiative, will establish a much needed baseline of microbiological data by which to assess the risks of contamination in the U.S. food supply. Although the domestic food supply is unmatched in both quantity and quality, additional funds are needed to respond to concerns generated by the sporadic cases of microbiological contamination resulting in food-borne disease outbreaks in recent years The program will determine the incidence, number, and type of important food-borne microorganisms such as *E. coli*, *Listeria monocytogenes*, and *Salmonella, spp.* in the U.S. food supply, including domestically-produced and imported commodities

In fiscal year 1999, AMS began development of a microbiological data program by initiating laboratory method evaluations for a pilot program, and by initiating a pilot program using $112,000 of funding provided in fiscal year 1999. The funding requested for fiscal year 2001 will allow AMS to perform almost 30,000 analyses on up to 11 commodities in the 10 participating states. These 10 states represent approximately 50 percent of the U.S. population. Initially, the program will focus on fresh fruits and vegetables. The commodities to be sampled and tested will be selected based on per capita consumption and from those that are usually eaten raw (and do not have natural microbial resistance). The samples will be collected at terminal markets and chain store distribution centers. Program costs will be minimized by using the existing infrastructure of the Pesticide Data Program for statistically-reliable sampling, participating State and Federal laboratories; and data reporting capabilities

The microbiological data program is a necessary component to food safety efforts; it provides critical exposure data necessary for conducting risk assessments. There is no statistically valid program at the Federal or State level that covers this wide a range of commodities and can give a complete picture of the pathogenic microbial flora in fresh fruits and vegetables over the entire country. To ensure that both the process and the content of the program are coordinated, AMS will work closely with other Federal and State agencies. We will also coordinate our efforts with other stakeholders such as the agricultural industry, interest groups, and regulatory health agencies. Public health agencies such as FDA, CDC, and various State Health Departments need statistically reliable microbiological data to assess the impact of various regulations and agricultural practices for the fresh fruit and vegetable supply. The data will help the produce industry and regulatory health agencies to identify effective processing and handling modifications in the food distribution system, which improves both the quality and wholesomeness of the food supply. In addition, the organisms isolated will be available to any research group (government, academic, or private) wishing to apply further testing such as serotyping or antibiotic resistance. Information resulting from this type of study may provide a more complete picture of the type of microbial exposure experienced by the population

(e) An increase of $31,000 and one staff year to administer the Payment to States Program (also known as the Federal-State Marketing Improvement Program, or FSMIP).

Funds in this budget activity are used to pay the salaries and administrative expenses necessary to administer the application, approval, and evaluation of FSMIP grants. The Agency's ability to properly administer an expanded FSMIP program is contingent upon additional administrative support.

The additional resources will be used to stimulate state interest in the identification and development of marketing opportunities for small and limited-resource farmers, to assist cooperators in developing appropriate submissions and, more important, to monitor approved projects in progress and ensure that the results are made widely available to potential beneficiaries.

(f) An increase of $1,137,000 and four staff years for the Pesticide Data Program to complete planning and begin implementation of the water testing program.

AMS's Pesticide Data Program (PDP) is requesting additional funding to complete planning and begin implementation of a new water testing program that will be the basis of a comprehensive national database. This program is an important component of the Food Quality Protection Act (FQPA). Because the FQPA requires EPA to consider all routes of exposure, including drinking water, accurate high quality data on pesticide residues in drinking water are critical to the development of credible exposure assessments. EPA's current reliance on models significantly overstates the likely contribution from drinking water and threatens the continued availability of several key agriculture pesticides. PDP has been involved in discussions with industry, the Environmental Protection Agency (EPA), and other interested government agencies to develop a comprehensive plan to test water. The final design of the testing program will be based on agreement between industry and government concerning the role of residue data in implementing FQPA's "aggregate exposure" criteria. The additional funds will be used to develop a supportable infrastructure in the major population States representing different water supply systems, for establishing cooperative agreements with cooperators, modifying testing methods to capture the EPA's pesticide data needs, the purchase of technology, the modification and extension of PDP's electronic information data system to capture finished water, and extend the technology to new partnerships.

AGRICULTURAL MARKETING SERVICE

Marketing Services
Geographic Breakdown of Obligations and Staff Years
1999 Actual and Estimated 2000 and 2001

	1999		2000		2001	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	$193,830	2	$194,000	2	$225,000	2
Arizona	555,101	8	551,000	8	721,000	8
Arkansas	423,110	6	431,000	6	480,000	6
California	4,057,426	22	4,328,000	23	6,150,000	28
Colorado	431,680	7	440,000	7	670,000	13
Delaware	10,047	--	10,000	--	10,000	--
District of Columbia	21,118,060	155	23,126,000	158	26,730,000	174
Florida	1,431,103	9	1,540,000	9	2,248,000	9
Georgia	1,067,903	15	1,060,000	15	1,359,000	15
Hawaii	10,000	--	10,000	--	10,000	--
Idaho	132,377	2	168,000	2	205,000	2
Illinois	612,705	12	607,000	12	992,000	13
Indiana	20,000	--	20,000	--	20,000	--
Iowa	2,005,738	32	1,995,000	32	2,500,000	38
Kansas	358,516	6	355,000	6	600,000	12
Kentucky	235,363	2	234,000	2	286,000	2
Louisiana	286,132	5	284,000	5	353,000	5
Maine	9,516	--	10,000	--	10,000	--
Maryland	1,370,910	19	1,342,000	19	1,459,000	19
Massachusetts	205,098	5	204,000	5	266,000	5
Michigan	1,391,829	9	1,490,000	11	2,176,000	11
Minnesota	432,618	6	431,000	6	509,000	6
Mississippi	143,910	2	143,000	2	252,000	3
Missouri	781,668	13	843,000	14	966,000	14
Montana	100,319	2	100,000	2	400,000	8
Nebraska	233,247	6	232,000	6	433,000	12
Nevada	14,072	--	14,000	--	14,000	--
New Mexico	43,171	--	43,000	--	43,000	--
New York	2,096,096	10	2,234,000	12	3,255,000	12
North Carolina	613,632	8	430,000	8	912,000	9
Ohio	835,814	5	989,000	5	1,408,000	5
Oklahoma	269,392	4	267,000	4	333,000	4
Oregon	242,333	3	241,000	3	304,000	3
Pennsylvania	529,424	9	526,000	9	660,000	9
Puerto Rico	42,073	--	42,000	--	42,000	--
South Carolina	109,744	2	109,000	2	129,000	2
South Dakota	382,983	6	380,000	6	762,000	12
Tennessee	2,105,931	37	2,055,000	36	2,427,000	36
Texas	1,801,233	16	1,943,000	17	2,617,000	23
Utah	30,137	--	30,000	--	30,000	--
Virginia	59,372	1	62,000	1	661,000	6
Washington	1,397,815	10	1,512,000	11	2,113,000	11
West Virginia	20,052	--	20,000	--	20,000	--
Wisconsin	315,943	5	323,000	5	425,000	5
Wyoming	129,301	3	129,000	3	387,000	9
Subtotal, Available or Estimate	48,656,724	464	51,497,000	474	66,572,000	551
Unobligated balance	350,276	--	--	--	--	--
Total, Available or Estimate	49,007,000	464	51,497,000	474	66,572,000	551

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

MARKETING SERVICES

MARKET NEWS

Goal 1: Facilitate the strategic marketing of U.S. agricultural products in domestic and international markets.

Goal 2: Ensure fair and competitive agricultural marketing through marketing tools and regulations.

Current Activities:

The Market News Service provides current, unbiased information on supply, demand, prices, movement, location, quality, condition, and other market data on farm products in specific markets and marketing areas. This information is supplied to producers, processors, distributors, and others to assist them in the orderly marketing and distribution of farm commodities.

Selected Examples:

1. Year 2000:

   To ensure full Year 2000 compliance, AMS has converted all Market News Information Systems (MNIS) and Market News Communications Systems (MNCS) from non-compliant software and hardware to Year 2000 certified compliant systems.

2. New Market Reports:

   AMS's Poultry Market News chartered a six-member team to evaluate the impact of changes and innovations in the broiler/fryer industry on pricing methods, level of trading, and the overall Market News Program. The team explored alternate pricing methods and their adaptability to reporting broiler/fryer markets. Market News developed a one-page report of market information to meet the needs of the fast food and food service industries and the vendors supplying broiler/fryer products to these industries. This report is available on the Internet or to subscribers via facsimile transmission. All turkey market reporting activities were consolidated into a single office and a new weekly report was issued showing weekly weighted average prices on whole body turkeys with comparisons. Report formats were revised to make them more friendly to users.

   Dairy initiated a report on the Class III condensed skim milk market in the Northeast and revised the Chicago Mercantile Exchange report to include daily trading results. AMS continues to adjust program operations to maintain and expand reporting on markets of national significance.

   In response to requests from the public, AMS began shipping point reports on the following commodities from the indicated origins:

   - Mexican greenhouse-grown tomatoes
   - Spanish navel oranges
   - South African grapes
   - Imported sweet onions

3. Streamlining Efforts and Service Improvements:

In fiscal year 1998, AMS completed development of the Customer Service Center in Fresno, California, in order to begin disseminating standardized reports from a single location, more efficiently maintain subscription lists, and handle special data requests. In fiscal year 1999, the remaining market reports of most local fruit and vegetable market news offices were transferred to the Customer Service Center and several reports were consolidated and put in more user-friendly formats. Additionally, a special request section was added to the Customer Service Center.

4. Dissemination of Market Reports by Internet:

Efforts to facilitate report access through the Internet continue. Through the AMS Internet home page, users can access all current reports, as well as use search engines to retrieve recent historical data from a 90-day archive. The home page includes hot links to several other Internet sites that carry market information.

AMS egg and egg products information is uploaded to an egg information network that uses the worldwide web to deliver market information. A glossary of technical terms used in poultry and egg market reports and summary descriptions of specific egg reports were added to the Internet. Reports covering the weekly poultry slaughter, the biweekly fowl prices, and weekly egg products information were added to the AMS Market News website. AMS employees in two field office locations were trained to publish and edit reports on the worldwide web, thus enhancing timeliness and delivery of market information on the Internet.

Most published (printed) fruit and vegetable reports were added to the Internet site in portable document format (pdf) in fiscal year 1999. A link was added to include the Grain Transportation Report and the Ocean Freight Rate Bulletin.

5. Federal-State Reporting:

Livestock and Grain Market News increased State livestock auction market coverage by expanding Federal/State cooperative agreements with North Carolina and Pennsylvania. Additional livestock auctions are now included in the Market News Communication System, which provides nationwide coverage to the livestock industry. Additional auctions were also added in South Dakota, North Dakota, Iowa, and Montana.

In cooperation with the National Pork Producers Council, AMS, GIPSA, and Farm Service Agency (FSA) conducted marketing seminars to make producers more knowledgeable about marketing options, price reporting, and availability of USDA market information. Reporters attended over 20 producer meetings throughout the major hog-producing States.

6. International Cooperation and Reporting:

During fiscal year 1999, AMS program staff held meetings with officials from Netherlands, Germany, Canada, Mexico, Japan, Ukraine, Russia, Argentina, Peru, Ecuador, Costa Rica, Brazil, Venezuela, Chile, Colombia, Panama, China, and the European Union (EU) with the purpose of furthering an exchange of market information. AMS conducted U.S.-based "train-the-trainer" programs for market information specialists and wholesale market officials from Panama, Colombia, Chile, and Russia. AMS briefed U.S. exporters shipping poultry products to Croatia/Bosnia and the Czech Republic on the fundamentals and benefits of the USDA program. AMS also participated in an international dairy

conference in Argentina and met with industry contacts from New Zealand, Australia, Canada, and the EU to explain the international market news program and to solicit cooperation.

AMS also hosted an organizational meeting of the Market Information Organization of the Americas (MOIA). The primary purpose of the organization is to facilitate the timely exchange of market information between the countries of the Americas.

INSPECTION, GRADING, AND STANDARDIZATION

Current Activities:

AMS continues to provide quality grade standards for commodities as requested by industry and consumer groups. The Agricultural Marketing Act of 1946 directs USDA to provide such quality grade standards "to encourage uniformity and consistency in commercial practices." Use of AMS's federal grading program is strictly voluntary, with users paying for the cost of the service.

There are 577 quality grade standards in place for poultry, eggs, meat, dairy products, fresh and processed fruits and vegetables, cotton, tobacco, and livestock. These food and fiber standards are widely used by private industry in domestic and international trading, as the basis for futures market contracts, and as the benchmark for purchase specifications in most private contracts.

The shell egg surveillance program establishes the requirements for monitoring the disposition of "restricted eggs" (eggs that are cracked, dirty, incubator rejects, inedible, leaking, or otherwise unfit for human consumption) to ensure that only eggs fit for human consumption are available to consumers. Inedible eggs constitute a small proportion of all eggs. Most inedible shell eggs are used in animal feed; the remainder are destroyed.

Selected Examples:

1. Shell Egg Surveillance:

   As a result of plant closings and consolidations, the number of shell egg handlers inspected at least quarterly in fiscal year 1999, decreased to 657 from 698 in fiscal year 1998. The number of hatcheries inspected annually decreased from 408 in fiscal year 1998 to 403 in fiscal year 1999.

2. Grading and Standardization:

   a. Cotton Classing:

      AMS classified 14.1 million samples of cotton under the grower classing program in fiscal year 1999, with all cotton classed by the high volume instrument (HVI) method. In addition, classification of 404,430 samples was provided under the Cotton Futures and Cotton Standards Acts. Classification data continues to be provided electronically via telecommunication to most growers or their agents.

      Despite a smaller crop size, usage of the Cotton Program's central database increased almost 17 percent during fiscal year 1999. The Farm Service Agency led the increase, using this system to obtain quality information for loan purposes.

Fees and Charges in Effect:

Service Performed	FY 1999 Fees a/
Cotton grading	$1.30 per sample for HVI classing

a/ This is the base fee. There is a five cents per sample discount if producers are billed through voluntary central agents (e.g., cotton gins and warehouses).

b. Tobacco Grading:

Approximately 96 percent (1.4 billion pounds) of all tobacco domestically produced in fiscal year 1999 was graded by Federal tobacco inspectors and sold at auction markets. In addition, AMS reinspected about 127 million pounds of tobacco pledged as collateral by growers under the Commodity Credit Corporation loan program.

The Dairy and Tobacco Adjustment Act of 1983 requires that all tobacco (except cigar and oriental types) imported into the United States be inspected to ascertain the type and quality of imported tobacco. During fiscal year 1999, AMS inspected approximately 120 million kilograms of imported tobacco.

The imported tobacco pesticide testing and certification program, initiated in 1986, required that all flue-cured and burley tobacco offered for importation into the United States be free of prohibited pesticides. A total of 117 million kilograms of imported flue-cured and burley tobacco was tested for pesticides during fiscal year 1999.

In fiscal year 1999, the Burley Tobacco Advisory Committee made a recommendation that AMS conduct moisture testing on all burley tobacco offered for sale at designated auction markets during the 1999-2000 marketing season. The Burley Auction Warehouse Association (BAWA), representing 95 percent of burley tobacco warehouse operators, obtained a commitment from the tobacco companies purchasing burley tobacco to reimburse AMS $.0020 per pound for providing moisture testing services.

Fees and Charges in Effect:

Service Performed		FY 1999 Fees
Permissive inspection	Regular time	$32.40 per hour
	Overtime	38.70 per hour
	Sundays and Holidays	48.45 per hour
Domestic tobacco grading		.83 per hundred pounds
Imported tobacco grading		.99 per hundred kilograms
Permissive certification of Export Tobacco		.25 per hundred pounds
Imported tobacco pesticide testing and certification:		
A. Self-certification (If importer certifies that tobacco is within pesticide residue tolerance)		.77 per hundred kilograms

B. Non-certification (If importer does not certify that the tobacco is within pesticide residue tolerance)	1.54 per hundred kilograms

c. Poultry and Egg Grading:

Approximately 92 percent of poultry grading services are provided on a resident basis. In most of these instances, a full-time grader is stationed at the plant requesting service. The remaining 8 percent of poultry grading services is provided on a non-resident (lot grading) basis. During fiscal year 1999, AMS provided resident service in 127 poultry plants, grading 14.7 billion pounds of poultry. Resident services was also provided to 144 shell egg plants, where 1.3 billion dozen shell eggs were graded. This represents 64 percent of the turkeys slaughtered, 39 percent of the broilers slaughtered, and 33 percent of the shell eggs produced in the U.S., excluding eggs used for breaking and hatching.

Fees and Charges in Effect:

Service Performed	FY 1999 Hourly Fees
Non-Resident Plant	
Regular Time	$44.80
Saturday, Sunday, Holiday	51.60
Resident Plant	28.94-42.06*

* Depending on the volume of product handled in the plant.

d. Meat Grading and Certification:

During fiscal year 1999, meat grading and certification services were provided to approximately 330 meat packing and processing, and other food establishments nationwide. A total of 21 billion pounds of red meat (beef, lamb, veal, and calf) were graded during the year. This figure represents 95.6 percent of steers and heifers, 91 percent of lamb, and 23 percent of veal and calf commercially slaughtered in the U.S. In addition, over 17 billion pounds of meat and meat products were certified for specification, contractual, or marketing program requirements in fiscal year 1999.

Fees and Charges in Effect:

Service Performed	FY 1999 Hourly Fees
Commitment grading	$39.80
Non-commitment grading	42.20
Overtime grading	47.80
Holiday grading	79.60

e. Livestock Grading:

In fiscal year 1999, AMS inspected and graded against contract specifications, approximately 63 million pounds of livestock delivered to settle futures contracts for the Chicago Mercantile Exchange.

Fees and Charges in Effect:

Service Performed	FY 1999 Hourly Fees
Base grading	$29.40
Overtime grading	32.80
Holiday grading	58.80

f. Processed Fruit and Vegetable Grading:

In fiscal year 1999, AMS graded approximately 11.1 billion pounds of processed fruits and vegetables at 318 processing plants, 15 field offices, 1 suboffice, and 13 inspection points. In addition, AMS is continuing to conduct audits under the Qualified Through Verification (QTV) program. The QTV program was largely developed to meet the needs of the Fresh Cut Produce industry. AMS is also doing quality and sanitation audits for Sysco Corporation, and Alliant Foodservice, Inc. (formerly known as Kraft).

Fees and Charges in Effect:

Service Performed	FY 1999 Hourly Fees		
	Base	Overtime	Holiday
Lot inspection	$43.00	$64.50	$86.00
Yearly contract (in-plant)	35.00	52.50	70.00
Requested Additional Graders (in-plant)	43.00	64.00	86.00
Seasonal contract (in-plant)	45.00	67.50	90.00

g. Fresh Fruit and Vegetable Grading:

Grading services for fresh fruits and vegetables are available at shipping points and in receiving markets throughout the U.S. and in Puerto Rico. In fiscal year 1999, approximately 85 billion pounds of fresh fruits, vegetables, and specialty crops were graded. Grading services were provided by approximately 5,500 federally-supervised and licensed State employees at shipping point and cooperative market locations, and by approximately 200 Federal employees at 37 federal markets.

On October 27, 1999, eight fruit and vegetable inspectors stationed at the Hunts Point Terminal Market in the Bronx, N.Y., were arrested and charged with accepting bribes for downgrading loads of produce so that receivers could negotiate lower prices with shippers. Thirteen produce receivers at the wholesale market were also implicated. AMS took immediate steps to restore control over the Hunts Point office. The inspectors, who have been indicted, have been relieved of all responsibilities. Senior program officials were brought in to take over the office and highly experienced inspectors brought in from around the country to maintain service and restore confidence. We are continuing to cooperate with OIG in the ongoing investigation. Substantial penalties will be sought against both our employees and the implicated receivers, upon conviction in the United States District Court.

The alleged misconduct is not indicative of our overall organization. AMS prides itself on maintaining positive, but impartial, working relationships with producers, shippers, brokers and wholesalers. Integrity is the foundation of our effort to provide quality services.

The following steps are being taken to prevent a recurrence:

- initiating random, unannounced follow-up examinations of products previously inspected to verify inspection accuracy;
- implementing a data base system that will allow us to identify inconsistencies and irregularities in grading results;
- training our employees more extensively on inspection and grading techniques, along with ethics and integrity issues;
- conducting more thorough screening of individuals who apply for inspection positions and more closely monitor their activities after employment;
- increasing the rotation of employees at terminal markets; and
- heightening reviews of all offices by headquarters staff to ensure proper procedures are followed.

In addition, a request has been made of OIG for assistance in evaluating and improving the internal control system and procedures in the inspection program. Extensive review of controls will be conducted in all of the grading programs throughout the Agricultural Marketing Service and swift action will be taken on any problems or irregularities found.

Fees and Charges in Effect:

Service Performed	FY 1999 Fees
Quality and condition inspections of one to four products each in quantities of 51 or more packages and unloaded from the same land or air conveyance:	
--Over a half carlot equivalent product	$86.00
--Half carlot equivalent or less of each product	$72.00
--For each additional lot of the same product	$14.00
Condition only inspections of one to four products each in quantities of 51 or more packages and unloaded from the same land or air conveyance:	
--Over a half carlot equivalent of each product	$72.00
--Half carlot equivalent or less of each product	$66.00
--For each additional lot of the same product	$14.00
Quality and condition and condition only inspections of five or more products each in quantities of 51 or more packages and unloaded from the same land or air conveyance:	
--For the first five products	$305.00
--For each additional product	$43.00
--For each additional lot of any of the same product	$14.00

Quality and condition and condition only inspections of products each in quantities of 50 or less packages unloaded from the same land or air conveyance:

--For each product	$43.00
--For each additional lot of any of the same product	$14.00

Dock-side inspections of an individual product unloaded directly from the same ship:

--For each package weighing less than 15 pounds	1.1 cents
--For each package weighing 15 to 29 pounds	2.2 cents
--For each package weighing 30 or more pounds	3.3 cents
--Minimum charge per individual product	$86.00
--For each additional lot of the same product	$14.00

Inspection performed for other purposes during the grader's regularly scheduled work week (hourly)	$43.00
Overtime or holiday premium rate (per hour additional) for all inspections performed outside the grader's regularly scheduled work week (hourly)	$21.50
Inspections performed under 40 hour contracts during the grader's regularly scheduled work week (hourly)	$40.00
Rate for billable mileage (per mile)	$1.00

h. Dairy Products Grading:

Dairy products grading, laboratory analysis, and plant inspections assure purity and quality of dairy products. An AMS grade is required on all products sold to the Commodity Credit Corporation under the dairy price support program. Upon request, AMS also grades dairy products sold in commercial channels. In fiscal year 1999, AMS graded approximately 1,065 million pounds of dairy products, and conducted 1,236 dairy plant inspections to assure sanitation of processing facilities.

Fees and Charges in Effect:

Service Performed	FY 1999 Hourly Fees
Continuous resident service	$51.00
Product grading	56.00
Night differential product grading	61.60
Holiday, Saturday, Sunday	84.00

i. Standardization:

Domestic and international standards are developed for use in grading, acceptance, and certification services for the food and fiber industries. Before standards are implemented, studies are conducted and proposed standards are announced. Public comments are then solicited to verify that quality grade standards will facilitate commerce. The cost of developing and revising these standards is paid by the commodity groups that use them. In addition to their use by private industry in domestic and international contracting, USDA food and fiber standards have, to a great extent, become the basis for international harmonization of food grades recognized by

Codex Alimentarius and the Economic Commission for Europe. Consequently, U.S. food grade standards are likely to play an integral part in NAFTA and GATT.

In fiscal year 1999, 94 standards were reviewed, including 21 for cotton products, 14 for tobacco, 10 for fresh fruits and vegetables, 11 for processed fruit and vegetable products, 15 for poultry, 20 for livestock and meat, and 3 for dairy products. A total of 8 standards were revised, including 2 for dairy, 5 for fresh fruit and vegetables, and 1 for tobacco. As in fiscal year 1998, AMS is collecting fees for standards activities as part of the grading fees. Since fees cannot be collected for standards where grading services are not requested, such as pork, wool, and mohair, all standards activities related to those industries have stopped.

j. Voluntary Seed Testing:

AMS offers seed inspection and certification services to interested parties for a fee. Most of the users of this service are exporters of seed. During fiscal year 1999, AMS issued 1,486 Seed Analysis Certificates.

3. Plant Variety Protection Act:

The Plant Variety Protection Act (PVPA) program is voluntary and self supporting. The PVPA provides legal intellectual property rights protection to developers of new varieties of plants which are sexually reproduced or tuber-propagated. Varieties of approximately 100 species of plants are currently protected under the PVPA. Each developer of a new variety is assessed a fee of $2,750 to cover the cost of filing, searching, issuing, informing the public, and maintaining plant variety protection certificates. The current fees became effective in April of 1995. A modest fee increase was approved by the Plant Variety Protection Advisory Board in fiscal year 1999.

AMS received 430 applications for protection of new varieties of seed reproduced plants in fiscal year 1999. A total of 1,432 applications, including some from previous years, were pending action at the end of fiscal year 1999. During the fiscal year, AMS conducted searches on 666 applications to determine whether the plant constituted a new variety and issued 219 certificates of protection. At the end of fiscal year 1999, 3,260 certificates were in force and protection had expired on 53 different varieties.

MARKET PROTECTION AND PROMOTION

Current Activities:

AMS administers several laws under this activity, including the Agricultural Marketing Act of 1946; the Food, Agriculture, Conservation, and Trade Act of 1990; the Federal Seed Act; the Plant Variety Protection Act; research and promotion acts for beef, cotton, dairy products, eggs and egg products, fluid milk, honey, pork, soybeans, watermelon, kiwifruit, mushrooms, potatoes, popcorn, and the Commodity Promotion, Research, and Information Act; the Export Apple Act; and the Export Grape and Plum Act. These laws regulate various marketing activities and the administration of each includes one or more of the following: collection of pesticide residue data and recordkeeping; issuance, suspension or revocation of licenses or registration; collection and testing of seed samples; audits of books and records; investigation of complaints and violations; settlement of disputes; and legal protection to developers of new varieties of plants which reproduce sexually.

Selected Examples:

1. Pesticide Recordkeeping Program:

AMS entered into 37 cooperative agreements in fiscal year 1999 with State/territories pesticide regulatory agencies to conduct educational and/or compliance work. The main compliance activity consists of conducting inspections of certified private applicators' restricted use pesticide records. In addition, AMS conducted compliance programs utilizing federal inspectors in four States. These States had indicated they would not enter into a cooperative program with AMS. AMS continues to emphasize education to encourage compliance with the regulations. AMS has supported increased educational programming through funding the State Cooperative Extension Services, distribution of educational materials to agricultural organizations who represent the regulated community, and distributing educational materials through direct mailings.

2. Pesticide Data Program:

USDA implemented the Pesticide Data Program (PDP) beginning with fresh fruits and vegetables in May of 1991, which was extended to processed commodities in 1994, grain commodities in 1995, milk from January 1996 through October 1998, and acute single-serving dietary risk assessment studies in 1997. PDP is now planning to extend its sampling and testing infrastructure to meat, poultry, and egg products for FY 2000 implementation as well as nut-based products such as peanut butter. Pesticide residue data are provided to the Environmental Protection Agency (EPA) for use in dietary risk assessments used in the pesticide registration process, and to other Federal and State agencies for use in determining policies intended to safeguard the public health. The program was developed to communicate statistically reliable information on pesticide residues in food near the point of consumption, to improve dietary risk assessment procedures, communicate pesticide information to the public, support the export of U.S. commodities based on national statistical representations, and examine pesticide residue issues which may affect good agricultural practices related to integrated pest management objectives. PDP is federally sponsored and relies on pesticide residue data obtained through participating States.

In June 1992, USDA, EPA, and FDA signed a Memorandum of Understanding (MOU) which established a steering committee to guide USDA in prioritizing residue testing activities. In response to the 1993 National Academy of Science report, "Pesticides in the Diets of Infants and Children," EPA requested and USDA implemented testing of additional high consumption foods for infants and children. PDP is now a critical component of the 1996 Food Quality Protection Act (FQPA), which directs the Secretary of Agriculture to provide improved data collection of pesticide residues, standardized analytical and data reporting methods, and increased sampling of foods most likely to be consumed by infants and children. Consideration has been proposed to include finished water in PDP's mission to meet EPA's data requirements for aggregate exposure assessments.

Over the past eight years, 40 commodities have been included in PDP's sampling/testing. Beginning in FY 2000, EPA requested registration-driven changes mandated by FQPA. Crops previously in the testing profile were reintroduced to determine if there are measurable changes in the residue profile. These fresh commodities are: lettuce, grapes, oranges, green beans, and an acute single serving vs. composite study for peaches. In addition, new commodities to be introduced in fiscal year 2000 are: peanut butter, poultry, cherries, as well as completing a national oat survey and an acute dietary survey to determine the variance in residue levels in apples from composite samples.

At least two years of pesticide residue data are collected for fresh commodities and one year for processed products. PDP provides comparative pesticide residue data between fresh versus processed commodities, which may represent different commodities as well as different markets. In addition, PDP provides an in-depth pesticide residue comparison for selected domestic versus imported

commodities. Types of commodities in the testing system include fresh fruits and vegetables, canned and/or frozen products, juices, grains, milk, and specialty products. Each product type has a different sampling system based on product marketing and a residue testing profile based on EPA's data needs which are different for each product type.

Samples are prepared for testing by emulating consumer practices. Participating laboratories adhere to uniform standard operating procedures for sample collection, analysis, and electronic transfer of data, based on EPA's Good Laboratory Practices Guidelines. In fiscal year 1999, 8,600 samples were sampled and tested resulting in 46,000 analyses. For the 1998 calendar year summary, 84 percent of the samples tested were domestic, 11 percent foreign, and 4.5 percent mixed national origin (mainly orange juice). Residues were detected in approximately 61 percent of the fruit and vegetable samples, 25 percent of the milk, and 51 percent of the soybeans, and none in the high fructose corn syrup samples tested. Almost all residues detected were within FDA tolerance. State and Federal laboratories perform analyses for more than 160 pesticides using multi-and specific-residue methods.

Annual Data summaries were published from 1991-1997. The 1998 summary is scheduled for publication in early January 2000. Over 3,000 copies of the 1997 summary were distributed. At least 3-years of data for each sample tested is posted on the Program's web site: http://www/ams.usda.gov/science/pdp/.

3. Federal Seed Program:

AMS has cooperative agreements with each State to regulate interstate commerce of agricultural and vegetable seeds with regard to labeling. Under these agreements, the States refer apparent violations of the Federal Seed Act to AMS for verification and appropriate action. In cooperation with State agencies, AMS conducted field tests on 1,425 samples at six different locations to determine trueness-to-variety of seed in interstate commerce. In fiscal year 1999, AMS received 341 new complaints from 21 States, resulting in 425 cases. AMS tested 515 regulatory seed samples from 21 States and tested 193 mail order seed samples from 12 seed companies.

During fiscal year 1999, 48 Federal Seed Act cases were administratively settled with penalty assessments totaling $31,300. The penalty assessments ranged from $875 to $3,375. To promote uniformity in testing inspection, AMS conducted two seed analyst schools.

4. Research and Promotion Programs:

AMS provides administrative oversight to a number of industry-funded commodity research and promotion programs. Industry research and promotion boards collect assessments from producers, and/or importers, processors, and handlers, to carry out programs aimed at strengthening the demand for and improving the quality of beef, cotton, milk and dairy products, eggs and egg products, fluid milk, honey, mushrooms, peanuts, popcorn, pork, potatoes, soybeans, and watermelons. It is the responsibility of AMS to review and approve the budgets and projects such as paid advertising, consumer education, industry relations, industry information, retail promotion, food service promotion, export promotion, market research, production research, nutrition research, public relations, and project evaluation proposed by the boards. The industry reimburses AMS for the costs of administrative oversight activities.

In November 1998, Secretary of Agriculture Dan Glickman announced the formation of an interagency USDA task force to review the operations and oversight of the twelve active Commodity Research and Promotion Programs (R&Ps). The task force reviewed the operation and oversight of the boards, focusing on issues that created dissent within some industry groups or have been the target of public concern. The task force began meeting in January 1999. Meeting were held with AMS staff who provide the oversight legislated by Congress, with the Office of the Inspector

General, and with board representatives. The task force developed 21 recommendations that were endorsed by Secretary of Agriculture Dan Glickman on December 15, 1999. These recommendations were published in the *Federal Register* on December 17, 1999, and will be open to public comment for 90 days. Some of the recommendations will require legislative action before they can be implemented.

Established in 1966, the Cotton Research and Promotion Program is completing its 33rd year of work directed toward strengthening cotton's competitive position and expanding domestic and foreign markets for U.S. produced cotton. This program, administered by the Cotton Board, is funded by a mandatory assessment of $1 per bale, and a supplemental assessment not to exceed one percent of the value of lint of each bale. The Cotton Research and Promotion Act directs the Cotton Board to contract with an organization or association whose governing body consists of cotton producers selected by cotton-producer organizations that are certified by the Secretary to conduct the actual research and promotion projects. The contracting organization is Cotton Incorporated. In an effort to improve the demand and profitability for upland cotton, Cotton Incorporated created new products and capitalized on non-traditional ways to increase demand for cotton. It developed new technologies in crop management based on in-season plant monitoring, discovered inroads into cotton non-woven products such as diapers, wipes, and medical care products, and developed a new trademark to be used with blended absorbent core non-woven products. Cotton's retail market share on a fabric weight basis reached 60%, up one percentage point from the same time last year, the highest retail figure for cotton in nearly three decades. For fiscal year 1999, assessment collections totaled $59 million: approximately $23 million from imported cotton and the cotton content of imported products, and $36 million from domestically produced cotton.

The Beef Promotion and Research Order, which became effective in July of 1986, provides for programs designed to maintain and expand domestic and foreign markets for beef. Project areas include promotion, research, consumer information, industry information, and producer communications. "Beef, It's What's for Dinner," has been the focus for advertising the program in recent years. In 2000, cooperative advertising with precooked branded beef items will be used to focus on current eating trends and the consumer desire for convenience. Beef exports have increased sharply during the past decade. Foreign promotion efforts have been formed in Japan, China, Korea, and other Far East countries, as well as in Mexico. In the research area, a major gene mapping project has been funded which may lead to more tender beef. Various research projects have also been funded which have led to increased food safety in the packing plants. Consumer information projects range from educational materials for schools to nutrition information for doctors and dieticians. An independent evaluation of the activities carried out indicates a $5 return to producers for each $1 expended. In fiscal year 1999, importers paid about $7.6 million of the $83.2 million in assessments collected. Assessments are split between National programs and State programs. The National Beef Promotion and Research program received $45.4 million of the assessments, while qualified State beef council programs received the remaining $37.8 million.

The Pork Promotion, Research, and Consumer Information Order, which became effective in September of 1986, provides for programs designed to maintain and expand domestic and foreign markets for pork. Project areas include promotion, research, and consumer information. "Pork, the Other White Meat," has been the focus of the promotion and advertising campaigns. Two new pork cuts, "America's Cut" and "Chef's Prime", have been developed and promoted. Exports have increased significantly during the past decade. Japan and other Far East countries have become major export markets. A variety of research projects have been funded, including nutrition, new product development, and food safety. For example, research has shown that pork is much leaner than it used to be. This information has been helpful in emphasizing the leanness of pork in consumer information materials directed at school-age children, doctors and dieticians, and the general public.

Approximately $3.6 million of the $39.4 million assessments collected in fiscal year 1999 were from importers.

The Soybean Promotion, Research, and Consumer Information Order, which became effective on July 9, 1991, provides for programs designed to maintain and expand domestic and foreign markets for soybeans. Project areas include promotion, research, consumer information, industry information, and producer communications. A major share of the budget is devoted to export since nearly 50 percent of soybean production is exported. Efforts are expected to increase use of soybeans as human food and animal feed, soy diesel and ink, and a variety of other uses such as adhesives, paints, and plastics. Research efforts are currently underway to produce a new soybean with increased value to the producer and the consumer. An independent evaluation of the activities carried out indicates an $8 return for each $1 expended. The States collect the assessments, retain half, and forward half to the national program. In fiscal year 1999, the national program's share was approximately $31.7 million.

The Honey Research, Promotion, and Consumer Information Order, issued by the Secretary of Agriculture on July 21, 1986, provided for the establishment of the Honey Board. Producers and importers may apply for an exemption from paying assessments if they produce less than 6,000 pounds of honey per year and such honey is distributed directly to retail outlets. A producer or importer who consumes honey at home, or who donates it rather than sells it, may also apply for an exemption. In fiscal year 1999, the Board is expected to receive approximately $3.4 million in assessments. About $1.7 million will be collected on domestic honey and $1.7 million on imported honey. The Board also received $120,398 from the Foreign Agricultural Service (FAS). The emphasis of the Board's projects is to assure consumers that honey is a wholesome food by conducting research focusing on honey's unique nutritional attributes and its role in consumers' health. The statute that authorizes the honey program was amended in June 1998 to: (1) set aside an annual reserve for beekeeping and production research; (2) develop purity standards and a quality assurance program; (3) change the make-up of the Board; (4) modify assessment rates and add a handler assessment; and (5) change nomination and voting requirements. AMS will conduct rule making and a referendum in fiscal year 2000 to determine which amendments will be made to the Order.

The Egg Research and Consumer Information Act, as amended, authorizes the collection of non-refundable assessments from egg producers to finance research, promotion, and education activities. Producers owning more than 75,000 laying hens pay an assessment of 10 cents per 30-dozen cases of eggs. Collections totaled approximately $17 million during fiscal year 1999. Projects related to food safety in food service and high-risk health care institutions, as well as in retail establishments, continued to be given high priority by the American Egg Board. The Board funded a food safety director to examine food safety issues facing the egg industry and helped plan future initiatives. In addition, the Board contracted for numerous research projects to further study the role of eggs and dietary cholesterol in determining plasma cholesterol levels and in providing good nutrition.

The Dairy Production Stabilization Act of 1983 authorized a national program for dairy product promotion, research, and nutrition education as part of a comprehensive strategy to reduce milk supplies and increase consumption of milk and dairy products. This program, administered by a National Dairy Promotion and Research Board, is funded by a mandatory 15-cent per hundredweight assessment on all milk produced in the contiguous 48 States and marketed commercially. The Board's estimated revenue from producer assessments in fiscal year 1999 is $80.3 million of the approximately $234.5 million collected. The advertising and sales promotion programs that focus on increasing consumption, mainly of fluid milk and cheese, are the major components of the Board's budget. These programs concentrate on specific target audiences, for example, milk advertising programs are focused on teen and adult audiences based upon market research results that showed the greatest potential for increased milk consumption. The Board funds dairy foods and nutrition research projects that increase the breadth of knowledge of dairy products, processes, and nutrition. The bulk

of the research is conducted through six Dairy Foods Research Centers located at 12 universities throughout the country. Nutrition research is conducted through two nutrition and health research institutes that focus on nutritional benefits provided by milk and dairy products. The remainder of the funds collected are utilized by qualified State and regional promotion, research, or nutrition education programs. In an effort to expand export sales of dairy products, the Board funds the U.S. Dairy Export Council (USDEC). USDEC under an agreement with FAS has established cooperator status for the USDEC and enables them to receive funds for marketing and promotion activities in global markets. The export program targets the Pacific Rim countries and Mexico as the primary areas for marketing and promotion of value-added dairy products. Activities in Mexico concentrated on whey, milk powders, ice cream, and cheese; in Japan, cheese and whey proteins and derivatives; in Korea, cheese and whey proteins and derivatives; in China, whey proteins and derivatives and skim milk powder; and in other southeast Asia markets, skim milk powder and whey proteins and derivatives.

The Fluid Milk Promotion Act of 1990 authorizes a national program of advertising to strengthen the position of the dairy industry in the marketplace and to maintain and expand markets and uses for fluid milk products produced in the United States. To try to change the attitudes and purchase behavior of the country regarding fluid milk, many communications disciplines have been utilized, including advertising, public relations, direct mail, and brochure distribution. The Federal Agriculture Improvement and Reform Act of 1996 extended the authority of the program to December 31, 2002. The program is funded by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages by fluid milk processors in the 48 contiguous States and the District of Columbia. Processors marketing 500,000 pounds or less per month are exempt. The Board expects to collect $105.8 million in fiscal year 1999. A National Fluid Milk Processor Promotion Board composed of 20 members, 15 representing geographic regions and five at-large members appointed by the Secretary of Agriculture, administers the program. The five at-large members currently include three fluid milk processors and two members from the general public.

Since its establishment in 1972, the National Potato Promotion Board has carried out a coordinated program of research, development, advertising, and promotion. In fiscal year 1998-1999, the Board collected $8.4 million in assessment revenue, mostly on domestic potatoes. Producers with less than 5 acres of potatoes are exempt from assessments. In cooperation with FAS, the Board promotes potatoes in the Pacific Rim countries, and is developing markets in Mexico and South America. The Board received $1.3 million in FAS funds to operate its export marketing plan. The Board's current domestic promotion program aims to convince consumers to serve potatoes at home more often. The program will also continue to reinforce the themes of nutrition and convenience that have been successful in changing consumers' attitudes about potatoes in years past.

The Watermelon Research and Promotion Act, implemented in March 1990, was designed to strengthen the watermelon's competitive position in the marketplace and to establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. Producers of 10 acres or more annually, importers of 150,000 pounds or more annually, and handlers are assessed under this program. For the Board's 15 month fiscal year 1999, they expect to receive approximately $1.1 million in domestic assessments and $240,000 in assessments on imports. The Board is aggressively pursuing its food service, retailer, and public relations programs.

The Mushroom Promotion, Research, and Consumer Information Order became effective on January 8, 1993. Producers and importers of 500,000 pounds or less of fresh mushrooms annually are exempt from assessments. Assessments to the national program during fiscal year 1999 are expected to total approximately $2.5 million, primarily for domestic mushrooms. The nine-member Mushroom Council promotes mushrooms to consumers, food service operators, and the retail trade.

The Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Order became effective in December of 1994. An assessment of 0.5 percent was levied on the volume of gross sales of wholesale handlers whose annual sales are $750,000 or more and who sell to retailers and exempt handlers. In June of 1997, during the required referendum, only 42% of the qualified handlers voting favored continuance of the program. Therefore, assessment obligations were terminated on July 29, 1997, and trustees were appointed to handle liquidation of the National Promoflor Council's assets. There are 7 enforcement cases still pending, therefore, the program will not be fully terminated until there is resolution of these cases. In fiscal year 1999, AMS collected 60 percent of the $0.5 million due from the handlers.

The Kiwifruit Research, Promotion, and Consumer Information Act was enacted April 4, 1996, and authorizes a Kiwifruit Research, Promotion, and Consumer Information Order. A proposed Order was published in the *Federal Register* on October 2, 1996. AMS received 75 comments on the proposal, only two of which supported the program as proposed. One of the major objections was the requirement that 51 percent of the members of the proposed national Kiwifruit Board had to be domestic importers. Based on 1996 statistics, domestic kiwifruit would account for only 41.7 percent of the assessments to be collected under the program. On October 17, 1997, AMS published a revised proposal that addressed some of the commenters' concerns. AMS also notified the California Kiwifruit Commission (CKC), the proponent group for the program, that AMS would not go forward with the referendum until the CKC posted a bond for $125,000 to cover the government's implementation costs. In June of 1998, the Act was amended to remove the requirement that 51 percent of the Board members be domestic producers. On November 10, 1998, AMS published an amended proposed rule for public comment to remove the 51 percent requirement from the Order. AMS will hold a referendum to determine if the program will be implemented after the CKC submits a bond.

The Popcorn Promotion, Research, and Consumer Information Act of 1994 was enacted on April 4, 1994. The Popcorn Promotion, Research, and Consumer Information Order became effective on September 1, 1997. Under the Order, processors of more than 4 million pounds of popcorn annually pay an assessment rate of 5 cents per hundredweight. During fiscal year 1999, the Board is expected to collect $437,000. Composed of nine popcorn processors, the Popcorn Board uses the assessments to conduct generic programs of promotion, research, and consumer information to maintain and expand markets for popcorn.

The Peanut Promotion, Research, and Information Order became effective on July 31, 1999. It is the first program issued under the generic statute. The program was requested by the American Farm Bureau Federation, Inc., in June 1998. During fiscal year 1999, AMS conducted rulemaking and a referendum to determine if the program would be implemented and conducted nomination meetings for the initial National Peanut Board members. In the referendum from May 24 through July 2, 1999, over two thirds of the peanut producers voting favored implementation of the program. Under the program, peanut producers began paying an assessment of one percent of the value of all farmer stock peanuts on August, 1 1999. The program is expected to generate approximately $10 million annually, which will be used to increase consumption of peanuts in domestic and foreign markets through promotion programs and research. Approximately 20,000 peanut producers are covered by the program.

During fiscal year 1999, AMS began rulemaking on the Blueberry Promotion, Research, and Promotion Order under the generic statute. The Order was requested by the North American Blueberry Council in December 1998. AMS issued for public comment the proposed Order and proposed referendum procedures on July 22, 1999. Eight comments were received during the 60 day comment period which ended September 20, 1999. The proposed rule and final referendum Order, incorporating the submitted comments, have been drafted and are currently in clearance channels. There will be a referendum on the program in early 2000. Under the proposed program, domestic

producers and importers of 2,000 pounds or more of cultivated blueberries annually would pay an assessment of $12 per ton to the U.S.A. Blueberry Council. The Council would use the funds to increase demand for fresh and processed blueberries in the U.S. and abroad. It is anticipated that the program would generate about $1 million annually (mostly from domestic assessments). Approximately 1,200 producers and 100 importers would be covered by the program.

The North American Olive Oil Council requested AMS to implement the Olive Oil Promotion, Research, and Information Order in fiscal year 1999. AMS issued for public comment, the initial proposed rule on the order and proposed referendum procedures on August 26, 1999. The original comment period ended on October 25, 1999. However, the comment period was reopened on November 3, 1999, for an additional 30 days, which ended on December 3, 1999. A total of 67 comments were received and are currently under review. Under the program, olive oil importers and handlers of 6,000 pounds or more of olive oil annually would pay an assessment of $0.01 per pound of olive oil. If implemented, the program would generate between $3 to $4 million annually (mostly from imports) for the purpose of increasing consumption of olive oil in the U.S. Approximately 20 handlers and 350 importers would be covered by the program.

Commodity	FY 1999 1/ Assessments Collected (Millions of Dollars)
Beef	$45.4
Cotton	59.1
Dairy	80.3
Egg	17.0
Fluid Milk	105.8
Honey	3.4
Mushrooms	2.7
Popcorn	0.4
Pork	39.4
Potatoes	8.6
Soybeans	31.7
Watermelon	1.3
Total	395.1

1/ The fiscal year for the cotton, dairy, fluid milk, egg, honey, mushroom, pork, and popcorn boards coincides with a calendar year. The other boards operate under different 12-month fiscal periods. In 1999, the watermelon board has a 15 month fiscal period.

**Program for blueberries and olive oil, and peanuts are not yet implemented.

National Organic Program:

The National Organic Program (NOP) is authorized by the Organic Foods Production Act of 1990. The program is charged with establishing national standards and definitions governing the marketing of certain agricultural products as organically produced. The initial proposed rule was published on December 16, 1997, and addressed methods, practices, and substances used in producing and handling organically grown crops, livestock, and processed products, as well as requirements for mandatory certification of organically grown production and processing operations. Implementation of the program will involve the accreditation of State and private organizations as certifying agents.

The National Organic Standards Board was established in 1992 and consists of 15 private-sector appointees. Board membership is composed of four individuals that own or operate an organically grown farming operation, two that own or operate an organically grown handling operation, one that owns or operates a retail establishment with significant trade in organically grown products, three individuals with expertise in areas of environmental protection and resource conservation, three that represent public interest or consumer interest groups, one with expertise in the fields of toxicology, ecology, or biochemistry; and one that is a certifying agent. The certifying agent position cannot be filled until the accreditation process begins. The Board provides policy advice to the Secretary on carrying out the program in accordance with the rules and provisions governing national advisory committees.

In fiscal year 1999, NOP carried out the following activities and accomplishments:

- NOP's Electronic Rulemaking project was awarded the 1998 Government Technology Leadership Award conferred by the Government Technology Leadership Institute and *Government Executive* magazine and a National Performance Review Hammer Award. Its was also selected for inclusion in the Smithsonian's Permanent Research Collection and as a finalist for the prestigious Innovations in American Government award.

- On October 28, NOP published a series of three issue papers for public comment in the *Federal Register* addressing issues raised during the comment period on the proposed national organic rule, which received a total of 10,343 comments.

- The National Organic Standards Board held a public teleconference meeting on December 7 to develop its recommendations to Secretary Glickman on the three issue papers published in the *Federal Register* for public comment, the first such advisory board meeting to be held via this medium.

- In response to the EU's requirement that agricultural products exported to Europe meet ISO Guide 65 standards for organic production and handling, AMS, in cooperation with and representatives of several European nations, developed a certification process that is acceptable to the EU, thereby allowing the U.S. to continue exporting organic products to Europe.

- The NOP hosted three meetings of the National Organic Standards Board to receive its recommendations for developing the NOP's proposed national standards governing the production and handling of agricultural products labeled as "organic."

- NOP has redrafted the proposed rule and expects publication early in calendar 2000.

Market Assistance:

With funding provided by the Foreign Agricultural Service (FAS), AMS has continued its support of the emerging markets program, joining with private sector representatives in assessing the cold chain and providing seminars in Brazil, the Dominican Republic, Mexico, Philippines, Thailand, and Vietnam on importing perishable U.S. agricultural products. AMS plans to participate in additional distribution channels for refrigerated products in Malaysia and Vietnam in early 2000, and will participate in follow-up activities in Brazil, Mexico, and the Dominican Republic.

AMS is working with FAS and Texas A&M University on a technical assistance project in Ecuador to develop a market information system and other marketing improvements.

In cooperation with agricultural interests throughout the United States, AMS held a series of four workshops to present information on the effects of the Ocean Shipping Reform Act of 1998 (OSRA) on agricultural shippers and exporters. The workshops were held in Oregon, California, Florida, and

Georgia. In addition, an exporter's workshop was held in conjunction with the 39th Annual Meeting of the American Institute for Shippper's Associations in response to increased interest in shippers' associations generated by passage of the Ocean Shipping Reform Act (OSRA) which became effective on May 1, 1999.

AMS participated in many activities to provide transportation information and advice to limited resource producers, including American Indian and African American farmers. In addition, AMS attended a number of trade association events sponsored by the National Cattlemen's Beef Association, the Florida International Agricultural Trade Show, Producer Marketing Association, United Fresh Fruit and Vegetable Association, the International Refrigerated Transportation Association, as well as others.

AMS received international visitors who are concerned with marketing from Bangladesh, China, Colombia, India, the Ivory Coast, the Netherlands, Panama, Crotia, and Russia.

TRANSPORTATION SERVICES

Current Activities:

The Transportation Services program promotes and assists in the development of an efficient agricultural transportation system to help improve farm income, expand exports, and meet the transportation needs of rural America. AMS provides assistance to State and local decision-makers and to farmers and shippers in regulatory, policy, and legislative matters. AMS conducts economic studies of domestic and international transportation issues and provides technical assistance and information on agricultural transportation, rural infrastructure and access, and food distribution to producers, shippers, rural communities, carriers, government agencies, and universities.

Selected Examples:

Ocean Rate Bulletin:

The Ocean Rate Bulletin, a monthly report for exporters that compares freight rates and services for 14 high-value agricultural products, was redesigned and posted to the Internet in November 1998 for timely access and to provide users the capability to analyze shipping trends. Reporting was expanded from West Coast ports to Asian markets to include grapefruit exported from Atlantic/Gulf ports to European markets in the Netherlands and France. Information on Washington State apples exported to the Russian Far East ports also was added. In addition, identity-preserved (IP), containerized grain shipments have been added to the bulletin; and a workshop on shipping IP grain was held in Fargo, ND, in early December 1999. AMS resumed work with the U.S. Potato Board providing data on comparative ocean freight costs for frozen potatoes shipped from the United States, Canada, Australia, and Europe into various countries in Asia and South America.

Agreement on the International Carriage of Perishable Foodstuffs:

AMS continues to represent U.S. interests on behalf of the State Department before the United Nations Economic Commission for Europe working party concerned with the Agreement on the International Carriage of Perishable Foodstuffs (ATP). The U.S. position has been to keep compliance with the ATP voluntary in the United States although it is mandatory in Europe, while allowing minor amendments of the annexes that do not threaten U.S. trade interests.

ATP requires that ground transport equipment used to move perishable products between countries in Europe be inspected, tested, certified, and labeled to ensure that it's capable of maintaining prescribed temperatures for frozen food and chilled meat, poultry, seafood and dairy products. AMS provides for the voluntary certification of U.S. equipment exported to Europe. Over the past year, two U.S. trailer manufacturers established joint ventures to more actively participate in the European market.

Food Safety

AMS was asked by the Food Safety and Inspection Service (FSIS) to review possible voluntary industry guidelines as well as to review their draft proposed rule for the sanitary transportation and storage of meat, poultry, and egg products in accordance with the National Food Safety Initiative and the Sanitary Food Transportation Act.

Memorandum of Understanding With Army Corps of Engineers:

In fiscal year 1999, the United States Department of Agriculture and the United States Army Corps of Engineers signed a Memorandum of Understanding (MOU) which created an Inland Waterway Working Group to promote a more collaborative approach to agricultural transportation issues between the two agencies. Key functions of the working group include information sharing, joint research and analysis, outreach to users and providers of agricultural transportation services, and the development of joint policy recommendations, where appropriate.

Participation in Marine Transportation System Task Force:

In fiscal year 1999, transportation and marketing staff participated in the Marine Transportation Task Force of the United States Department of Transportation (USDOT). This task force was established by Congress to assess the long-term adequacy of the nation's marine transportation system (including ports and waterways) in an efficient, secure, and environmentally sound manner.

Regulatory Filings on Internet:

During fiscal year 1999, transportation and marketing staff expanded the agency's web site to include all of the regulatory filings by the USDOT on issues before the Surface Transportation Board (STB).

Exporter Assistance via the Internet:

- Access to valuable resources was enhanced by the addition and improvement of many publications, on the AMS web site including the following: *Ocean Rate Bulletin, Grain Transportation Report Directory of Freight Forwarders Serving Agricultural Shippers, Tropical Products Transport Handbook, California's Produce Trucking Industry: Characteristics and Important Issues, and the Agricultural Export Transportation Handbook.*

- A series of reports on *Shipping Containerized U.S. Agricultural Products* to ... (various countries). The Philippines and Vietnam have been added to the web site, with other countries to follow, as an outgrowth of work with the FAS emerging markets program.

- The Livestock Transportation Program web site has been enhanced to provide information on livestock transportation products and services contact information, links to related web site, and revised sections of *A Guide for Livestock Exporters.*

- AMS also added a website on shippers' associations. Private web sites have mentioned and linked to AMS as a recommended source of information.

- In May 1999, in response to concerns over potential Y2K effects on ocean shipping and foreign ports, AMS and FAS initiated an assessments by FAS overseas offices of international agricultural transportation modes vital to U.S. agricultural trade. The resulting assessments of key U.S. agricultural export markets and import suppliers, as well as major food aid recipients, are summarized in the USDA study entitled "*Y2K and U.S. International Agricultural Transportation.*" The report is now available at www.fas.usda.gov/info/publications/y2k.pdf. The Departments of State, Transportation, and Conference and the National Intelligence Council cleared the report.

Exporter Assistance via Training Seminars:

The National Council for Agricultural Education and interested colleges were provided copies of the *Agricultural Export Transportation Handbook*, and *A Business of Details* video and guidebook in order to train teachers and students in exporting U.S. agricultural products.

Domestic Trucking Issues:

In March 1999, the California Agricultural Institute's Center for Agricultural Business at Fresno State University, Fresno, CA, published the report, *California's Produce Trucking Industry: Characteristics and Important Issues* in cooperation with AMS. The report provides an analysis of the transportation of California produce to the marketplace. AMS continues to work with the American Trucking Association, the Agricultural Trucking Conference, and California produce associations to present the information gathered in the study at workshops for shippers, brokers, and receivers. The produce industry has dealt with a shortage of refrigerated trucks, a shortage of drivers, hours of service rules, and high freight rates. AMS is also working with the Border Trade Alliance in support of efficient cross-border trucking as part of NAFTA.

Development of a *Long-Term Agricultural Transportation Strategy:*

As part of the Department's response to the western railroad crisis and the numerous other transportation issues facing U.S. agriculture, AMS continues work on the development of a *Long-Term Agricultural Transportation Strategy* (LATS). LATS is a combination of constituent outreach, regulatory representation, long-term economic research, and new informational products designed to help agricultural shippers anticipate and adjust to logistical problems, and also to frame the long-term transportation challenges facing U.S. agriculture.

A report summarizing the *Long-Term Agricultural Transportation Strategy* and a Year 2000 National Agricultural Transportation Summit are planned.

Publication of Grain Transportation Prospects:

AMS developed and published a new periodical called the *Grain Transportation Prospects* to provide grain shippers with additional information by which to adjust to grain logistics problems. *The Grain Transportation Prospects Report* compares the likely demand for grain transportation services in the near term with estimates of the likely grain transportation capacity available over the same time period for the various transportation modes. The reports are published five times per year corresponding to major release dates of USDA crop production estimates and historic surges in grain transportation demand.

Importance of Regional Railroads to U.S. Agriculture:

Regional and small railroads have become an increasingly important part of the rural transportation infrastructure for agricultural interests because they have allowed a continuation of railroad services into areas in which rail line previously would have been abandoned. To better understand the factors affecting

the long-term viability of these types of railroads, AMS jointly funded a survey on regional and small railroads with the USDOT in fiscal year 1999. These survey results are currently being assembled into a database to enable analysts in the USDA and USDOT to assess policy alternatives which will promote the long-term viability of these types of railroads.

WHOLESALE MARKET DEVELOPMENT

Current Activities:

AMS promotes regional economics development and effective facilities for wholesale, assembly, farmers and direct market operations, thereby enhancing the overall effectiveness of the food marketing system and providing better quality products to the consumers at reasonable cost. The program facilities market access by the small-to-medium-sized grower, and sponsors broad research on agricultural marketing with emphasis on changing marketing channels with resultant impact upon agricultural markets and facilities.

Selected Examples:

AMS Web Site:

- AMS created a Farmer Direct Marketing Web Page to serve as a one-stop information source for farmer direct marketing activities by providing information on a variety of topics, as well as linking to appropriate Federal, State, university, and other web sites relating to direct marketing, as well as bi-monthly Farmer Direct Marketing Newsletter.
- AMS published the *Farmer Direct Marketing Action Plan* on the Internet and in hard copy.
- AMS published a Farmer Direct Market Bibliography containing information of interest to academia, extension services, nonprofit groups, farmers, and vendors.

Workshops and Focus Group:

- AMS, in cooperation with Cornell University, conducted five farmer directing marketing focus groups in the Northeast, Midwest, and Southeast to identify farmer direct marketing challenges and opportunities. Results and recommendations from these sessions are contained in a report, *Direct Marketing Today - Challenges and Opportunities.*
- On February 4-6, AMS and the Friends of the Santa Fe Farmers Market conducted a workshop to address the issues of attracting minority farmers and customers to farmers and public markets.
- On February 22, AMS, as part of the Agricultural Outlook Forum 1999, AMS coordinated a breakout session entitled, *New Approaches to Direct Marketing by Farmers*, which addressed such topics as *Farm Direct Marketing Industry Trends, Farm Direct Marketing from the Producer's Perspective and Homemade--Changing Consumer Preferences: Paradigms and Paradoxes.*
- On March 24-26, AMS participated the Agricultural Marketing Outreach Workshop for Limited Resource Farmers in Memphis, TN.
- On March 29-31, AMS participated in the 54th annual meeting of the National Association of Produce Market Managers held in New Orleans, LA. The topic of the focus session was the *Role of USDA in the Development of Whole Markets.*

- AMS developed a cooperative agreement with the Farmers Market Trust to organize and conduct a regional conference on attracting minority growers, entrepreneurs and farmers to farmers markets.

Facilities Studies:

- At the request of the Market Services Director, South Carolina Department of Agriculture, AMS completed drawings, construction cost estimates, and developed a phased approach for rebuilding the State Farmers Market in Columbia, SC.

- At the request of the Director of the Southern Regional Alternative Agriculture Project, AMS completed a study of possible utilization of an existing feed mill as a packing and shipping facility in Quincy, Florida. This facility would serve the needs of minority growers in the area. Drawings for installing a produce packing line were developed as a first phase.

- At the request of the Chief, Bureau of State Farmers Markets, Florida Department of Agriculture and Consumer Services, AMS completed drawings for converting the Sanford, FL State Farmers Market into a produce distribution facility.

- At the request of the Mayor of the City of San Diego, CA, AMS developed concept drawings for a facility to serve 20 produce merchants forced to relocate due to construction of a new baseball stadium. These drawings were to establish the size of an area to be purchased by the city for actual development of the market.

- At the request of the Municipality of Anchorage, Alaska, AMS made a site visit and held preliminary meetings to discuss a feasibility study for development of a wholesale seafood market. This facility would provide market access to the small fishermen and serve as an alternative market for all Alaskan fishermen.

- AMS developed a cooperative agreement with the Maryland Department of Agriculture to investigate terminal market facility improvements at the Maryland Food Center to enhance market access for small- and medium-sized farms while improving customer acceptance and market share throughout the Mid-Atlantic service area.

- AMS provided technical assistance to the Maryland Food Center in a study to investigate terminal market improvements that would enhance the maintenance of the distribution channel for refrigerated products.

- AMS reviewed plans for a new terminal market in Chicago and provided technical assistance to the South Water Street Market Relocation Committee in Chicago, IL.

- At the request of Director, Marketing Program, Alabama Department of Agriculture and Industries, AMS made site visit and held preliminary meetings to discuss a project to conduct a feasibility study to update the Montgomery State Farmers Market.

- AMS is working with Esperanza Community Housing Corporation to determine the facility and space requirements for the direct marketing of ethnically appropriate products in an urban public/farmers market in Los Angeles, CA.

- AMS is working with the Center for Urban Education about Sustainable Agriculture to conduct a market and economic feasibility study for a public market and education center in San Francisco, CA.

- AMS is working with the Project for Public Spaces to organize and conduct research for demonstrating farmers markets located in city transit sites.

Farmers Markets and Direct Marketing:

- In partnership with FAS and the National Association of State Departments of Agriculture (NASDA), AMS organized a Farmers Market exhibit at the Food Marketing Institute's annual convention in Chicago, May 2-4, as part of the U.S. Food Export Showcase, a NASDA-sponsored event that offers a forum for small and medium-size firms to exhibit and test their products with buyers representing both domestic and international markets.

- AMS again sponsored weekly USDA farmers markets, which have been expanded this year to include chefs' demonstrations provided by the Food and Nutrition Service.

- AMS initiated a cooperative study with the North American Farmer Direct Marketing Association to develop a national directory of direct marketing associations and a series of manuals that describe how to start and expand direct marketing associations as a means of facilitating farm direct sales to consumers.

- Based on recommendations from the focus group report, AMS initiated a project with Cornell University Cooperative Extension to develop a technical manual to assist newly emerging and operating farm direct marketers in making decisions relative to market channel alternatives, business direction and diversification strategies.

- AMS initiated a cooperative study with the California Institute for Rural Studies to determine the contribution of direct marketing to farm entry and farm viability in California.

- AMS initiated a cooperative study with the Department of Food and Resource Economics, University of Delaware, to assess the Delaware Direct Market Survey Instrument to determine customer needs and opinions.

Linking Rural Farmers to School Lunch Programs in Florida and Georgia:

In 1999, AMS, the National Resources Conservation Service, and Florida A&M assisted a cooperative of limited-resource farmers located in the Panhandle of Florida with marketing opportunities to sell fresh produce to local schools. Developing a linkage between the food needs of local school districts and the food production of limited-resource farmers not only provides another marketing outlet for farmers, but also results in higher quality food for local school children. The successes of the project in 1999 include improved cooperative education, member education, processing equipment, market expansion, and a substantial delivery record throughout the school year. A series of bulletins targeted to an audience of small farmers, extension agents, and outreach specialists were published along with a comprehensive report on the project.

U.S.-Mexico Marketing Research on Horticultural Products:

In FY 1999, AMS initiated research and a program of technical exchange on the U.S. and Mexican marketing systems for horticultural products. One of the objectives of the project was to develop a better understanding of the Mexican marketing system for these products in order to assist U.S. exporters seeking to participate in the Mexican market. An assessment of the Mexican marketing and distribution system for fresh fruits and vegetables was completed in fiscal year 1999.

Survey of High-Value, Value-Added Agricultural Exporters Completed:

With the assistance of cooperators at Washington State University, AMS completed a survey and an analysis of the technical assistance needs of high-value and value-added agricultural product exporters in fiscal year 1999. Survey results were presented to USDA agencies involved in providing technical assistance to such exporters so that USDA technical assistance programs to these types of agricultural exporters could be better tailored to their needs.

Publication of Series of Small Farmer Success Stories:

AMS published a series of bulletins in fiscal year 1999 which detailed several success stories of small farmers and agricultural producers in initiating new and innovative direct marketing ventures.

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Payments to States and Possessions:

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)),[$1,200,000] $1,500,000.

PAYMENTS TO STATES AND POSSESSIONS

Appropriations Act, 2000	$1,200,000
Budget Estimate, 2001	1,500,000
Increase in Appropriation	(+300,000

PROJECT STATEMENT
(On basis of appropriation)

	1999 Actual	2000 Estimated	Increase or: Decrease	2001 Estimated
Payments for marketing services work under Section 204(b) of the Agricultural Marketing Act of 1946	$1,200,000	$1,200,000	+$300,000	$1,500,000
Total, Available or Estimate	1,200,000	1,200,000	+300,000 (1)	1,500,000

Justification of Increases and Decreases
Payments to States

(1) An increase of $300,000 ($1,200,000 available in 2000) to develop small farm, export, and sustainable agricultural activities by assisting small farmers to identify and develop marketing opportunities.

This increase will provide additional matching funds for projects that will assist small farmers in marketing so that they can better compete in the current agricultural and economic environment. Marketing and the identification of marketing opportunities are key to maintaining small farm operations throughout the U S. Since agriculture is moving increasingly toward market-oriented production systems and more industrialized, concentrated marketing sectors, small farmers need increased support to develop their marketing opportunities. AMS is in an ideal position to provide assistance to small farmers through its Payments to States program, more commonly known as the Federal-State Marketing Improvement Program (FSMIP). The FSMIP Program offers funding that stimulates innovative product development and marketing approaches, and an opportunity to disseminate those results quickly Matching grants to States under FSMIP focus Federal expenditures on localized product development and marketing initiatives and provides incentives for the States to direct additional resources toward marketing issues and opportunities of National significance. In this way, Federal funds can be leveraged to compound the benefits realized by small farmers

The additional funds would be made available to States for projects that focus on the following specific goals:

1. To identify and develop market opportunities for small, limited-resource farmers and agribusinesses with emphasis on local or direct marketing. Our aim is to provide for additional State involvement in USDA's Direct Marketing Initiative and respond to recommendations of the National Commission on Small Farms. Successful projects will result in additional sources of income for farmers and related businesses and, in turn, will contribute to the economic growth and stability of rural communities.

2. Export-oriented market research and technical assistance to target small, limited-resource producers and marketing organizations. We will closely coordinate our activities with the Foreign Agricultural Service's outreach programs The additional funding will encourage State agencies to assist under-served segments of U.S. agriculture in identifying export opportunities and in developing the organizations and infrastructures necessary for successful export marketing. Successful projects will contribute to increased farm income and increased exports of food and other agricultural products

3. To encourage sustainable agricultural production and marketing and increased utilization of bio-based industrial products using market-based approaches. This will help attract additional State cooperators as participants in appropriate marketing elements of USDA's "Sustainable Agriculture" and "Bio-based Industrial Products" initiatives. Identifying and developing market opportunities for environmentally friendly products and production/processing practices will provide additional sources of income for farmers and rural communities.

An announcement of increased funds availability will be distributed to the Commissioners, Secretaries, and Directors of State Departments of Agriculture and other eligible State agencies Additional outreach efforts will be directed toward appropriate constituency groups, including organizations representing small, limited-resource farms and agribusiness, to encourage their participation through cooperative arrangements with the State agencies. Such an announcement is expected to result in applications up to three times the amount of the requested increase. In support of this increased funding, which will be entirely distributed as grants, additional funds ($31,000) will be needed in Marketing Services to administer and coordinate the FSMIP grants funding.

AGRICULTURAL MARKETING SERVICE

Payments to States and Possessions
Geographic Breakdown of Obligations
1999 Actual and Estimated 2000 and 2001

	1999
Alabama	$48,000
Alaska	49,870
California	50,000
Colorado	32,000
Connecticut	75,000
Florida	57,000
Idaho	24,989
Illinois	80,000
Kentucky	90,000
Maine	42,000
Massachusetts	89,064
Minnesota	45,000
New Hampshire	34,375
New Jersey	43,131
New York	84,500
Oregon	63,000
Pennsylvania	75,000
Tennessee	112,000
Vermont	28,000
Washington	77,071
Total, Available or Estimate	1,200,000

a/ Distribution of obligations by State not available until projects have been selected. Funds in 2000 total $1,200,000 and a funding level of $1,500,000 is proposed for 2001.

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

PAYMENTS TO STATES AND POSSESSIONS

FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM

Goal 1: Facilitate the strategic marketing of U.S. agricultural products in domestic and international markets.

FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM

Current Activities:

The Federal-State Marketing Improvement Program (FSMIP) provides matching funds to State Departments of Agriculture and other State agencies for 20-30 projects per year. These funds have been used by States to conduct marketing studies or assist in developing innovative approaches to the marketing of agricultural products.

For fiscal year 2000, States again have been encouraged to submit proposals aimed at developing direct marketing strategies and initiatives that primarily benefit small, limited-resource farms, to partner with community-based organizations interested in pursuing local or regional food system strategies, and to involve other organizations or institutions which are representative of under-served minority groups.

In fiscal year 1999, grant applications were received for 52 projects from 32 States, representing a total request for Federal funds of nearly $3.0 million. Congress appropriated the program $1.2 million, these funds were allocated among 25 projects from 20 States.

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Alabama	To provide training and technical assistance for small, limited-resource farmers as they use improved technology for fruit and vegetable production	$48,000
Alaska	To assist farmers in marketing Alaska vegetables and potatoes	$49,870
California	To identify alternative market opportunities for wild salmon and to develop innovative marketing strategies for small, independent fishermen and dockside seafood buyers	$50,000
Colorado	To study potential growth of the "natural/organic" meat industry	$32,000
Connecticut	To evaluate innovative technologies for packing, shipping, and marketing fresh apples in domestic and international markets	$75,000
Florida	To investigate the market for fresh and frozen shrimp products and to identify direct marketing alternatives for shrimp grown on small farms	$57,000

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Idaho	To identify alternative market opportunities for forages and the feasibility of establishing hay marketing associations or cooperatives	$24,989
Illinois	To develop a system for collecting and distributing information on the compositional characteristics of corn and soybeans products, and the associated price differentials	$80,000
Kentucky	To research and establish new meat processing and marketing systems geared to family farms	$90,000
Maine	To establish a database of market information for producers and buyers of Maine agricultural products and to develop alternative mechanisms to exchange market information	$42,000
Massachusetts	To conduct a variety of outreach and educational programs for producers and buyers under the Berkshire Grown marketing initiative	$23,214
Massachusetts	To assess consumer demand for locally produced foods and specialty products through development of an indoor farmers market in Boston	$20,350
Massachusetts	To devise data collection methods and market performance measures to improve market planning among small New England farms	$45,500
Minnesota	To develop educational materials that explain organic farming and provide better information on consumer food choices	$45,000
New Hampshire	To explore and develop buyer-producer connections in the Connecticut River Valley, building on its designation as an American Heritage Riverway	$34,375
New Jersey	To evaluate potential direct marketing opportunities and impediments in connection with farm-based educational and recreational activities	$43,131
New York	To develop a system which allows food stamp recipients to use part of their electronic benefits transfer allowances to shop at open-air farmers markets	$42,000
New York	To assist small farms in Central New York in marketing specialty meat and poultry products, including the establishment of a producers' marketing association	$42,500
Oregon	To monitor and evaluate current caneberry nutraceutical and health-related research and identify opportunities for product development	$63,000
Pennsylvania	To demonstrate and evaluate market potential for non-regulatory, consumer-funded incentives for farmers to offset the cost of adopting or continuing the use of environmentally-sensitive production practices	$75,000

FEDERAL-STATE MARKET IMPROVEMENT PROGRAM
FISCAL YEAR 1999 GRANTS

STATE	PURPOSE	AWARDED
Tennessee	To prepare case studies, conduct market research, and assist limited resource farmers and agribusinesses in marketing value-added agricultural products	$75,000
Tennessee	To identify and develop ways to reduce barriers that confront small-volume producers of fresh produce and processed foods in the food distribution system	$37,000
Vermont	To develop an infrastructure for collecting and marketing high quality genetics for sheep and goats in domestic and international markets	$28,000
Washington	To assist the Washington State Farmers Market Association in expanding services to the growing number of markets in the state and to the farmers who supply them	$39,000
Washington	To assess consumers' willingness to pay for sustainable agricultural food products and evaluate market opportunities for producers	$38,071
Total		$1,200,000

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

Appropriations Act, 2000 (from receipts)	$6,894,000
Budget Estimate, 2001 (from receipts)	6,894,000
Change in Appropriation	--

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Total Available	$6,894,000	--	$6,894,000

PROJECT STATEMENT
(On basis of appropriation)

	1999 Actual		2000 Estimated		Increase Or	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Licensing dealers & handling complaints	$8,383,415	90	$8,808,000	95	+$216,000	$9,024,000	95
Unobligated balance available start of period	-6,347,475	--	-5,549,449	--	+1,914,000	-3,635,449	--
Unobligated balance available end of period	5,549,449	--	3,635,449	--	-2,130,000	1,505,449	--
Total available or estimate	7,585,389	90	6,894,000	95	--	6,894,000	95

OBLIGATION LEVELS
(On basis of appropriation)

Item	1999 Actual	2000 Estimated	2001 Estimated
Appropriation (from receipts)	$7,585,389	$6,894,000	$6,894,000
Unobligated balance available, start of period	6,347,475	5,549,449	3,635,449
Total available	13,932,864	12,443,449	10,529,449
Total obligations	-8,383,415	-8,808,000	-9,024,000
Unobligated balance available, end of period	5,549,449	3,635,449	1,505,449

AGRICULTURAL MARKETING SERVICE

Perishable Agricultural Commodities Act
Geographic Breakdown of Obligations and Staff Years
1999 Actual and Estimated 2000 and 2001

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Arizona	$699,476	11	$735,000	11	$753,000	11
District of Columbia	4,803,617	37	5,047,000	39	5,170,000	39
Illinois	585,245	9	615,000	10	630,000	10
New Jersey	750,004	13	788,000	14	808,000	14
Texas	700,526	9	736,000	10	754,000	10
Virginia	844,547	11	887,000	11	909,000	11
Total Available or Estimate	8,383,415	90	8,808,000	95	9,024,000	95

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

PERISHABLE AGRICULTURAL COMMODITIES ACT

Goal 2: Ensure fair and competitive agricultural marketing through marketing tools and regulations.

Current Activities:

The Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act are designed to: (1) protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for and on behalf of others.

AMS' PACA program enforces these Acts and is funded by user fees obtained from commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce. Violations of the PACA are investigated and result in: (1) informal agreements between two parties; (2) formal decisions involving payments to injured parties; (3) suspension or revocation of licenses and/or publication of the facts; or (4) monetary penalty in lieu of license suspension or revocation.

Selected Examples:

1. Perishable Agricultural Commodities Act:

   a. PACA's Internet Training and Certification:

      To further PACA's customer service goals of providing quality information to industry members, the Branch has developed a training program that is accessible through the Internet at no cost to the user. The training program provides detailed information relating to ten separate PACA topics. At the end of each training section, there is a set of questions related to the training materials. The questions are computer graded and once all ten tests are passed, a certificate is automatically issued to the participant and the PACA branch chief is notified of all test results. This class is a quick and efficient means of providing much needed information to individuals within the industry and can also be used as a tool for employers to measure the level of knowledge each employee has about the PACA.

   b. PACA Branch Now Accepts Visa and Mastercard:

      The PACA branch has developed and initiated accounting procedures to allow for the acceptance of Visa and Mastercard payments for license fees and reparation complaint filing fees. Branch personnel have worked closely with the National Finance Center to establish policies and guidelines for credit card acceptance and for establishing successful implementation of these procedures. The branch expects processing fees to decrease significantly as a result of these new procedures.

   c. Outreach Initiatives to Small Growers Continue:

      During fiscal year 1999, the PACA branch has continued to provide outreach services and programs to small growers. For example, a "Grower's Agent" brochure has been developed that outlines the grower's rights under the PACA and several articles have been published in the American Fruit Grower and the Texas Agri-News, both of which are targeted towards small growers. As a result of

these outreach programs, we believe that small growers have a better understanding of the laws that regulate the produce industry and have a more thorough knowledge of how to seek guidance if problems or questions arise.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new Language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

Not to exceed $60,730,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: Provided, That if crop size is understated and/or other uncontrollable events occur, the Agency may exceed this limitation by up to 10 percent with notification to the Appropriations Committees.

Limitation on Administrative Expenses

Appropriations Act, 2000	$60,730,000
Budget Estimate, 2001	60,730,000
Change in Limitation	--

AGRICULTURAL MARKETING SERVICE

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY
(SECTION 32)

The estimates include appropriations language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds For Strengthening Markets, Income and Supply
(Section 32)
(Including Transfers of Funds)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [$12,443,000] $13,438,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

Permanent Appropriation, 2000		$5,735,557,955
Less transfers to:		
Department of Commerce to promote and develop fishery products and research pertaining to American fisheries		-69,920,523
Food and Nutrition Service, Child Nutrition Programs		-4,935,199,000
Total Transfers		-5,005,119,523
Rescission, Under P.L. 106-113		-15,000
Adjusted Base for 2000		730,423,432
Budget Estimate, 2001:		
Annual permanent appropriation	$5,575,536,000	
Less transfers to:		
Department of Commerce	-69,920,000	
Food and Nutrition Service	-4,967,574,000	
Budget Estimate, Total transfers	-5,037,494,000	
Budget Estimate, 2001		538,042,000
Decrease from adjusted 2000		-192,381,432

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Commodity Purchases	$400,000,000	--	$400,000,000
Emergency Surplus Removal	115,000,000	--	115,000,000
Commodity Purchase Services	8,584,000	$1,020,000	9,604,000
Marketing Agreements and Orders	12,428,000	1,010,000	13,438,000
Total Available	536,012,000	2,030,000	538,042,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1999 Actual Amount	1999 Actual Staff Years	2000 Estimated Amount	2000 Estimated Staff Years	Increase or Decrease	2001 Estimated Amount	2001 Estimated Staff Years
1. Commodity Purchases:							
a. Child Nutrition Program Purchases	$400,000,000	--	$400,000,000	--	--	$400,000,000	--
b. Emergency Surplus Removal	144,484,206	--	115,000,000	--	--	115,000,000	--
Subtotal	544,484,206	--	515,000,000	--	--	515,000,000	--
2. Disaster Relief	7,013,711	--	--	--	--	--	--
3. Diversion Payments	178,264,816	--	--	--	--	--	--
4. Administrative Funds							
a. Commodity Purchase Services	6,580,001	39	8,584,000	39	+1,020,000	9,604,000	43
b. Marketing Agreements & Orders	10,853,121	115	12,428,000	123	+1,010,000	13,438,000	125
					(1)		
Subtotal	17,433,122	154	21,012,000	162	+2,030,000	23,042,000	168
Total obligations	747,195,855	154	536,012,000	162	+2,030,000	538,042,000	168
Recovery of Prior Year Obligations	-3,527,838	--	--	--	--	--	--
Unobligated balance available, start of year	-131,966,602	--	-112,630,114	--	-187,369,886	-300,000,000	--
Unobligated balance available, end of year	112,630,114	--	300,000,000	--	--	300,000,000	--
Unobligated balance reverting to Treasury	--	--	7,041,546	--	-7,041,546	--	--
Total, Available or Estimate	724,331,529	154	730,423,432	162	-192,381,432	538,042,000	168

OBLIGATION LEVELS
(On basis of adjusted appropriation)

	1999 Actual	2000 Estimated	2001 Estimated
Appropriation or estimate....	$5,701,865,817	$5,735,557,955	$5,575,536,000
1999 Supplemental Appropriation a/	145,000,000	--	--
Rescission b/	-7,958,000	-15,000	--
Unobligated balance available, start of year ..	131,966,602	112,630,114	300,000,000
Recovery of Prior Year obligations	3,527,838	--	--
Total available	5,974,402,257	5,848,173,069	5,875,536,000
Less transfers to: Food and Nutrition Service, Child Nutrition Programs.....	-5,048,150,000	-4,935,199,000	-4,967,574,000
Department of Commerce...	-66,426,288	-69,920,523	-69,920,000
Total Transfers	-5,114,576,288	-5,005,119,523	-5,037,494,000
Total available after transfers	859,825,969	843,053,546	838,042,000
Less total obligations	-747,195,855	-536,012,000	-538,042,000
Unobligated balance reverting to Treasury	--	-7,041,546	--
Unobligated balance available, end of year	112,630,114	300,000,000	300,000,000

a/ 1999 Emergency Supplemental Appropriations Act, P.L. 106-31.

b/ In FY 1999 reflects a reduction pursuant to the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999, P.L. 106-51, and in FY 2000 reflects a reduction pursuant to Section 301 of the Emergency Supplemental Appropriations part of the FY 2000 Omnibus Appropriations Act, P.L. 106-113.

Justification of Increases and Decreases
Section 32

(1) An increase of $2,030,000 ($21,012,000 available in 2000) in Section 32 Administrative Funds consisting of:

(a) An increase of $795,000 and four staff years for Commodity Purchase Services to customize the Economic Database Information Network to broaden information dissemination.

This request supports the customization of AMS' Economic Database Information Network (EDIN) for use in commodity purchases and to make the data available to our customers. The EDIN system is an integrated electronic data and information system that will provide easy accessibility, assembly, extracting, and formatting of data. The database is currently being developed to house economic information on fruits and vegetables which will assist marketing order committees in the creation of their marketing outlook reports. Increased funding will allow AMS to expand the database so that it can be used to administer surplus commodity and Federal feeding program food purchases by

including meat and fish, poultry, and specialty commodities; current and historical data sets on commodity prices, shipments, production, inventories; and other economic information that supports decision-making in AMS. EDIN will streamline purchase activities by eliminating duplicate data collection and entry so that AMS personnel will have more time to analyze data for purchase programs and make more cost-effective decisions.

EDIN will improve the timeliness and scope of data and market information available to AMS customers, as well as the agency's employees and managers. This request will allow AMS to make the EDIN database information readily available to the public and other government agencies. Decisions by farmers, wholesalers, retailers, processors, researchers, and students will be improved by better access to information that would otherwise only be available from multiple sources in widely varying formats.

Computer software and hardware enhancements will be added to develop and electronically maintain a Web Page, enabling customers to easily retrieve and download desired information for AMS programs. Development of other products, such as CD-ROMs, will serve customers who do not have access to the Internet. The database will allow AMS customers to have access to all of the commodities, providing them marketing information for a wide array of agricultural products.

Rapid access to the data sets will greatly benefit industry members as well as other citizens who need to analyze the market situations for agricultural products. There are thousands of potential customers for this data, including farmers, processors, wholesalers, retailers, brokers, researchers, students, and government employees. In order to serve these potential customers, and help fulfill the mission of AMS in providing marketing information, this additional funding is requested to extend the database project to provide easy access to anyone who wishes to access the information.

(b) An increase of $225,000 for Commodity Purchase Services Food Quality Assurance to expand outreach and develop a Management Information System.

AMS has received several requests from current and potential customers to expand the marketing, product variety, and customer base of Commercial Item Descriptions (CIDs) for food specifications. This increase will allow AMS to better serve the agency's current customers and expand the program to include school districts that buy food for their child feeding programs, by developing a centralized database (Management Information System, or MIS). The database will contain information on all CIDs, quality assurance results, and inspection plant surveys - to verify food quality and safety. The MIS will allow AMS to expand the range of CIDs on products not covered by U.S. grade standards by incorporating dairy, meats, poultry products, and fruits and vegetables.

CIDs are currently used in the Federal Government's Commodity Procurement Program, the Meals-Ready-to-Eat Program, and the Department of Defense food procurement programs. They are also used by Federal and State prison systems, and State operated health care and nursing facilities to buy food more proficiently and economically. Use of this information, for example with pizza or chicken nuggets, allows for product standardization and increased competition within the market, ultimately producing a more uniform product and lower price for the buyer. AMS will expand outreach efforts into the growing U.S. Hispanic population and Puerto Rico by translating current publications and CIDs into Spanish.

(c) An increase of $1,010,000 and two staff years for Marketing Agreements and Orders to develop information on the relationships between marketing orders as well as other AMS programs and organic production and marketing.

The requested funds would aid marketing order committees in addressing organic issues by providing additional data on organic production, marketing, and distribution channels, and a projection of future organic fruit and vegetable production. Production of organically produced commodities is expanding rapidly and is expected to continue to increase in market share. There is an ongoing dialogue between organic producers and marketing order committees. AMS is responsible for oversight of Marketing Agreements and Orders, but without supporting data, it is difficult to assess the interrelationship between organic and conventionally grown commodities. AMS has an urgent need for more information with which to assess the economic impact of fruit and vegetable marketing order programs on the organic sector, as well as provide needed information to marketing order administrative committees.

Presently, there are 36 active fruit and vegetable marketing agreement and order programs, and it is possible that virtually all of these programs could include some organically produced commodities in the very near future. Marketing agreements and orders are designed to help stabilize market conditions for fruit and vegetable products for the benefit of producers and consumers. The programs assist farmers in allowing them to collectively work to solve marketing problems. Industries voluntarily enter into these programs and choose to have Federal oversight of certain aspects of their operations.

AMS is currently evaluating sources of existing data and identifying ongoing research. Additional funding will provide for one or more cooperative agreements with a university or other researchers. The requested funds are needed for the applied research and to defray the travel and other costs of convening meetings between researchers, industries, and USDA to provide opportunities for discussion and information gathering.

Additional funds are necessary to systematically obtain a full range of economic data on the organic sector. Because of the complexities of analyzing issues related to organic farming and marketing, AMS will need an agricultural economist who will be dedicated to analyzing the data on organic fruit and vegetable issues. This economist will provide AMS officials with analytical support on the wide range of organic issues that will likely emerge in the coming years.

AGRICULTURAL MARKETING SERVICE

Section 32 Administrative Funds
Geographic Breakdown of Obligations and Staff Years
1999 Actual and Estimated 2000 and 2001

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
California	$658,784	7	$755,000	7	$824,000	7
District of Columbia	16,013,534	138	19,384,000	146	21,267,000	152
Florida	260,475	3	299,000	3	325,000	3
Oregon	384 201	4	441,000	4	480,000	4
Texas	116,128	2	133,000	2	146,000	2
Total, Available or Estimate ..	17,433,122	154	21,012,000	162	23,042,000	168

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

SECTION 32

Goal 1: Facilitate the strategic marketing of U.S. agricultural products in domestic and international markets.

Goal 2: Ensure fair and competitive agricultural marketing through marketing tools and regulations.

Current Activities:

AMS directs the purchase of particular commodities in order to help stabilize market conditions. The commodities acquired are furnished to the Food and Nutrition Service (FNS) to meet the needs of the National School Lunch Program and other domestic feeding programs. Purchases are coordinated with FNS to assure that the quantity, quality, and variety of commodities purchased meet the desires of schools and institutions participating in nutrition assistance programs and can be used to assist individuals in meeting the Dietary Guidelines for Americans. The Farm Service Agency (FSA) administers the payments to vendors to whom contracts have been awarded, ensures the proper storage of commodities when needed, and assists in their distribution.

The administrative costs for food buying operations and coordination with FNS and FSA are paid from the Commodity Purchase Services activity in the Section 32 program. Section 32 funds are also used for the administration of marketing agreements and orders which are used to establish orderly marketing conditions for certain commodities.

AMS also maintains a government-wide food specification program to reduce government food purchase costs by standardizing contract specifications. For example, specifications for all frozen red meat products have been converted to "Institutional Meat Purchase Specifications," and these commercial specifications are used throughout the meat industry.

Selected Examples:

1. Commodity Purchases:

   In fiscal year 1999, AMS purchased $544 million worth of commodities with Section 32 funds. FNS distributed 730 million pounds of commodities through its nutrition programs. More than 592 million pounds of these commodities were used to fulfill the National School Lunch Program's commodity subsidy of 14.75 cents per meal for the school year ending June 30, 1999. The remaining 138 million pounds of commodities were used for emergency surplus removal and donated to schools and other institutions. AMS also purchased $186 million (representing approximately 373 million pounds) of commodities using funds appropriated to FNS.

   Special surplus removal purchases (bonus buys) are in addition to commodities used to fulfill commodity entitlements. For fiscal year 1999, the Secretary authorized funds for the continuation of several bonus programs that began in fiscal year 1998. Several new bonus purchases were initiated in 1999 to assist livestock producers and fishermen due to large surpluses of red meats, tuna and salmon. As shown in the following chart, producers of several fruit and vegetable products also received assistance through bonus purchases in fiscal year 1999:

Contingency Fund Expenditures FY 1999

PRODUCT	FUNDS
Peaches	$7,300,000
Walnuts	3,900,000
Grapefruit	1,400,000
Grapefruit Juice	2,200,000
Apples	1,900,000
Apricots	10,500,000
Lamb	4,100,000
Salmon	5,100,000
Bison	7,200,000
Tuna	4,000,000
Pork	77,000,000
Beef	19,900,000
Total	$144,500,000

In addition to the above expenditures, programs authorized for salmon, fowl meat, cranberries, dates, figs, prunes, and walnuts are being continued into fiscal year 2000.

Disaster Relief:

In fiscal year 1999, $7 million was used to provide disaster relief to victims of the Central Valley freeze and Hurricane George in Puerto Rico. Assistance was given under Section 413 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C.518(b)).

Direct Payment to Pork Producers:

In fiscal year 1999, AMS transferred $178.3 million of Section 32 funds to the Farm Service Agency (FSA) for payments to small hog operators who were suffering losses due to extremely depressed markets.

Small Business Participation:

During fiscal year 1999, AMS focused significant resources on outreach efforts to increase participation by small, disadvantaged, and women-owned firms in the commodity programs. These efforts included identification of those firms that could potentially participate in AMS programs, education, and exploration of new contracting methods. In April, AMS conducted a commodity procurement outreach meeting to stress the importance of participation by these types of firms in the commodity purchase programs. Contracting officers from each program reviewed business opportunities for new purchase programs. In fiscal year 1999, AMS increased the share of contract value awarded to small disadvantaged businesses under the Small Business Administration's 8(a) Preference Program by almost 50 percent.

Business Process Re-engineering Initiatives:

In FY 1999, AMS participated with the FNS and the FSA in an unprecedented initiative to transform the commodity distribution programs. The three agencies joined with customers (schools, Indian reservations, feeding sites) and partners to improve the commodity ordering and distribution processes so they are streamlined, cost effective, and efficient, thereby improving customer service. Partners include organizations such as the American Commodity Distribution Association, the American School Food Service Association, and industry.

Processed Commodities Inventory Management System (PCIMS):

PCIMS is a mission-critical system that supports the commodity programs operations for AMS, FNS, and FSA. The system is used to plan, procure, order, allocate, distribute, and account for more than $1 billion of commodities for domestic use and $800 million of commodities for foreign distribution each year. PCIMS combines the processed commodities operations of the three agencies into a single tri-agency system, maximizing USDA's purchasing power and funds control for domestic feeding programs. It contains an accounting and reporting subsystem for tracking and reconciling appropriate funds as purchases are made.

AMS is currently building a Domestic Electronic Bid Entry System (DEBES) for the PCIMS system that will allow commodity vendors to submit bids through the Internet. DEBES will be a client-server application created for use by FSA and AMS commodity procurement branches to perform bid opening, reporting, and miscellaneous maintenance functions. The bid data will be encrypted for storage on a USDA internal database and will remain encrypted until the published bid opening time. FSA and AMS personnel will perform bid opening, at the published opening time, which will decrypt the bids submitted by the vendors. Bid data will then be available for upload into PCIMS for Linear Program bid evaluation and award processing. This application will perform bid opening, reporting, and miscellaneous maintenance functions, reducing processing time by 40 percent.

2. Food Quality Assurance Program:

During fiscal year 1999, nine Commercial Item Descriptions (CIDs) were developed, coordinated, and approved, along with ten CIDs, being revised. In addition, 32 food documents were coordinated and reviewed.

3. Marketing Agreements and Orders:

a. Dairy:

Milk marketing orders establishes orderly marketing conditions for the sale of milk by dairy farmers to handlers. This program sets minimum prices which handlers must pay for milk. Minimum price levels reflect supply and demand conditions in the markets and assure consumers receive an adequate supply of pure and wholesome milk. Approximately 98 billion pounds of milk valued at $15 billion (minimum price basis adjusted for butterfat content) were delivered to plants in 31 market areas in fiscal year 1999. This production represented an estimated 64 percent of all Grade A milk marketed by U.S. dairy farmers.

During fiscal year 1999, AMS continued the process to implement the 1996 Farm Bill requirement to consolidate the current Federal milk marketing orders from 31 orders into 10 to 14 orders by October 1, 1999. A final decision proposed the consolidation of the current 31 orders into 11 orders, a replacement for the basic formula price, a Class I price structure, minor classification revisions, and the streamlining of order provisions. An informational packet describing the contents of the final decision was mailed to over 20,000 interested parties, Congress, each State Governor and Department of Agriculture Secretary or Commissioner and the ten Small Business Administration offices. The final decision was also made available to the general public on compact disc and via the Internet. Referenda were held to determine producer approval of the 11 consolidated orders. Each order was approved and a final order was issued on August 23, 1999, implementing the consolidated orders on October 1, 1999. Subsequent court action resulting in a temporary restraining order has delayed implementation. In total, 20 rule making documents concerning suspension, revision, termination, and amendatory actions of Federal order provisions were issued, meeting completion goals 90 percent of the time.

b. Fruits and Vegetables:

Marketing Order Committee Diversity:

In July 1998, the Marketing Order Administration Branch (MOAB), Fruit and Vegetable Programs, and Agricultural Marketing Service (AMS), began an intensive effort to improve the diversity of marketing order committees. The diversity initiative is a wide-ranging program of outreach which includes media contacts, presentations, conferences, identification, and contact of organizations that represent women, minorities, and persons with disabilities, as well as key influences for each of the commodity industries. In addition, MOAB established a toll-free number that growers, handlers, and the media can access for a prerecorded message (in English and Spanish) promoting diverse participation. It links directly to regional MOAB offices for more information, including the opportunity to speak to someone in Spanish (in MOAB's McAllen, Texas office). In fiscal year 1999, almost half of the committees showed increased diversity. In September 1999, AMS implemented a new policy requiring virtually all committees to submit written diversity outreach plans for the Administrator's approval.

Compliance:

Marketing Order enforcement is primarily the responsibility of the Federal government, but the administrative committees are charged with initial investigation and reporting of complaints of possible violations. Violations are analyzed by USDA and then referred for appropriate civil or criminal enforcement action. MOAB continued to make great strides in improving its compliance operations in fiscal year 1999, when 73 cases were referred to MOAB by the committees for enforcement action. AMS has resolved and closed 82 percent of those cases. Stipulation agreements are being used routinely for marketing order and Section 8e violations. MOAB successfully negotiated 18 stipulation agreements for $18,500 in FY 1999 for Section 8e violations. AMS worked with the Office of General Counsel, collecting almost $2.3 million in marketing order assessments and over $58,000 in civil penalties. Procedures utilizing the National Finance Center assisted in collecting almost $11,000 in assessments. MOAB completed seven program reviews of committee operations in fiscal year 1999.

Rule making:

MOAB met its time frames for rulemaking 94 percent of the time in fiscal year 1999, thus exceeding its 85 percent standard and providing excellent customer service.

Proposed Order Termination:

Marketing Order No. 967 for Florida Celery (proposed October 9, 1998): AMS expects to issue the final termination order in the near future.

Promulgations/Amendments:

Washington Sweet Cherries: On November 16, 1999, USDA held a public hearing in Yakima, WA, on a proposal to amend the Federal Marketing Order No. 923 for Washington sweet cherries. The proposals, submitted by the Washington Cherry Marketing Committee which administers the order locally, would affect the scope and administrative operations of the orders. The most significant proposal would increase the production area to cover the region of Washington State east of the Cascade Mountain Range. Currently, the amendments would: increase representation of the committee; allow cherries to be shipped outside the production area for handling; authorize collection of late payment charges and/or interest on handlers' late payments of assessments; add authority to establish container marking requirements; and simplify the form filing process for

committee members and alternates seeking committee positions. Also, USDA proposed to establish a tenure limit for serving on the committee and to require that periodic continuance referenda be conducted to ascertain grower support for the order. If evidence submitted at the hearing supports these proposals, about 2000 sweet cherry growers will have the opportunity to vote on them at a later date.

Walla Walla Onions: On February 2, 1999, the Secretary amended the marketing agreement and order for sweet onions grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon. The amendments, supported by evidence presented at an April 1998 hearing, broadened the scope of the order by adding authority for grade, size, quality, maturity, and pack regulations, mandatory inspection, marketing policy statements, and minimum quantity exemptions. In addition, the name of the committee that is responsible for local administration of the order is changed from the Walla Walla Sweet Onion Committee to the Walla Walla Sweet Onion Marketing Committee. Producers voting in a referendum approved proposed amendments.

Pistachios: In fiscal year 1996, the Department conducted a promulgation hearing to consider a new marketing order to cover pistachios grown in the State of California, Arizona, Utah and Nevada. Based on a review of the hearing evidence and the arguments contained in the post-hearing briefs, AMS announced plans on April 9, 1997 to reopen the hearing to take additional evidence relating to the economic and marketing conditions that justify the need for a pistachio marketing order as well as the economic impact of the proposed order on the industry. As of the end of November 1999, the industry has not formally filed a request to file additional materials and possibly re-open the hearing. However, the industry is still considering a limited program that would apply aflatoxin standards to domestically produced pistachios.

Tart Cherries: On December 1, 1998, AMS held a public hearing in Grand Rapids, Michigan, on proposals to amend the marketing order for tart cherries grown in Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin. The hearing continued on December 3rd, in Salt Lake City, Utah. The Board submitted proposals to clarify how Board membership is apportioned among various marketing organizations in the cherry industry, and to simplify the calculation the Board uses to recommend volume regulations for its crop. Proposed amendments must be supported by evidence at a public hearing, and cannot become effective until approved by producers and processors voting in a referendum. In late December 1999, AMS is expected to issue a recommended decision supporting the change. The public will be given 30 days to file an exception to the decision.

Export Fruit Acts: In November 1999, AMS notified the industry and its Federal-State inspection offices the USDA will no longer require the inspection of exported U.S. pears. This change implements President Clinton's November 12th signing of an amendment to the Export Apple and Pear Act (Public Law: 106-96). Previously, exports of pears were required to meet minimum quality and container marking requirements and were required to be inspected prior to exportation. Under the amendment, all references to "pears" have been removed and the Act has been renamed the "Export Apple Act". USDA will continue to require that all U.S. apples destined for export be inspected and certified as meeting set quality requirements. The elimination of pears from the Act allows U.S. exporters greater flexibility in the changing international market place and the opportunity to increase exports. Mandatory Federal quality standards for pears are no longer needed to assure the high quality of exported pears, and minimum quality requirements would continue under any existing State regulations. Pears exported from the United States are grown almost exclusively in Oregon, California, and Washington. The pear organization in these States support the amendment to this bill.

Litigation:

On October 5, 1998, the Supreme Court denied Cal-Almond's petition for certiorari. The petition had been filed with the Supreme Court in response to the Ninth Circuit Court of Appeals denial of Cal-Almond's petition for rehearing of the June 27, 1997, Supreme Court First Amendment decision in *United States Department of Agriculture v. Cal-Almond, Inc.* In a hearing held on October 5, 1998, subsequent to the announcement of the Supreme Court's decision, a U.S. District Court Judge in Fresno, California, was informed of the decision; however, took no action in several cases involving 15(A) petition cases filed by Cal-Almond, Inc. and others disputing the almond marketing order advertising program. Since then, there have been several Court hearings to resolve these issues. Another current issue is the collection of over $2 million in assessments held in escrow accounts pending the Supreme Court decision.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Purpose Statement

The Animal and Plant Health Inspection Service (APHIS) was established by the Secretary of Agriculture on April 2, 1972, under the authority of Reorganization Plan No. 2 of 1953 and other authorities. The mission of the Agency is to lead the way in anticipating and responding to issues involving animal and plant health, conflicts with wildlife, environmental stewardship, and animal well-being. Together with our customers and stakeholders, we promote the health of animal and plant resources to facilitate their movement in the global marketplace and to ensure abundant agricultural products and services for U.S. customers. The mission is carried out under the major areas of activity, as follows:

Pest and Disease Exclusion--APHIS carries out inspections at U.S. ports-of-entry to prevent the introduction of foreign plant and animal pests and diseases which are harmful to our country's agriculture. APHIS develops and conducts preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture. APHIS engages in cooperative programs to control pests of imminent concern to the United States and to strengthen foreign plant protection and quarantine organizations. APHIS also certifies plants and plant products for export and regulates imports and exports of designated endangered plant species. APHIS assists U.S. exporters and the Foreign Agricultural Service in revising foreign plant and animal import regulations to encourage and increase U.S. agricultural exports.

The statutory authority supporting this program area is contained in 7 U.S.C. 147a-147b, 148, 149, 150-150g, 151-164a, 166, 450, 1531-1542, 1581-1610, and 2801-2814; 18 U.S.C. 42; 19 U.S.C. 1306; and 21 U.S.C. 102-105, 111-120, 121-123, 127, 131, 135- 135b, 136, 136a-f, 612-614, 618, and 620; 45 U.S.C. 71-74 and 46 U.S.C. 3901-3902. The principal legislative authorities for these activities include the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; the Plant Quarantine Act of 1912; the Mexican Border Act of 1942; and Sections 12-14 of the Federal Meat Inspection Act. The Department's enforcement responsibilities for endangered plants are contained in the Endangered Species Act of 1973. The Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990 as amended by Section 1203 of the 1991 Budget Reconciliation Act authorizes user fees for agricultural quarantine inspection, import-export inspection, and veterinary diagnostics. The 1996 Farm Bill (P.L. 104-27) amends the provision for the agricultural quarantine inspection user fees in excess of $100 million in each of the Fiscal Years from 1996-2002 shall be available to the Agency for purposes without further appropriation.

Plant and Animal Health Monitoring--The plant and animal health monitoring programs are largely cooperative efforts involving the Federal and State governments, and industry. APHIS conducts programs to prevent communicable plant and animal diseases of foreign origin from entering the United States. Upon entrance into this country, the pests and diseases are rapidly diagnosed. The Agency also carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to establish new pest or disease eradication programs.

This statutory authority for this work is contained in 7 U.S.C. 391, 450, and 1622; and 21 U.S.C. 111-112, 114, 114b-114c, 114d-1, 117, 127, 134e, 608, 610, and 620. Principal legislation authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Act of June 17, 1930;

Act of September 21, 1944; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; and Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985.

Pest and Disease Management--In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. The Agency monitors and regulates interstate shipments of plants, livestock, and related materials to prevent the spread of disease and the distribution of impure, unsafe, and nonefficacious materials and products. Through the Wildlife Services program, APHIS protects agriculture from detrimental animal predators through identification, demonstration, and application of the most appropriate methods of control.

The statutory authority for this work is contained in 7 U.S.C. 147a-b, 148-148f, 150- 150gg, 281-286, 429, 426-426-b, 450-450f, 851-855, 1624, 2801-2814, and 3801-3813; and 21 U.S.C. 115-130, and 134-134h. Principal legislative authority for these activities is contained in the Animal Industry Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; the Animal Damage Control Act of 1931; Act of September 21, 1944; Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; P.L. 92-629 of January 3, 1975; the Swine Health Protection Act of October 17, 1980; Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985; and the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

Animal Care--The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare Act (AWA) of 1966 as amended (7 U.S.C. 2131-2159), and the Horse Protection Act of 1970 as amended (15 U.S.C. 1821-1831). These activities include inspection of certain establishments which handle animals intended for research, exhibition, and sale as pets, and monitoring of certain horse shows.

Scientific and Technical Services--APHIS develops methods to control animals and pests that are detrimental to agriculture, wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. The Agency also provides and directs technology development in coordination with other groups in APHIS to support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

The statutory authority supporting this work is contained in 7 U.S.C. 150aa-150jj, 426, 427, 427i, and 430; and 21 U.S.C. 151-159. The principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; Act of September 21, 1944; the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; the Virus- Serum-Toxin Act of March 14, 1913; and the ADC Act of 1931. Authority to collect user fees for veterinary diagnostics is contained in Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

There were 5,184 permanent full-time employees and 1,613 other than permanent full-time employees as of September 25, 1999. Of the total, 873 permanent full-time employees and 25 other than permanent full-time employees work in the Washington D.C. metropolitan area. Field activities are managed on a national basis through 13 regional offices and 412 field offices, including area offices, work stations, technical centers, and animal import centers. APHIS is in the process of consolidating its current regional

offices into two regional hubs. The eastern hub in Raleigh, North Carolina, began operation in August 1999, and the western hub in Fort Collins, Colorado, is scheduled to open in November 2001. Much of the work is conducted in cooperation with State and local agencies, private groups, and foreign governments. APHIS performs work in the 50 States, Guam, Puerto Rico, Virgin Islands, Mexico, Central America, South America, the Caribbean, Western Europe, Australia, Asia, and Africa.

OIG Reports

#33099-02-HY, 2/99, Followup of prior audit - International Program Activities

#33004-01-AT, 3/99, Management Alert - APHIS, PPQ Activities in Florida

#50099-19-FM, 4/99, Audit of USDA's Payroll/Personnel and Other Selected Payment Systems

#33099-0003-8/99, CH, PPQ Border and Port Inspections

GAO Reports

GAO/RCED-99-260, 9/99, Maritime Industry: Federal Assessments on Commercial Vessels

#150150, 6/99, Agriculture Product Prices

#348163, 6/99, Cruise Ships Pollution

#711422, 5/99, Next World Trade Organization Round

GAO/AMID, 5/99, Y2K Computer Crisis/USDA

GAO/NSIAD-99-190, 7/99, U.S.-Mexico Border Issues and Challenges Confronting the U.S. and Mexico

#101863, 7/99, AntiMicrobial Resistance - Part II

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Available Funds and Staff Years

FY 1999 Actual and Estimated FY 2000 and FY 2001

Item	FY 1999 Actual		FY 2000 Estimated		FY 2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Appropriated: Salaries and Expenses ...	$344,990,791	3,177	$345,637,000	3,244	$419,844,000	3,315
Agricultural quarantine inspection user fees:						
Annual appropriations ..	88,000,000	2,025	86,926,000	2,308	87,000,000	2,569
Excess over $100 million .	64,232,527	--	100,850,676	--	127,822,796	--
Emergency transfers (CCC):						
Karnal bunt	2,433,100	12	--	--	--	--
Fruit fly	12,424,852	90	21,100,000	32	--	--
Pseudorabies	77,475,704	--	40,000,000	--	--	--
Classical swine fever	982,349	1	--	--	--	--
Asian Longhorned beetle .	5,103,797	18	--	--	--	--
Citrus canker	19,709,802	1	23,220,561	42	--	--
Plum pox virus	--	--	3,652,896	7	--	--
Grasshopper no-year.....	235,866	8	--	--	--	--
Buildings and Facilities ...	2,242,543	--	5,200,000	--	5,200,000	--
Net.	617,831,331	5,332	626,587,133	5,633	639,866,796	5,884
Obligations under other USDA Appropriations:						
Agricultural Marketing Service: for administrative and technical support	5,682,902	63	5,719,000	63	5,719,000	63
Agricultural Research Service: for administrative and technical support.	421,326	5	421,000	5	421,000	5

Item	FY 1999 Actual		FY 2000 Estimated		FY 2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Food and Nutrition Service: for administrative support . .	34,900	1	35,000	1	35,000	1
Food Safety and Inspection Service: for adminsitrative and technical assistance . . .	294,900	4	295,000	4	295,000	4
Foreign Agricultural Service: for administrative and technical support	167,924	3	168,000	3	168,000	3
Forest Service: for administrative and technical support	464,592	6	465,000	6	465,000	6
Forest Service: for wildlife services support	15,148	--	15,000	--	15,000	--
Grain Inspection, Packers and Stockyards Administration: for administrative and technical support	1,405,833	30	1,434,000	30	1,434,000	30
National Agricultural Library: for administrative support . . .	7,000	--	7,000	--	7,000	--
National Agricultural Statistics Service: for administrative support	3,000	--	3,000	--	3,000	--
USDA, National Appeals Division: for administrative support	27,527	--	27,500	--	27,500	--
National Food and Agricultural Council: for administrative support.	62,975	1	63,000	1	63,000	1
USDA, NITC: for administrative support	2,967	--	70,000	--	70,000	--
Natural Resources Conservation Service: for administrative and technical support	27,790	--	28,000	--	28,000	--
Office of Chief Information Officer: for administrative support	86,745	1	87,000	1	87,000	1
Office of Inspector General: for administrative support . . .	100,000	2	100,000	2	100,000	2

Item	FY 1999 Actual		FY 2000 Estimated		FY 2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Office of the Secretary: for administrative support	9,528	--	9,500	--	9,500	--
Rural Housing Service: for administrative support	8,440	--	8,500	--	8,500	--
Total, Other Agriculture appropriations	8,823,497	116	8,955,500	116	8,955,500	116
Total, Agriculture Appropriations	626,654,828	5,448	635,542,633	5,749	648,822,296	6,000
Other Federal Funds:						
Department of Defense: for wildlife services support	147,785	3	148,000	3	148,000	3
DOD, US Air Force: for wildlife services support	290,845	6	290,000	6	290,000	3
DOD, US Army: for technical support	22,253	--	22,500	--	22,500	--
DOD, US Army: for wildlife services support	217,791	5	218,000	5	218,000	5
DOD, US Navy: for technical support	55,000	1	55,000	1	55,000	1
DOD, US Navy: for wildlife services support	1,123,310	23	1,123,000	23	1,123,000	23
DOD, USN, US Marine Corps: for wildlife services support	38,583	1	38,500	1	38,500	1
Dept of Energy: for wildlife services support	94,850	2	95,000	2	95,000	2
Dept of HHS, US Public Health Service: for technical support	6,000	--	6,000	--	6,000	--
US Dept of Interior, Bureau of Indian Affairs: for technical support	14,100	--	14,000	--	14,000	--
US Dept of Interior, Bureau of Land Management: for technical support	194,440	5	195,000	5	195,000	5

Item	FY 1999 Actual		FY 2000 Estimated		FY 2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
US Dept of Interior, Fish and Wildlife Service: for wildlife services support	822,129	16	822,000	16	822,000	16
US Dept of Interior, National Park Service: for wildlife services support	76,829	2	77,000	2	77,000	2
US Dept of Justice, Bureau of Prisons: for wildlife services support	1,328	--	1,300	--	1,300	--
Dept of State: for wildlife services support	47,880	1	48,000	1	48,000	1
Dept of Transportation: for wildlife services support	200,000	3	200,000	3	200,000	3
Dept. of Transporation, Federal Aviation Administration: for wildlife services support	5,610	--	5,600	--	5,600	--
Dept of Treasury, US Customs Service: for technical support	181,420	3	181,500	3	181,500	3
Food and Agriculture Organization of the United Nations: for wildlife services support	534	--	500	--	500	--
Geological Science Division: for wildlife services support	2,625	--	2,600	--	2,600	--
International Atomic Energy Agency: for technical support	3,249	--	3,000	--	3,000	--
Merit Systems Protection Board: for administrative support	125,000	2	125,000	2	125,000	2
National Science Foundation: for administrative support	97,000	1	97,000	1	97,000	1
Tennessee Valley Authority: for wildlife services support	69,068	1	69,000	1	69,000	1
California Army National Guard: for wildlife services support	9,486	--	9,500	--	9,500	--
Total, Other Federal Funds	3,847,115	75	3,847,000	75	3,847,000	75

Item	FY 1999 Actual		FY 2000 Estimated		FY 2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Total, Federal Funds.....	630,501,943	5,523	639,389,633	5,824	652,669,296	6,075
Reimbursements: Funds from States and local entities for animal damage control activities.....	10,688,650	482	11,202,000	496	11,762,000	497
Import-Export user fees	14,956,000	74	13,423,000	75	13,423,000	74
Phytosanitary certificate user fees.....	4,576,000	99	4,624,000	102	4,673,000	102
Reimbursable Overtime.....	14,479,803	--	15,059,000	--	15,661,000	--
Product Certificates.....	558,515	7	570,000	7	581,000	7
Veterinary Diagnostics User Fees.....	2,528,000	36	2,528,000	36	2,528,000	36
Trust Funds:						
Miscellaneous Contributed Funds.....	12,114,214	101	12,114,200	101	12,114,200	97
Total, Non-Federal Funds..	59,901,182	799	59,520,200	817	60,742,200	813
Total, Animal and Plant Health Inspection Service..	$690,403,125	6,321	$698,909,833	6,641	$713,411,496	6,888

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1999 and Estimated 2000 and 2001

Grade	1999			2000			2001		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6.....	1	0	1	1	0	1	1	0	1
ES-5.....	2	1	3	3	0	3	3	0	3
ES-4.....	3	4	7	3	4	7	3	4	7
ES-3.....	1	0	1	0	0	0	0	0	0
ES-2.....	1	1	2	2	2	4	2	2	4
ES-1.....	1	0	1	0	0	0	0	0	0
GS-15.....	43	35	78	44	35	79	44	32	76
GS-14.....	153	142	295	151	136	287	151	136	287
GS-13.....	171	300	471	171	300	471	189	300	489
GS-12.....	131	615	746	146	607	753	146	607	753
GS-11.....	60	788	848	61	788	849	71	825	896
GS-10.....	2	5	7	2	6	8	2	6	8
GS-09.....	51	896	947	57	900	957	44	863	907
GS-08.....	16	210	226	16	209	225	15	241	256
GS-07.....	104	414	518	108	424	532	108	398	506
GS-06.....	56	253	309	60	254	314	61	252	313
GS-05.....	18	624	642	19	701	720	31	628	659
GS-04.....	7	171	178	8	73	281	5	211	216
GS-03.....	0	23	23	5	37	42	3	29	32
GS-02.....	1	0	1	3	22	25	3	1	4
Other Graded Positions..	43	104	147	43	239	282	53	471	524
Ungraded Positions..	2	139	141	2	232	448	3	149	152
Total Permanent Positions.....	867	4,725	5,592	905	4,969	5,874	938	5,155	6,093

	1999			2000			2001		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Unfilled Positions End-of-Year..	0	0	0	0	0	0	0	0	0
Total Perm. Employment End-of-Year..	867	4,725	5,592	905	4,969	5,874	938	5,155	6,093
Staff-Years Ceiling.....	891	5,430	6,321	903	5,738	6,641	916	5,972	6,888

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
CLASSIFICATION BY OBJECTS
1999 AND ESTIMATED 2000 AND 2001

		1999	2000	2001
Personnel Compensation:				
	Washington, D.C.	42,039,563	49,767,000	57,613,000
	Field	205,721,476	243,533,000	281,930,000
12	Personnel benefits	60,212,784	71,369,000	82,331,000
13	Benefits for former personnel	502,670	714,000	736,000
	Total pers. comp. & benefits	308,476,493	365,383,000	422,610,000
Other objects:				
21	Travel	18,054,302	19,571,000	22,414,000
22	Transportation of things	4,214,269	4,399,000	5,067,000
23.1	Rent payments to GSA	88,948	193,000	193,000
23.2	Rent payments to others	4,097,390	5,969,000	5,963,000
23.3	Communications, utilities, and misc. charges	12,727,156	12,229,000	13,746,000
24	Printing and reproduction	1,146,914	1,354,000	1,580,000
25.1	Advisory and assistance services	190,142	1,265,000	1,265,000
25.2	Other services	49,969,788	47,716,000	65,109,000
25.3	Purchases of goods and services from Government Accounts	12,441,892	12,783,000	12,058,000
25.4	Operation and maintenance of facilities	888,949	2,131,000	2,131,000
25.5	Research and development contracts	--	--	--
25.6	Medical care	88,077	109,000	109,000
25.7	Operation and maintenance of equipment	966,177	1,918,000	1,802,000
25.8	Subsistence and support of persons	1,588,274	1,556,000	1,492,000
26	Supplies and materials	34,735,675	21,206,000	33,838,000
31	Equipment	16,846,733	14,697,000	16,297,000

		1999	2000	2001
32	Land and structures	–	–	–
41	Grants, subsidies, and contributions	25,243,416	23,177,000	29,038,000
42	Insurance claims and indemnities	5,396,785	2,901,000	5,103,000
43	Interest and dividends	61,938	57,000	52,000
	Total, other objects	188,746,825	173,231,000	217,257,000
Total, Direct Obligations		497,223,318	538,614,000	639,867,000
Position Data:				
	Average Salary, ES positions	121,020	122,400	122,400
	Average Salary, GS positions	33,647	34,926	35,974
	Average Grade, GS positions	9.19	9.19	9.19

PASSENGER MOTOR VEHICLES

The 2001 Budget Estimates propose the purchase of 170 replacement passenger motor vehicles.

The passenger motor vehicles of the Service are used by veterinarians, animal health technicians, plant protection and quarantine officers, inspectors, wildlife biologists, and other technical personnel in the performance of their duties. APHIS personnel use passenger motor vehicles during their daily activities to travel between individual ranches, farms, orchards, nurseries, ports, and other commercial firms. Use of common carriers is not feasible because of the need to travel in mostly rural areas. Comparative cost studies have shown that it is more economical to use Government owned vehicles rather than reimburse employees for the use of privately owned cars.

The Service's policy is to pool vehicles for use as much as possible. This results in a minimum of passenger motor vehicles and reduces overall operating costs. Operators are required to maintain and submit operational data. These periodic surveys are made to determine the continued need for vehicles and their condition.

Replacement of passenger motor vehicles. APHIS proposes replacing 170 of the 679 vehicles in the Agency fleet. Of the 679 vehicles, 441 are estimated to be in operation at the beginning of FY 2000, 181 have been sold and not yet replaced, and 57 have been ordered and not yet delivered. These 441 vehicles are located in field locations and are used for pest and disease exclusion, plant and animal health monitoring, pest and disease management, animal care, and scientific and technical services programs. The control, eradication, testing, and inspection activities are essential in protecting the Nation's agriculture. All vehicles proposed for replacement have 60,000 or more miles or are more than 3 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1999, are as follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (000)	Number of Vehicles	Percent of Total
1994 & older	213	48.3	80 or more	71	16.1
1995	35	7.9	60 - 80	93	21.1
1996	40	9.1	40-60	79	17.9
1997	42	9.5	20-40	101	22.9
1998	58	13.2	20 or less	97	22.0
1999	53	12.0			
Total	441	100.0	Total	441	100.0

AIRCRAFT

There are presently 23 aircraft in the Agency fleet, eight for domestic plant pest and disease programs, 13 for animal damage control programs and two for international plant and animal pest exclusion programs. APHIS aircraft make aerial surveys and aerial application tests, are used for insect trapping operations, and are used to demonstrate special equipment for suppression of destructive insects attacking crops.

Replacement aircraft, if purchased, would be used primarily in pest and disease management programs. These aircraft are sometimes used to supervise and observe contract planes which are newer, faster models than those the Agency has available. While this replacement authority is requested each year in the appropriation act, the aircraft are replaced only when necessary to maintain the fleet in safe and efficient operating condition.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [$437,768,000] $512,044,000, of which $4,105,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: Provided, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 percent: Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $40,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: Provided further, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease of pests or animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the [next] preceding fiscal year shall be merged with such transferred amounts: Provided further, That appropriations hereunder shall be available pursuant to Law (7 U.S.C. 2250) for the repair and alteration of leased buildings and improvements, but unless otherwise provided the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building. In fiscal year [2000] 2001, the Agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals, provided that such fees are structured such that any entity's liability for such fees is reasonably based on the technical assistance, goods, or services provided to the entity by the agency, and such fees shall be credited to this account, to remain available until expended, without further appropriation, for providing such assistance, goods, or services. Of the total amount available under this heading in fiscal year [2000] 2001, $87,000,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account.

The first change is for clarification.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Lead-off Tabular Statement

SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 2000		$441,263,000
Budget Estimate, 2001		512,044,000
Increase in Appropriation		+70,781,000
Adjustments in 2000:		
Appropriations Act, 2000	441,263,000	
Recission for 2000 a/	-3,495,000	
Adjusted based for 2000		437,768,000
Budget Estimate, Current Law, FY 2001		512,044,000
Increase from adjusted 2000		+74,276,000

a/ Recision of $3,495,000 pursuant to P.L. 106-113

SALARIES AND EXPENSES - PROPSED LEGISLATION

Budget Estimate, Current Law, 2001	$512,044,000
Change due to proposed legislation	-10,719,000
Net Request, President's 2001 Budget Request	+501,325,000

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
AQI Appropriated	$34,546,000	$3,904,000	$38,450,000
AQI User Fees	86,926,000	74,000	87,000,000
Cattle Ticks	4,996,000	280,000	5,276,000
Fruit Fly Exclusion and Detection	25,183,000	29,927,000	55,110,000
Import/Export Inspection	6,809,000	428,000	7,237,000
Sanitary/Phytosanitary Management	7,530,000	1,962,000	9,492,000
Screwworm	30,276,000	124,000	30,400,000
Animal Health Monitoring and Surveillance	65,943,000	3,558,000	69,501,000
Animal and Plant Health Regulatory Enforcement	5,850,000	413,000	6,263,000
Emergency Management System	627,000	5,241,000	5,868,000
Pest Detection	6,680,000	49,000	6,729,000
Aquaculture	766,000	-190,000	576,000
Biological Control	8,153,000	165,000	8,318,000
Boll Weevil	15,094,000	-12,238,000	2,856,000
Brucellosis	10,876,000	-2,649,000	8,227,000
Emerging Plant Pests	3,507,000	25,079,000	28,586,000
Gypsy Moth	4,363,000	57,000	4,420,000
Imported Fire Ant	100,000	-100,000	0
Noxious Weeds	424,000	1,700,000	2,124,000
Pink Bollworm	1,316,000	-242,000	1,074,000
Pseudorabies	4,563,000	-524,000	4,039,000
Scrapie	2,989,000	5,037,000	8,026,000

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Tuberculosis	4,916,000	58,000	4,974,000
Wildlife Services Operations	31,395,000	-2,711,000	28,684,000
Animal Welfare	10,167,000	5,000,000	15,167,000
Horse Protection	361,000	37,000	398,000
Biotechnology/Environmental Protection	8,523,000	1,760,000	10,283,000
Integrated Systems Aquicision Project	3,497,000	-3,497,000	0
Plant Methods Development Labs	4,688,000	118,000	4,806,000
Veterinary Biologics	10,337,000	414,000	10,751,000
Veterinary Diagnostics	15,609,000	2,069,000	17,678,000
Wildlife Services Methods Develoment	10,357,000	168,000	10,525,000
Invasive Species	0	8,805,000	8,805,000
All Other	10,401,000	0	10,401,000
Total, Available	$437,768,000	$74,276,000	$512,044,000

PROJECT STATEMENT-CURRENT LAW
(On Basis of Appropriation)

	1999 Actual		2000 Estimated		Increase or	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
1. Pest and Disease Exclusion:							
(a) Agricultural quarantine inspection (Appropriated)	$31,211,774	546	$34,546,000	586	$3,904,000	$38,450,000	618
(b) Agricultural quarantine inspection (User Fees)	88,000,000	2,025	86,926,000	2,308	74,000	87,000,000	2,569
(c) Cattle ticks	5,119,784	106	4,996,000	105	280,000	5,276,000	105
(d) FMD/Emerging Foreign Animal Dis.	3,637,849	9	3,803,000	10	--	3,803,000	10
(e) Fruit fly exclusion & detection	22,678,733	212	25,183,000	230	29,927,000	55,110,000	252
(f) Import/export inspection	6,764,269	142	6,809,000	142	428,000	7,237,000	144
(g) Sanitary/Phytosanitary Mgmt	7,612,929	52	7,530,000	52	1,962,000	9,492,000	62
(h) Screwworm	27,557,876	65	30,276,000	64	124,000	30,400,000	63
(i) Tropical bont tick	413,672	2	407,000	2	--	407,000	2
Total, Pest and Disease Exclusion	192,996,886	3,159	200,476,000	3,499	(1) 36,699,000	237,175,000	3,825
2. Plant and Animal Health Monitoring:							
(a) Animal health monitoring and surveillance	61,951,650	663	65,943,000	670	3,558,000	69,501,000	683
(b) Animal and plant health regulatory enforcement	6,017,215	77	5,850,000	76	413,000	6,263,000	79
(c) Emergency management system	--	--	627,000	5	5,241,000	5,868,000	20
(d) Pest detection	6,268,228	29	6,680,000	30	49,000	6,729,000	29
Total, Plant and Animal Health Monitoring	74,237,093	769	79,100,000	781	(2) 9,261,000	88,361,000	811
3. Pest and Disease Management:							
(a) Aquaculture	560,713	6	766,000	7	-190,000	576,000	5
(b) Biological control	7,976,975	105	8,153,000	105	165,000	8,318,000	103
(c) Boll weevil	15,968,952	12	15,094,000	20	-12,238,000	2,856,000	7
(d) Brucellosis	12,006,629	77	10,876,000	65	-2,649,000	8,227,000	55
(e) Emerging plant pests	1,527,774	17	3,507,000	21	25,079,000	28,586,000	36
(f) Golden nematode	431,400	6	580,000	7	--	580,000	7
(g) Gypsy moth	4,307,275	36	4,363,000	35	57,000	4,420,000	34
(h) Imported fire ant	1,060,011	1	100,000	--	-100,000	--	--
(i) Noxious weeds	380,976	1	424,000	1	1,700,000	2,124,000	4
(j) Pink bollworm	1,128,363	17	1,316,000	17	-242,000	1,074,000	16
(k) Pseudorabies	4,225,830	31	4,563,000	31	-524,000	4,039,000	27
(l) Scrapie	2,849,830	23	2,989,000	23	5,037,000	8,026,000	33
(m) Tuberculosis	4,612,035	36	4,916,000	37	58,000	4,974,000	37
(n) Wildlife services operations	30,748,942	340	31,395,000	323	-2,711,000	28,684,000	272
(o) Witchweed	1,522,785	4	1,506,000	4	--	1,506,000	4
Total, Pest and Disease Management	89,308,490	712	90,548,000	696	(3) 13,442,000	103,990,000	640
4. Animal Care:							
(a) Animal welfare	9,222,338	127	10,167,000	127	5,000,000	15,167,000	157
(b) Horse protection	373,446	4	361,000	4	37,000	398,000	4
Total, Animal Care	9,595,784	131	10,528,000	131	(4) 5,037,000	15,565,000	161

	1999 Actual		2000 Estimated		Increase or Decrease	2001 Estimated	
	Amount	Staff Years	Amount			Amount	Staff Years
5. Scientific and Technical Services:							
(a) Biotechnology/environmental protection	7,401,956	101	8,523,000	111	1,760,000	10,283,000	117
(b) Integrated systems acquisition proj	700,223	--	3,497,000	--	-3,497,000	--	--
(c) Plant methods development labs	4,784,616	75	4,688,000	73	118,000	4,806,000	72
(d) Veterinary biologics	10,124,339	155	10,337,000	155	414,000	10,751,000	154
(e) Veterinary Diagnostics	15,965,792	180	15,609,000	176	2,069,000	17,678,000	182
(f) Wildlife services methods development	10,161,233	105	10,357,000	106	168,000	10,525,000	102
Total, Scientific and Technical Services	49,138,159	616	53,011,000	621	(5) 1,032,000	54,043,000	627
6. Invasive Species	--	--	--	--	(6) 8,805,000	8,805,000	12
7. Contingencies: plant and animal diseases and pests	2,712,934	16	4,105,000	16	--	4,105,000	--
8. Unobligated balance available	7,813,654	--	--	--	--	--	--
9. Unobligated balance available lapsing	--	--	--	--	--	--	--
Total, Salaries and Expenses	425,803,000	5,403	437,768,000	5,744	74,276,000	512,044,000	6,076
10. New User Fees:							
Animal welfare	--	--	--	--	-5,167,000	-5,167,000	-54
Biotechnology	--	--	--	--	-5,552,000	-5,552,000	-69
Total, New User Fees	--	--	--	--	-10,719,000	-10,719,000	-123
Recision for FY 2000	--	--	3,495,000	--	-3,495,000	--	--
Total, Salaries and Expenses	425,803,000	5,403	441,263,000	5,744	60,062,000	501,325,000	5,953

a/ APHIS has the authority to carryover up to $2 million of its unobligated balance until expended for relocation purposes

Distribution of FY 2000 Recision

	1999 Actual	2000 Appropriation	Recision	Adjusted 2000
1. Pest and Disease Exclusion:				
(a) Agricultural quarantine inspection (Appropriated)	$31,211,774	$34,576,000	-$30,000	$34,546,000
(b) Agricultural quarantine inspection (User Fees)	88,000,000	87,000,000	-74,000	86,926,000
(c) Cattle ticks	5,119,784	5,000,000	-4,000	4,996,000
FMD/Emerging foreign animal Dis	3,637,849	3,803,000	--	3,803,000
(e) Fruit fly exclusion & detection	22,678,733	25,204,000	-21,000	25,183,000
(f) Import/export inspection	6,764,269	6,815,000	-6,000	6,809,000
(g) Sanitary/Phytosanitary Mgmt	7,612,929	7,539,000	-9,000	7,530,000
(h) Screwworm	27,557,876	30,301,000	-25,000	30,276,000
Tropical bont tick	413,672	407,000	--	407,000
Total, Pest and Disease Exclusion	192,996,886	200,645,000	-169,000	200,476,000
2. Plant and Animal Health Monitoring:				
(a) Animal health monitoring and surveillance	61,951,650	66,000,000	-57,000	65,943,000
(b) Animal and plant health regulatory enforcement	6,017,215	5,855,000	-5,000	5,850,000
(c) Emergency management system	--	627,000	--	627,000
(d) Pest detection	6,268,228	6,685,000	-5,000	6,680,000
Total, Plant and Animal Health Monitoring	74,237,093	79,167,000	-67,000	79,100,000
3. Pest and Disease Management:				
(a) Aquaculture	560,713	767,000	-1,000	766,000
(b) Biological control	7,976,975	8,160,000	-7,000	8,153,000
(c) Boll weevil	15,968,952	17,757,000	-2,663,000	15,094,000
(d) Brucellosis	12,006,629	10,887,000	-11,000	10,876,000
(e) Emerging plant pests	1,527,774	3,510,000	-3,000	3,507,000
(f) Golden nematode	431,400	580,000	--	580,000
(g) Gypsy moth	4,307,275	4,366,000	-3,000	4,363,000
(b) Imported fire ant	1,060,011	100,000	--	100,000
(i) Noxious weeds	380,976	424,000	--	424,000
(j) Pink bollworm	1,128,363	1,548,000	-232,000	1,316,000
(k) Pseudorabies	4,225,830	4,567,000	-4,000	4,563,000
(l) Scrapie	2,849,830	2,991,000	-2,000	2,989,000
(m) Tuberculosis	4,612,035	4,920,000	-4,000	4,916,000
(n) Wildlife services operations	30,748,942	31,672,000	-277,000	31,395,000
(o) Witchweed	1,522,785	1,506,000	--	1,506,000
Total, Pest and Disease Management	89,308,490	93,755,000	-3,207,000	90,548,000
4. Animal Care:				
(a) Animal welfare	9,222,338	10,175,000	-8,000	10,167,000
(b) Horse protection	373,446	361,000	--	361,000
Total, Animal Care	9,595,784	10,536,000	-8,000	10,528,000

	1999 Actual	2000 Appropriation	Recision	Adjusted 2000
5. Scientific and Technical Services:				
(a) Biotechnology/environmental protection	7,401,956	8,530,000	-7,000	8,523,000
(b) Integrated systems acquisition proj.	700,223	3,500,000	-3,000	3,497,000
(c) Plant methods development labs.	4,784,616	4,693,000	-5,000	4,688,000
(d) Veterinary biologics	10,124,339	10,345,000	-8,000	10,337,000
(e) Veterinary Diagnostics	15,965,792	15,622,000	-13,000	15,609,000
(f) Wildlife services methods development	10,161,233	10,365,000	-8,000	10,357,000
Total, Scientific and Technical Services	49,138,159	53,055,000	-44,000	53,011,000
7. Contingencies: plant and animal diseases and pests	2,712,934	4,105,000	--	4,105,000
8. Unobligated balance remaining available.	7,813,654	--	--	--
Total, APHIS	425,803,000	441,263,000	-3,495,000	437,768,000

PROJECT STATEMENT-CURRENT LAW
(On Basis of Available Funds)

	1999 Actual		2000 Estimated		Increase or	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
1 Pest and Disease Exclusion:							
(a) Agricultural quarantine inspection (Appropriated)	$31,211,774	546	$34,546,000	586	$3,904,000	$38,450,000	618
(b) Agricultural quarantine inspection (User Fees)	152,232,527	2,025	86,926,000	2,308	74,000	87,000,000	2,569
(c) Cattle ticks	5,119,784	106	4,996,000	105	280,000	5,276,000	105
(d) FMD/Emerging Foreign Animal Dis	3,637,849	9	3,803,000	10	--	3,803,000	10
(e) Fruit fly exclusion & detection	23,391,848	212	25,474,267	230	29,635,733	55,110,000	252
(f) Import/export inspection	6,764,269	142	6,809,000	142	428,000	7,237,000	144
(g) Sanitary/Phytosanitary Mgmt	7,612,929	52	7,530,000	52	1,962,000	9,492,000	62
(h) Screwworm	33,763,536	65	33,019,124	64	-2,619,124	30,400,000	63
(i) Tropical bont tick	413,672	2	407,000	2	--	407,000	2
Total, Pest and Disease Exclusion	264,148,188	3,159	203,510,391	3,499	(1) 33,664,609	237,175,000	3,825
2. Plant and Animal Health Monitoring:							
(a) Animal health monitoring and surveillance	61,951,650	663	65,943,000	670	3,558,000	69,501,000	683
(b) Animal and plant health regulatory enforcement	6,017,215	77	5,850,000	76	413,000	6,263,000	79
(c) Emergency management system	--	--	627,000	5	5,241,000	5,868,000	20
(d) Pest detection	6,268,228	29	6,680,000	30	49,000	6,729,000	29
Total, Plant and Animal Health Monitoring	74,237,093	769	79,100,000	781	(2) 9,261,000	88,361,000	811
3. Pest and Disease Management:							
(a) Aquaculture	560,713	6	766,000	7	-190,000	576,000	5
(b) Biological control	7,976,975	105	8,153,000	105	165,000	8,318,000	103
(c) Boll weevil	16,523,781	12	15,334,048	20	-12,478,048	2,856,000	7
(d) Brucellosis	12,006,629	77	10,876,000	65	-2,649,000	8,227,000	55
(e) Emerging plant pests	1,527,774	17	3,507,000	21	25,079,000	28,586,000	36
(f) Golden nematode	431,400	6	580,000	7	--	580,000	7
(g) Grasshopper/Mormon Cricket Res	235,866	--	--	--	--	--	--
(h) Gypsy moth	4,307,275	36	4,363,000	35	57,000	4,420,000	34
(i) Imported fire ant	1,060,011	1	100,000	--	-100,000	--	--
(j) Noxious weeds	380,976	1	424,000	1	1,700,000	2,124,000	4
(k) Pink bollworm	1,128,363	17	1,316,000	17	-242,000	1,074,000	16
(l) Pseudorabies	4,225,830	31	4,563,000	31	-524,000	4,039,000	27
(m) Scrapie	2,849,830	23	2,989,000	23	5,037,000	8,026,000	33
(n) Tuberculosis	4,612,035	36	4,916,000	37	58,000	4,974,000	37
(o) Wildlife services operations	30,748,942	340	31,395,000	323	-2,711,000	28,684,000	272
(p) Witchweed	1,522,785	4	1,506,000	4	--	1,506,000	4
Total, Pest and Disease Management	90,099,185	712	90,788,048	696	(3) 13,201,952	103,990,000	640
4. Animal Care:							
(a) Animal welfare	9,222,338	127	10,167,000	127	5,000,000	15,167,000	157
(b) Horse protection	373,446	4	361,000	4	37,000	398,000	4
Total, Animal Care	9,595,784	131	10,528,000	131	(4) 5,037,000	15,565,000	161

	1999 Actual		2000 Estimated			2001 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
5. Scientific and Technical Services:							
(a) Biotechnology/environmental protection	7,401,956	101	8,523,000	111	1,760,000	10,283,000	117
(b) Integrated systems acquisition project	8,816,759	--	2,799,777	--	-2,799,777	--	--
(c) Plant methods development labs	4,784,616	75	4,688,000	73	118,000	4,806,000	72
(d) Veterinary biologics	10,124,339	155	10,337,000	155	414,000	10,751,000	154
(e) Veterinary Diagnostics	15,965,792	180	15,609,000	176	2,069,000	17,678,000	182
(f) Wildlife services methods development	10,161,233	105	10,357,000	106	168,000	10,525,000	102
Total, Scientific and Technical Services	57,254,695	616	52,313,777	621	(5) 1,729,223	54,043,000	627
6. Invasive Species	--	--	--	--	(6) 8,805,000	8,805,000	12
7. Contingencies: plant and animal diseases and pests	5,215,283	16	5,497,066	16	(7) --	4,105,000	--
Total, Salaries and Expenses	500,550,228	5,403	441,737,282	5,744	71,698,784	512,044,000	6,076
8. New User Fees:							
Animal welfare	--	--	--	--	-5,167,000	-5,167,000	-54
Biotechnology	--	--	--	--	-5,552,000	-5,552,000	-69
Total, New User Fees	--	--	--	--	(8) -10,719,000	-10,719,000	-123
Unobligated balance available at beginning-of-year	11,696,495	--	--	--	--	--	--
Unobligated balance available at end-of-year a/	34,849,940	--	--	--	--	--	--
Total, Salaries and Expenses	547,096,663	5,403	441,737,282	5,744	60,979,784	501,325,000	5,953
9. CCC Transfers	117,808,576	121	84,320,561	81	-84,320,561	--	--
10. > $100 million for AQI b/	--	--	87,776,676	--	27,046,120	114,822,796	--
11. Advances and reimbursements	64,270,613	696	64,000,000	715	--	74,719,000	838
12. Trust funds	12,008,284	101	11,000,000	101	--	11,000,000	97
Total, Available or Estimate	741,184,136	6,321	688,834,519	6,641	3,705,343	701,866,796	6,888

a/ APHIS has the authority to carryover up to $2 million of its unobligated balance until expended for relocation purposes.

b/ An additional $12 million in FY 1999, $13 million in FY 2000, and $13 million in FY 2001 is estimated to be funded from the available AQI reserve account.

Note: AQI user fee staff years may be adjusted depending on realization of new fee revenues and time needed to hire

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of $36,699,000 for pest and disease exclusion activities, consisting of:

(a) An increase of $3,904,000 for the agricultural quarantine inspection (AQI) appropriated program ($34,546,000 available in Fiscal Year (FY) 2000).

To minimize the threat that exotic agricultural pests and diseases enter the United States, APHIS conducts point-of-entry inspections of travelers and cargo along the Mexican and Canadian borders and predeparture inspections of passengers and cargo from Hawaii and Puerto Rico to the mainland. In addition, the Agency inspects private and military aircraft and small tonnage vessels from Hawaii and Puerto Rico. Expansion of the global economy and free trade have dramatically increased the volume of passengers and cargo arriving in the U.S. from these locations, seriously affecting APHIS' ability to meet workload and customer service demands.

Of this increase, $1.5 million would support increased border activity at high-risk locations in Texas along the Mexican border, $855,000 would support increased border activity at high-risk locations along the Canadian border; $376,000 would fund the purchase of X-ray machines in Puerto Rico, and $338,000 would fund inspection activities in Hawaii.

The increase would help maintain current efforts and enhance APHIS' pest exclusion capability; improve its response to threats from various exotic pests; and provide APHIS with opportunities to examine emerging pathways, such as rail cars entering the U.S. from Canada. Also, it would likely improve customer satisfaction in these locations due to reduced passenger and cargo delays. With this increase, APHIS would expect compliance rates for cargo approaching U.S. borders to improve from 96 percent to 96.5 percent.

(b) An increase of $74,000 for agricultural quarantine inspection (user fees) $86,926,000 available in FY 2000).

To minimize the threat that exotic agricultural pests and diseases enter the United States, APHIS conducts point-of-entry inspections of commercial vessels, aircraft, trucks, railcars, and international airline passengers. In accordance with the Food, Agriculture, Conservation, and Trade Act of 1990, the Agency prescribes and collects fees to cover the costs of providing these services. Until FY 2003, however, the Federal Agriculture Improvement and Reform (FAIR) Act of 1996 limits AQI user fee program spending to an annual appropriated level plus collections in excess of $100 million. Any funding shortfall between the appropriated amount and the $100 million collections threshold must be funded from the AQI reserve account. This increase will enable the Agency to maintain current AQI efforts while reducing the need to depend on AQI user fee reserve funds to supplement program funding. In FY 2003, all AQI user fee collections become available without the need for annual appropriations and spending limits would be determined by the demand for AQI services.

On August 9, 1999, APHIS published a proposed rule to increase the user fee rates that provide the resources needed to carry out AQI exclusion activities. This rule took effect on January 1, 2000. The increase is needed to expand the safeguarding system that is designed to prevent the introduction of agricultural pests, diseases and pathogens. These increased resources will allow APHIS to quickly and thoroughly process international passengers without jeopardizing the success of detecting harmful foreign plant and animal pests and diseases.

(c) An increase of $280,000 for the cattle tick program ($4,996,000 available in FY 2000).

The presence of tick-infested white-tailed deer and exotic game animals on premises in the quarantine zone and the resistance of tick populations to certain acaracides continue to impact the cattle tick program in Texas. The presence of wildlife on these infested premises has made it difficult to eradicate ticks from these properties. When wildlife is present in host vacated pastures, the ticks continue to feed off the wildlife. This results in the need to extend the quarantine. In addition, tick populations have become resistant to a number of acaracides. Most chemical companies have stopped developing new acaricides because of high development costs and relatively limited markets for such products. In response to these issues, APHIS is requesting funds in FY 2001 to develop new treatment and eradication methodologies. This increase will also help the program maintain current efforts.

APHIS will use the increased funds to continue to protect the United States from the establishment of the cattle tick and its associated disease, cattle tick fever. Without this increase, the Agency expects the number of infested premises to rise because Texas is expected to reduce cooperator funding in FY 2001. APHIS estimates that the establishment of the cattle ticks in the United States could result in annual losses of $1-2 billion to the U.S. cattle industry including severely restricting the U.S. cattle export market.

(d) An increase of $29,927,000 for the fruit fly exclusion and detection program (FFED) ($25,183,000 available in FY 2000) to protect U.S. agriculture from domestic and Mexican infestations.

APHIS will devote $23.2 million to eradicate serious Mediterranean fruit fly (Medfly) outbreaks in Mexico. This request continues the effort funded through the Commodity Credit Corporation (CCC) for the emergency operations that began in FY 1999 and FY 2000. The fruit fly situation in Mexico remains a very serious threat to U.S. agriculture. Through the trilateral Moscamed partnership with Mexico and Guatemala, APHIS conducts activities in these countries to establish and maintain a Medfly barrier in western Guatemala and to prevent the northern spread of Medfly through Mexico and into the United States. However, a recent increase in Medfly outbreaks in Mexico indicates that the Medfly is moving northward from Guatemala. Since the summer and fall of 1998, Mexico and APHIS discovered a dangerously high increase in sites infested with Medfly in the southern States of Chiapas, Campeche, and Tabasco. In 1999, 180 outbreaks occurred, some of which were located significantly outside of the area in which detections normally occur. Fruit fly experts predict that if the pest is allowed to spread, the Medfly will naturally migrate to the U.S. border by 2005. The risk of accidental introductions will increase as the Medfly continues its relentless push northward. This threatening trend is already apparent in the detection of two current Medfly infestations in California which are genetically linked to Central American origin.

By FY 2001, APHIS and its partners will have completed the second year of a 6-year effort to eradicate Medfly infestations in Mexico and reestablish an effective and sustainable Medfly barrier in Guatemala. The goal of these first 2 years is to eradicate severe Medfly outbreaks in southern Mexico; however, the threat to American agriculture does not end with the eradication of Mexico outbreaks. A second, non-emergency goal to establish a permanent, viable, sustainable sterile fly barrier in Guatemala will provide a long-term solution to the problem of recurring threats. APHIS will increase its sterile fly production and release capabilities, significantly increase the use of environmentally-sound pesticides, increase trapping levels, and complete parasitoid tests for fruit fly control.

Keeping Mexico Medfly-free greatly reduces the risk of introduction of this pest into the United States. Medfly infestations in the U.S. would severely disrupt American fruit and vegetable industries due to crop damage and loss of export markets. Economic assessments estimate that annual losses attributable to Medfly would total about $1.5 billion annually, with 55 percent of these losses relating to field damage and control costs and the remaining 45 percent relating to

trade restrictions and quarantines. Also, traditional Medfly hosts such as citrus would not be the only U.S. commodities affected. Allowing Medfly to spread to the U.S. could ultimately affect such commodities as cherries in Michigan and apples in Washington. As many as 50 commercially-grown crops and numerous home and garden fruits and vegetables would be threatened. According to the State of California, if California fruits were quarantined from all foreign markets due to Medfly infestation, the State would lose 35,000 jobs and experience reductions in output of $3.6 billion. In addition, personal earnings would decrease by $939 million and the increased costs of controlling an established Medfly population in California would range from $493 million to $875 million.

The domestic FFED program will be enhanced with an increase of $6.4 million. This figure consists of $3.7 million for a Medfly Preventative Release Program (PRP) in Florida, and $1.7 million to enhance detection trapping in Florida. Also included in the increase is $370,000 to continue supporting the Mexican Fruit Fly facility in Mission, Texas, $300,000 for equipment and maintenance to support the current PRP in California, and $250,000 to fund additional methods development activities to meet Florida's detection, PRP, and biocontrol needs.

The Florida PRP will involve sterile insect technology (SIT) operations covering 650 square miles at a rate of 125,000 Temperature Sensitive Lethal (TSL) flies per square mile. TSL produces only sterile males which provides more efficient and effective eradication results. This level of coverage will involve the purchase and rearing of 125 million pupae per week and allows for the release of 81 million adult flies per week. The SIT, which is a proven, environmentally-friendly biological tool for eradicating insect pests, would greatly enhance APHIS' exclusion efforts to protect Florida's $2 billion worth of crops that are susceptible to Medfly damage. Also, the SIT would reduce the need for pesticides and enable efficient operation of the program. The employment of SIT is especially critical in light of the intense public opposition to aerial chemical control applications and the restrictions the Environmental Protection Agency has placed on pesticide use. While the PRP is not an ultimate solution to the Medfly problem, it stands as a shield against future infestations until another solution can be found. Also, it will provide a proactive second-line-of-defense against Medfly incursions. It is imperative that the Agency address this problem proactively to uphold the APHIS' obligation to protect American agriculture and provide environmental stewardship. A fully funded PRP in Florida would require $5 million and 63 SYs; this amount would be cost-shared with the State of Florida.

Funding is also included to enable the program to conduct detection trapping at the protocol level recommended by an International Science Advisory Panel (SAP) in October 1998. This panel made this recommendation after comparing Florida's protocols to the National Protocol and to other protocols being used in California and in several foreign sites. Specifically, the Florida program will service all Jackson Traps in high-risk counties at 2-week intervals (instead of the current 3-week intervals), relocating all traps every 6 weeks (instead of the current every 12 weeks), and replacing all traps and lures more frequently. These changes will increase the required number of trap specialists, with associated logistical and supervisory support; and will increase trapping supply costs as well. Enhancing the quality of a detection program will significantly affect the success of any subsequent eradication activities, as these two components of fruit fly management are closely linked. In addition, carrying out this trapping initiative would greatly help the Florida medfly eradication program to become more cost-efficient and effective at safeguarding U.S. plant resources against the introduction of foreign pests and meet international trade obligations. This increase will also help the program maintain current efforts.

(e) An increase of $428,000 for the import/export program ($6,809,000 available in FY 2000).

APHIS uses technically sound methodology to support consistent, transparent, and documented decision making in regionalization and risk assessment activities. This approach is essential to ensure compliance with international agreements including the General Agreement on Tariffs and

Trade and the North America Free Trade Agreement. Compliance with these international agreements requires APHIS to harmonize import regulations with domestic program requirements. Presently, the Agency does not have adequate resources or staffing to review and evaluate, in a timely manner, requests for regional recognition of animal health status. The Agency's delays in evaluating and responding to requests has led to resentment and establishment of non-science based barriers to international trade. Industry and State and local governments are demanding additional resources to prevent loss of foreign markets. APHIS needs to strengthen its evaluation and risk assessment capabilities in terms of both human and technological resources to meet international and domestic responsibilities and respond in a timely manner to an increasing number of foreign and domestic regionalization requests.

To meet this demand, APHIS will provide technical information in a more timely manner for negotiations of international animal health protocols and agreements. As a result, APHIS will conduct more risk assessments and play a crucial role in expanding two export markets. This increase will also help the program maintain current efforts.

(f) An increase of $1,962,000 for the sanitary/phytosanitary (SPS) management program ($7,530,000 available in FY 2000).

This increase funds activities in both domestic and international locations to meet APHIS' World Trade Organization (WTO) obligations. To protect the biological and commercial health of American Agriculture in an increasingly interdependent and competitive global economy, APHIS must be actively involved in sanitary and phytosanitary negotiations to ensure that SPS requirements are not compromised, are scientifically justified, and are not used as arbitrary trade barriers.

APHIS' workload associated with resolving SPS barriers and monitoring new and emerging plant pest risks is increasing. APHIS will designate $1,472,000 to meet the growing demands of increasing commodity pest risk assessments, leverage scientific research for U.S. export requests, trade management, influence in international standards development, and bilateral negotiations. Foreign trading partners are now more willing to accept complex export systems, such as pest-free zones and systems approaches to pest risk management which APHIS must negotiate and verify. Some of these positions may be located in areas to oversee export programs and to audit quarantine activities. Insufficient action on these developments could strain relationships with some trading partners, resulting in retaliatory trade actions and loss of access to overseas markets. Further, APHIS has an obligation to help the U.S. comply with its obligations and commitments through several forums including the WTO SPS Agreement, regional trade agreements, and standard-setting organizations.

This increase will also provide $100,000 for increased trade analysis on international standard-setting activities. Specifically, this analyst will coordinate Agency strategies for promoting U.S. positions in standard-setting bodies, including the emerging biotechnology and risk analysis areas. Another $295,000 will bolster current services in international locations to provide an effective first line of defense against foreign pests and diseases. Our Foreign Service cadre must maintain important relationships, improve coordination between countries, exchange scientific information to address pest and disease problems, and resolve SPS-related issues.

This funding level in the SPS Management area will ensure APHIS' ability to protect and expand U.S. access to foreign markets which are threatened or blocked by unjustified SPS trade barriers. In addition, the funding increase will strengthen APHIS' ability to monitor and respond to newly emerging foreign pests and diseases. Furthermore, this funding will allow APHIS to enhance the development of regulatory work plans and scientifically-based import procedures in coordination with foreign counterparts and U.S. stakeholders. This action will strengthen confidence that trade in agricultural commodities does not increase the risk of exotic agricultural pest and disease introductions. To accomplish these goals, APHIS will provide active leadership in coordinating

the necessary analysis and action to resolve SPS and/or biotechnology trade issues in a timely and effective fashion. We will work with U.S. industry, government agencies, and stakeholders to identify and prioritize import and export issues as well as set the U.S. standards setting agenda. Last, APHIS will increase the development and use of scientifically-based export systems such as pest and disease free areas and systems approaches for managing quarantine pests and diseases using the guideline established under the SPS agreement and standard-setting bodies.

(g) An increase of $124,000 for the screwworm program ($30,276,000 available in FY 2000).

The funding increase will help the screwworm program maintain current staffing levels and related pest eradication activities in Central America. Until screwworm is eradicated from this region, and a barrier is established, it still poses a serious threat to U.S. livestock producers.

2) A net increase of $9,261,000 for plant and animal health monitoring activities, consisting of:

(a) An increase of $3,558,000 for the animal health monitoring and surveillance (AHMS) program ($65,943,000 available in FY 2000).

The Agency's proactive approach to animal health and its impact on public health and U.S. trade competitiveness is contingent on a strong monitoring and surveillance program. As a result of this proactive approach, disease eradication gains are protected; State disease statuses are maintained; and responses to domestic and foreign animal disease outbreaks are rapid. Monitoring and surveillance becomes increasingly important as control and eradication programs approach successful completion, since the last cases of disease are the most difficult to find and the potential impact of undiscovered pockets of disease becomes increasingly more damaging and could eventually reverse program gains. Monitoring and surveillance also are critical in the establishment of animal health certification and quality assurance programs which are necessary to reassure U.S. trading partners of the country's animal health status. In future years, APHIS expects U.S. trading partners to increase their demands for defensible data on the health status of U.S. national herds and flocks. This level of funding will allow the Agency to intensify monitoring and surveillance for livestock diseases such as pseudorabies and classical swine fever (CSF). APHIS also will emphasize quality assurance by expanding the Johne's disease program. This increase will also help the program maintain current efforts. As a result of these activities, APHIS expects that 70 percent of U.S. trading partners will accept our regionalization plans in FY 2001 and 75 percent of our customers surveyed would indicate high confidence in the credibility of NAHMS.

Monitoring and Surveillance:

APHIS will use $1,166,000 to continue the CSF surveillance program which was funded with CCC funds in FY 1999 and FY 2000. In addition to collecting slaughter samples for blood testing, APHIS will monitor waste food feeders at least monthly for clinical signs by physical observation; look for illegal waste food feeders; visit ports-of-entries and provide information where needed to encourage activities; monitor feral swine utilizing hunter kill and trapper surveys in high risk areas; collect blood and tissue samples at slaughter plants specializing in feral swine to supplement clinical surveillance; and promote awareness by visiting with practicing veterinarians and attending veterinary association meetings. As a result of these efforts, APHIS will sample 20 percent of eligible animals for CSF at slaughter.

APHIS also will use $1,116,000 for increased swine surveillance for pseudorabies to detect infected herds at a lower prevalence and to protect the gains made in eradicating the disease during the accelerated program. APHIS intensified the pseudorabies eradication in FY 1999 under the National Accelerated Pseudorabies Eradication Program which was funded through the Secretary's transfer of Commodity Credit Corporation funds. As a result, we are closer to eradicating pseudorabies from domestic livestock. As we near completion of the program, it becomes crucial to locate and eliminate any remaining pockets of infection. APHIS will increase major packer

surveillance; testing at livestock markets in high risk areas; and area testing in high risk areas. The increase in major packer surveillance will help APHIS meet its strategic goal of sampling 20 percent of eligible animals at slaughter and 5 percent of animals at markets in FY 2001. Contract laborers will conduct approximately 60 percent of the work at packing plants.

Quality Assurance and Certification Programs:

The Agency will increase funding for the Johne's disease program by $233,000. Funding at this level will allow the Agency to assist a limited number of beef herds (in addition to dairy herds). Funds also will be used to support 150 herd visits. APHIS will become involved with developing Johne's disease certification programs for small ruminants, cervids, camelids, and bison.

(b) An increase of $413,000 for the animal and plant health regulatory enforcement program ($5,850,000 available in FY 2000) to respond to the increase in illegal imports of fruits, vegetables, plants, and solid wood packing and wood products.

APHIS maintains a nationwide cadre of highly trained field investigators and staff specialists to support investigative and enforcement needs of APHIS program units, mainly Plant Protection and Quarantine, Veterinary Services, and Animal Care. Over 90 percent of the program's funds are spent for investigators' salaries, official travel, and vehicles used in field work. Because the program's funding has remained essentially static since 1992 while the average investigator's salary has risen 38 percent, the program has been forced to gradually reduce staffing in many parts of the country. The current funding level supports 56 field investigators versus 73 in FY 1992. In addition, the program has cut back on its schedule of vehicle replacements by 50 percent this year to postpone further staff cuts, but cannot sustain this beyond the current year without possibly endangering the safety of its field force and incurring higher maintenance costs as vehicles begin to exceed recommended General Services Administration replacement guidelines.

APHIS has a need to hire additional trained investigators to deal with several problems that have arisen in recent years and which have grown beyond the point that current staffing can effectively address. The first of these is a significant rise in the number of plant quarantine cases involving the illegal importation of plants and wood products of Hawaiian and Asian origin in the Pacific northwest and other parts of the country. These items can harbor pests such as Asian long-horned beetle (ALB) and Asian gypsy moth, and pose a significant threat to the timber industry in these areas in addition to the citrus and produce industries. A second cause for concern has arisen in the Southeastern States of Florida, Georgia, and South Carolina, involving the illegal importation of prohibited fruits, vegetables, plant products, and cut flowers from South America, the Caribbean, and Europe, and increasingly, wood products from China. This coincides with a substantial growth in the number of plant quarantine cases involving the illegal importation of prohibited fruits, vegetables, and plant material from Canada, and solid wood packing and wood products being brought illegally into the country at ports in the northeast--particularly New York State. To combat these problems, APHIS would hire three additional investigators, to be stationed in Washington State, south Florida, and New York State, to investigate these cases which have grown beyond the capacity of current resources. The outcome would be to respond more quickly to rising backlogs; to encourage and support compliance with APHIS programs, laws, and regulations; and to enhance APHIS' effectiveness in protecting U.S. agriculture and monitoring and managing pests and diseases. A portion of the increase is also needed to maintain the current program infrastructure.

(c) An increase of $5,241,000 for the emergency management systems program ($627,000 available in FY 2000) to give APHIS the ability to respond to crises which threaten the economic health of the animal industry.

An outside review of APHIS' animal health emergency management system identified a number of vulnerable areas. Failure to address these areas could seriously affect APHIS and the Nation's ability to protect American agriculture and thus jeopardize the U.S. food supply. This review was requested by the Secretary of Agriculture's Advisory Committee for Foreign Animal and Poultry Diseases. It was performed by animal health emergency management experts from Australia, Canada, and New Zealand.

In addition, a preliminary report from a National Guard Report to Congress on a Chemical and Biological Counter Terrorism Study identified national gaps and shortfalls. This report noted that nationally there is inadequate veterinary medicine coordination. In recent years, some of APHIS' clients, the animal production industry, and State animal health professionals also have expressed concerns about the Nation's ability to manage an animal health emergency.

The funding will be focused in the areas below. In addition, the increase will also help the program maintain current efforts.

Educational Campaign

APHIS will fund an educational campaign using various media (print, Internet, and multimedia) aimed at providing information to Federal, State, and local governments, industry, stakeholders, and the public. The campaign will bring awareness and recognition of foreign animal diseases.

Specialized Training

APHIS will fund specialized training in emergency management to all State and Federal emergency managers. Because private practitioners are normally the first to respond to suspect situations on small farms, training will be provided to private practitioners, as well. Small farms tend to have a higher risk of a foreign animal disease introduction for many reasons, including poor biosecurity, high turnover in hired help, and frequent movement of animals. The Agency will use funds to train and place six people worldwide to investigate unusual disease occurrences. APHIS will develop educational materials and training programs specifically dealing with bioterrorism including methods of effective decontamination of chemical and biological agents. This will require APHIS to develop, update, and reprint current educational materials (disease guides, CD ROMs, foreign animal disease educational kits, videos, slides).

Dedicated Animal Health Emergency Managers in the Field

APHIS will assist States in establishing animal health emergency management standards; participate in local exercises representing national and regional issues; support States during actual responses; identify small farms in developing programs in case of animal health emergencies; educate the public on the threats of bio-terrorism; and encourage local universities to conduct related research.

Genetic Fingerprinting Library

APHIS will establish a genetic fingerprint library for numerous agents. This genetic fingerprint library will include all significant animal pathogens including important foreign animal diseases. APHIS also will facilitate international and national travel to organize and implement the enhanced system.

Veterinary Epidemiological Investigation Tools

APHIS will further develop the EpiInfo 2000 system, an epidemiologic investigation system. This system was originally developed by the Centers for Disease Control and Prevention (CDC). APHIS will contract with CDC to develop veterinary specific modules such as statistical models for specific diseases. APHIS will implement a geographical information system and equip foreign animal disease diagnosticians with hand held units to record geographical data.

Response Planning and Test Exercises

APHIS will prepare and/or update six of the disease plans for the International Office of Epizootics (OIE) List "A" diseases and two of the logistical plans for the effective operation of the Agency's regional response teams. The Agency will also test our level of preparedness for responding to an act of bioterrorism by conducting one National and two regional test exercises.

Operations for National Emergency Management Operations Center (EMOC)

APHIS will purchase equipment for the EMOC, presently located at headquarters in Riverdale, Maryland. This Center will ensure that the Agency provides national leadership, management, and coordination in the face of a National animal or plant health emergency. The Center will also have the ability to respond to non-mission related emergencies caused by natural and human-origin disasters.

This level of funding will enable the Agency to improve its response to animal disease events that threaten the economic viability of the U.S. animal health industries and national security. The Agency's capacity in prevention, preparedness, response, and recovery will be strengthened. With the support of the States and various industries, APHIS has been highly effective in detecting, controlling, and eradicating exotic disease conditions. The goal is to have a national animal health emergency management system which sets the highest world standards for prevention, preparedness, response, and recovery. APHIS will conduct and be graded on 1 National and 2 State level test exercises. In addition, the United States Animal Health Association is expected to rate APHIS a 4 out of 5 on its veterinary services preparedness.

(d) An increase of $49,000 in the pest detection program ($6,680,000 available in FY 2000).

The funding increase will help the program maintain current staffing levels and related pest detection activities. APHIS conducts detection surveys for incipient exotic pest infestations that could cause tremendous economic damage in the United States. In FY 1999, APHIS detected 334 new plant pest infestations.

3) A net increase of $13,442,000 for pest and disease management activities, consisting of:

(a) A decrease of $190,000 for the aquaculture program ($766,000 available in FY 2000).

APHIS will eliminate telemetry studies on depredating species of wildlife in Mississippi and other states. These studies evaluate ways of decreasing bird depredation of aquaculture. APHIS will not support a wildlife biologist to aid aquaculture in Alabama, Florida, and Georgia. The States or producers who benefit from these programs would have to bear the costs associated with them.

(b) An increase of $165,000 for the biological control program ($8,153,000 available in FY 2000).

The funding increase will help the program maintain current staffing levels and activities related to biological control of exotic plant pests and diseases. The program methods include foreign and local field collections, release and redistribution of biocontrol agents, and evaluations. APHIS applies the Agricultural Research Service (ARS) research on crop pests and works with several

international Federal, or State agencies to develop technologies to manage these pests. Brown Citrus Aphid, Leafy Spurge, and Silverleaf Whitefly are examples of pests that APHIS battles using biocontrol methods.

(b) A decrease of $12,238,000 for the boll weevil program ($15,094,000 available in FY 2000).

APHIS is in the final stages of transferring full operational responsibility to the growers in eradicated and non-infested areas. While the Agency will maintain oversight and technical support responsibilities in these areas, APHIS will discontinue cost-sharing program activities where the boll weevil no longer exists. In addition, APHIS will provide an equitable, but less than customary cost-share percentage, to all active eradication zones. The boll weevil eradication foundation in these areas will be encouraged to make optimal use of up to $100 million in loans available from the Farm Service Agency. At this level, the Agency will contribute toward program expansion into new areas if funds are available after addressing the financial needs of all active eradication zones. APHIS expects to remain on pace to eradicate boll weevils from all cotton growing areas of the U.S. and northern Mexico by the year 2003, in cooperation with States, the cotton industry, and Mexico. Also, the program's continued oversight in eradicated and non-infested areas would demonstrate APHIS' ability to effectively managing plant pests which threaten agriculture, natural resources, or public health.

(c) A decrease of $2,649,000 for the brucellosis program ($10,876,000 available in FY 2000).

The success of the brucellosis program has been one of APHIS' greatest achievements. When we began the program, one domestic cattle herd out of every eight in the United States was infected. Through a cooperative Federal/State/Industry effort and careful herd management, the last pockets of infection are being eliminated. Presently, 44 States, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands are classified as free of infection. Six States are in Class A status and are expected to be classified free by the end of FY 2000. APHIS will continue the brucellosis management program procedures in domestic cattle, swine and bison for 5 to 10 years after eradication to eliminate any remaining disease that may have gone undetected. This effort will demonstrate to our international trading partners that the disease has been eradicated from U.S. livestock and that we are continuing to monitor for the disease. As the management program nears completion for domestic cattle, APHIS will begin implementing eradication procedures in other domestic, captive, and non-captive species.

With reduced funding, APHIS will depopulate newly infected cattle herds, carry out activities associated with brucellosis in Yellowstone National Park, and conduct activities in cervids, non traditional livestock, and others. For example, we anticipate approximately $1 million will be spent on wildlife brucellosis such as reindeer in Alaska. Another $1 million will be spent on activities associated with eliminating brucellosis from feral swine.

(d) An increase of $25,079,000 for the emerging plant pests program ($3,507,000 available in FY 2000).

This increase would provide $20.5 million to the ongoing citrus canker eradication program in Florida and $4.6 million to the ongoing ALB eradication program in New York and Illinois. This increase will also help the program maintain current efforts. Both of these programs are currently being funded from emergency funds and both have significant trade impacts. APHIS obligated $5.1 million in CCC funds in FY 1999 for ALB eradication and is requesting $11.5 million for FY 2000. For the citrus canker eradication program, APHIS obligated $19.7 million in CCC funds in FY 1999 and has $23.2 million available for FY 2000.

Citrus canker is a devastating bacterial disease that severely threatens Florida's $6 billion citrus industry, which supports over 85,000 jobs and represents three-fourths of U.S. citrus production

for the past 10 years. The economic impact of added production costs and market restrictions is estimated at $200 million annually if the disease continues to spread and affect Florida's major citrus production areas. As of October 1999, citrus canker exists in three Florida locations: a 500-square-mile area in Dade and Broward Counties, a 60-square-mile area in Manatee County, and an area totaling 91 square miles within 3 quarantine areas in Collier and Hendry Counties. The program is continuing survey and detection efforts in these areas and expects to remove infected trees quickly to prevent further spread. This requested increase consists of a $16.2 million cooperative agreement with the State of Florida and $4.3 million to hire personnel. These funds would be cost-shared with the State of Florida to perform survey, regulatory actions, tree removal, and APHIS' direct costs of technical assistance, methods development, and laboratory support. The program would be managed by representatives from APHIS and the State of Florida, with Florida hiring temporary employees to conduct most of the survey work and APHIS providing technical assistance, conducting regulatory and survey activities, and participating in program planning.

U.S. trade with China increased from $5 billion to $80 billion since 1983. Concurrently, the volume of solid wood packing materials (SWPM) entering the U.S. has grown exponentially. On shipments from China, APHIS has found numerous exotic wood-boring pests - such as the ALB - that are associated with these SWPM's. If left unchecked, the ALB could severely impact the forest products, nursery, tourist, and maple syrup industries, which generate combined revenues of approximately $47 billion annually in the northeastern U.S. alone. As of January 2000, APHIS has found five ALB infestations in New York State and four in Illinois. All nine infestation sites are included in a cooperative control effort. APHIS and State cooperators continue to eradicate ALB infestations and prevent new introductions, while also establishing quarantines to prevent the movement of infested wood products or nursery stock. The eradication program consists of surveys, tree removal, and education efforts, and has drastically reduced ALB populations in heavily infested areas. The requested ALB increase consists of $3.2 million for survey and eradication activities in northeastern States, $663,000 for surveys in Arkansas, Iowa, Louisiana, Missouri, and Texas, as well as pest survey work throughout the 10 midwestern States; $400,000 for methods development activities; and $250,000 for surveys in western States. This increase would greatly enhance the APHIS' ability to eradicate ALB infestations and prevent future introductions.

(e) An increase of $57,000 for the gypsy moth program ($4,363,000 available in FY 2000).

The funding increase will help the program maintain current staffing levels and related survey, control, and regulatory activities. APHIS works to prevent the artificial, long distance movement of the European Gypsy Moth to uninfected areas of the United States. The program conducts survey activities in cooperation with the States to detect and delimit isolated populations to support the regulatory program and provide a basis for control activities. In FY 1999, APHIS placed 298,000 pest detection traps throughout the United States.

(f) A decrease of $100,000 for the imported fire ant program ($100,000 available in FY 2000).

APHIS will eliminate IFA control activities since no effective, efficient, and environmentally acceptable control agents are available for large scale application on agricultural land. Also, APHIS has not received any requests from States for cooperative treatment programs since 1985. APHIS has provided States with technical knowledge, and treatment and regulatory guidelines; the States conduct regulatory and survey activities. In many cases, States have eradicated small isolated infestations outside the regulated area. With these tools, the Federal quarantine guidelines, and industry cooperation, the States should be able to maintain a strong regulatory program. APHIS will provide technical assistance and revise regulations and procedures as necessary, and will also continue to evaluate the efficacy of regulatory treatments for preventing further artificial spread of the IFA under the plant methods development laboratories line item.

(g) An increase of $1,700,000 for the noxious weed program ($424,000 available in FY 2000).

In addition to new and ongoing weed survey and eradication projects, APHIS would begin developing a national rapid assessment and response system for invasive alien plants in the United States in support of the Presidential Executive Order on Invasive Alien Species. This system, when fully implemented, would include establishing: a Federal Interagency Rapid Response Weed Team; an APHIS Regional Weed Team team to determine Agency priorities regarding weed prevention and eradication; State Interagency Weed Teams to establish weed prevention, eradication, and management priorities in each State; and State Weed Detection and Reporting. This program is critical to the establishment of an effective noxious weeds prevention and control strategy for the United States. This increase will also help the program maintain current efforts.

(h) A decrease of $242,000 for the pink bollworm program ($1,316,000 available in FY 2000).

In FY 2000, APHIS received a $267,000 increase to prepare the Phoenix Rearing Facility for the production of 25-30 million sterile insects for eventual aerial release in the San Joaquin Valley. The funds will be used to complete the development of space now held in reserve for this expected program. Activities will include fabricating and installing pupal emergence racks (collection system), constructing aerial drop machines for sterile insect release, and other specialized, time-consuming fabrications in the facility egg layer area. A larval cut out rack is still necessary before a pink bollworm eradication program can begin in New Mexico, Texas, and Mexico in FY 2002. The decrease is partially offset by additional funding to maintain current activities.

(i) A decrease of $524,000 for pseudorabies activities ($4,563,000 available in FY 2000).

The program gains resulting from the Accelerated Pseudorabies Eradication Program (APEP) allows APHIS to shift funds from the pseudorabies program to the AHMS line item for increased pseudorabies surveillance. Increased surveillance ensures early detection and response to newly infected herds. In FY 1999, the APEP was funded from the CCC in the amount of $80 million. An additional $40 million was released from the CCC in early FY 2000. The accelerated program has enabled APHIS to buy herds with pseudorabies-infected swine at a fair market price and reduce the risk of the virus spreading. As a result, the Agency has successfully decreased the total number of quarantined herds by close to 70 percent. APHIS will continue to identify any remaining infected herds through its monitoring program. To ensure adequate monitoring, APHIS proposes to shift $575,000 from the pseudorabies program to the AHMS program to increase surveillance for herd testing in high-risk areas, increased market testing in high-risk areas, and increased major packer surveillance.

By 2002, 50 States plus Puerto Rico and the U.S. Virgin Islands will be in Stage V, no herds will be newly infected, and intervention strategies will be in place to control and eliminate pseudorabies from non-domestic swine. APHIS will continue interactions with the public and industry to demonstrate the benefits and costs currently derived from the pseudorabies program and the need to rapidly complete the program so U.S. swine can more effectively compete in the world marketplace. APHIS will conduct training courses at both national and regional levels to initiate rapid elimination of the disease from any remaining infected herds. Funding will also allow APHIS to address another very important issue by establishing control programs and intervention strategies to diminish the threat of disease spread from wild/feral swine to domestic swine.

(j) An increase of $5,037,000 for the scrapie program ($2,989,000 available in FY 2000)

The goal of the scrapie program is to control and ultimately eradicate scrapie from the United States. APHIS intends to initiate an accelerated scrapie eradication program in FY 2000 to eliminate scrapie from the sheep population of the United States over a 7-year period.

This increased FY 2001 funding would allow APHIS to continue the eradication program with intensive slaughter surveillance that trace back to the flocks of origin. Several major issues that will impact the success of the program significantly include: (1) validation of live-animal tests, (2) initiation of slaughter surveillance, (3) funding adequate to purchase all known and newly discovered high-risk and test-positive animals, and (4) identification of sheep and goats in interstate movement. ARS has developed (and is working with APHIS to validate) the third-eyelid test, a pre clinical live-animal test for scrapie. ARS is in the process of transferring the third-eyelid test technology to the National Veterinary Services Laboratories (NVSL). In addition, the increased funding would assist NVSL in acquiring the equipment and personnel necessary to conduct third-eyelid tests; providing training and monitoring for other laboratories that request approval to run scrapie tests; and supporting scrapie testing at approved laboratories.

A recently published proposed rule provides the regulatory framework needed to administer an effective scrapie eradication program. The proposed rule would: (1) restrict the interstate movement of sheep and goats from States that do not quarantine scrapie source and infected flocks and from States in which scrapie is not a reportable disease, (2) provide indemnity funds for high-risk and test-positive animals, and (3) require the identification of sheep and goats in interstate movement. The increase in funding would provide for personnel, laboratory resources, data management resources, indemnity funds, and animal identification devices to assist in: (1) conducting slaughter surveillance, (2) conducting live-animal scrapie tests, (3) cleaning up the additional infected and source flocks identified as a result of live-animal tests, slaughter surveillance, and requirements under the proposed rule, (4) accommodating the anticipated increase in flocks enrolled in the Voluntary Scrapie Flock Certification Program, and (5) conducting State program reviews.

The proposed funding increase also will support the small farm initiative by providing indemnity funds for high-risk and test-positive animals on small farms, thereby providing an economically viable means by which small farmers can eliminate scrapie from their flocks. The increase will also help the program maintain current efforts.

(k) An increase of $58,000 for the tuberculosis program ($4,916,000 available in FY 2000).

The funding increase will help the program maintain current staffing levels and related survey and eradication activities. Primary program tools include traceback and testing of cattle herds from which infected animals were identified at slaughter, testing of suspect cattle, epidemiological investigations, and depopulation. With reduced program activities, the estimated animal and production losses would increase over time. Currently, the program has an estimated 3.64 to 1 benefit/cost ratio.

(l) A decrease of $2,711,000 for the Wildlife Services (WS) Operations program ($31,395,000 available in FY 2000).

The WS operations program of APHIS protects American agricultural resources, human health and safety, natural resources, and property by conducting a wide range of wildlife damage prevention and control activities in cooperation with other Federal, State and local agencies, organizations, and private individuals. Since many of these taxpayer-supported activities provide assistance that often primarily benefit private landowners, the 2001 budget recommends that cooperating agencies and individuals take on a larger share of the costs for projects currently underway. While

the budget assumes no specific program changes, we anticipate placing emphasis on programs such as aerial safety initiative that have the greatest impact on overall employee safety and property.

(4) A net increase of $5,037,000 for animal care activities, consisting of:

(a) An increase of $5,000,000 for the animal welfare program ($10,167,000 available in FY 2000).

Since 1992, the appropriation for the Animal Welfare program has remained constant. Because of Federal pay adjustments and other increased costs, this has forced APHIS inspections to decline from 17,764 in 1992, to 10,709 in 1998, while the animals and animal sites (approximately 10,400) requiring inspection oversight have remained constant. This lower inspection level is insufficient to ensure adequate enforcement of the Animal Welfare Act (AWA) and has led to legal action against APHIS. During this time, several lawsuits have been filed against the Agency demanding increased coverage under the provisions of the AWA. For example, the Doris Day Animal League filed a suit requesting the definition of "pet store" be revised to expand inspection of breeders. In addition, Office of the Inspector General audits of AWA inspections found that "APHIS does not ensure all sites are periodically inspected" and "APHIS did not perform all required reinspections."

Using requested funds, APHIS would maintain all current activities, increase the number of inspections, and improve follow-up to verify correction of violations found during these inspections. APHIS will hire additional inspectors, train them, and purchase necessary equipment. We would also increase searches conducted for unlicensed or unregistered facilities and other illegal activities under the AWA. We would handle animal care complaints more quickly and would make complaint follow-up inspections. As hiring and training allows, we will begin to return to the 1992 level of inspection. Routine compliance inspections by FY 2002 or 2003, would return to approximately 17,000 per year, an increase of 7,000 inspections compared to 1998, and prelicensing could increase to over 2,000 compared to 1,600 for 1998. This increase will enhance the enforcement of the AWA and ensure the humane care and treatment of animals at facilities covered by the AWA.

APHIS will also expand its outreach efforts to the general public and regulated facilities by increasing the amount of educational material available, participating in more industry meetings, and developing industry specific training courses. Additionally, APHIS employees would receive continual animal welfare training to improve the consistency and quality of AWA inspections.

(b) An increase of $37,000 for the horse protection program ($361,000 available in FY 2000).

APHIS will use funds to help maintain current the program and enhance the enforcement of the Horse Protection Act (HPA) by increasing routine audits of horse industry records and attending additional horse shows. APHIS is responsible for preventing the inhumane practice of soring horses under the HPA. Due to budget limitations which restricts Agency inspectors to attending less than 10 percent of all horse shows held, APHIS is moving toward industry self-regulation. Through a cooperative enforcement partnership with the Horse Industry Organizations (HIOs), the Agency is placing primary enforcement responsibility upon the horse industry Designated Qualified Person (DQP) inspection program. While APHIS will not relinquish its authority under the HPA or regulations, it is redefining its oversight of the horse industry through increased advisory, audit, and evaluation roles. This funding increase will allow APHIS inspectors to attend 8 additional horse shows that utilize DQPs and 2 more shows not affiliated with one of the certified HIOs. In addition, more follow-up audits will be conducted on DQP programs not fulfilling their requirements under the HPA. These actions will help APHIS improve industry compliance with the HPA.

(5) A net increase of $1,032,000 for scientific and technical services activities, consisting of:

(a) An increase of $1,760,000 for the biotechnology/environmental program ($8,523,000 available in FY 2000).

This increase is comprised of $1,282,000 to meet the increasing demands for biotechnology permits/notifications, petitions for deregulation (commercialization), and licensing of international activities to bring APHIS' biotechnology to optimum level; and $325,000 to meet increasing environmental review and compliance needs.

Nearly 20 percent of biotechnology authorizations for plant movement, field testing, and deregulation in the 1990's occurred in FY 1999. This increase is necessary for permit/notification applications review and to address strategic and scientific issues and phytosanitary trade issues. This will ensure that APHIS: meets application deadlines; addresses scientific issues in the assessment process; provides scientific expertise to governmental trade agencies; maintains the public database for the field testing and commercialization of genetically modified organisms; prepares for risk issues regarding the commercialization of new products; and participates in the international harmonization of regulatory processes and standard setting through work with international organizations and bilateral discussions. APHIS expects to review these products within 1-2 years for domestic products and within 2-5 years for international products. Staffing is also needed to conduct risk assessments and process permits for the movement and release of transgenic arthropods that affect plants or plant pests. Increasing permit activity of this type suggests that APHIS will soon be unable to adequately respond to the volume of permit requests involving arthropods.

APHIS' Center for Veterinary Biologics (CVB), which receives applications for biologics produced in transgenic plants, expects a large increase in applications for products based on production of immunogenic proteins in plants. These products reduce the risk of contaminating the vaccines; they also reduce production and distribution costs. The vaccine industry's production infrastructure exists and will expand rapidly. APHIS must respond promptly to such applications with scientific-based licensing decisions. We expect to review these products within 1-2 years of receipt. Plant-based vaccines could alleviate many safety concerns of conventional vaccines, which would enhance customer satisfaction and public confidence. CVB will hire scientists to establish licensing considerations, review risk analyses, and allow biologics firms to exploit the potential for improved and more cost-effective animal vaccination and diagnosis. CVB must train its scientists sufficiently to ensure public confidence that products based on transgenic plants will pose no risk to the environment during growth, production, and use. This increase will also be used to replace or update scientific equipment and software and to provide training on inspection procedures and animal welfare issues related to transgenic animals that may have special humane handling, veterinary care, and transportation needs.

The $325,000 requested to meet environmental needs will enable APHIS to more effectively address environmental impacts of trade and invasive species, cumulative environmental impacts, environmental impacts on minority and low income populations (Executive Order 12898), and environmental health and safety risks to children (Executive Order 13045); and to implement an ecosystem-approach to resource management, sustainability, and integrated management practices. APHIS would improve the gathering and management of scientific data necessary to ensure the availability and safe use of critical program pesticides and drugs and to comply with reporting and other requirements of the Food Quality Protection Act (FQPA) of 1996. This increase will also help the program maintain current efforts.

(b) A one-time decrease of $3,497,000 to defer the Integrated Systems Acquisition Project (ISAP) ($3,497,000 available in FY 2000)

Careful stewardship of funding coupled with delays caused by the need to focus on Y2K conversion, has led to a higher carryover balance than first expected. APHIS can defer new funding for ISAP in FY 2001 only due to a sufficient carryover balance of $2,799,777 in FY 2000. Using the ISAP contract, APHIS would provide maintenance for the existing hardware and core software information technology infrastructure that supports all programs. We would maintain software upgrades and repair failed e-mail, database, office automation and security servers deployed through out the Agency.

We would add online disk storage media to the existing infrastructure, keeping ahead of information storage needs while meeting objectives of the paperwork reduction act. We would also add internet servers to support Agency mission critical systems deployed using internet technologies. APHIS will continue to develop backup and recovery strategies for increased mission critical information databases. Additional internet servers and online disk storage media will be provided through line program funding. Should the carryover balance prove insufficient to meet these basic needs, APHIS would transfer funds from other line items to ensure continued operation of the technology solutions that support program activities.

With no funding requested, APHIS will not deploy infrastructure management strategies which use industry best practices. Existing infrastructure management practices will continue to rely on limited disparate systems as information management tools. Additional e-mail, database, and office automation will not be provided in FY 2001.

(c) An increase of $118,000 for the plant methods development laboratory program ($4,688,000 available in FY 2000).

The funding increase will help the program maintain current staffing levels and related methods development activities. These activities include the development and transfer of biologically sound plant pest exclusion, detection, suppression, and control technologies and systems for APHIS and its stakeholders. Through its Plant Methods Development Center System, APHIS provides technological support to and incorporates research and development products into several operational programs.

(e) An increase of $414,000 for the veterinary biologics program ($10,337,000 available in FY 2000).

Recent global trade agreements have resulted in significant increases in program efforts toward harmonization of standards of licensing, inspection, and testing of veterinary biological products. In addition, in the past decade the number and complexity of data packages submitted in support of applications for licensure of veterinary biological products for both international and domestic trade have increased significantly. The issue of growing public concern continues over the use of live laboratory animals in the testing of biological products. Customer service in information access, processing, and distribution to manufacturers and customers is also a concern.

To address these concerns, APHIS requests funding to improve the safety and efficacy of existing products and encourage new technologies and products. APHIS expects to increase reagent shipments from 4,000 in FY 2000 to 4,200 in FY 2001. APHIS also expects to issue more licenses and permits in FY 2001.

The CVB will take the lead in international harmonization activities of the International Cooperation on Harmonization of Technical Requirements for the Registration of Veterinary Medicinal Products (VICH) and the European Union (EU) including promoting and supporting the Mutual Recognition Agreement (MRA), post-marketing surveillance, and quality assurance improvements. APHIS will use funds to develop licensing requirements for naked DNA vaccines

and guidelines for the use of in vitro assays for inactivated products to reduce animal testing. APHIS will develop 2 new tests and reagents. This funding level will support increased travel for inspections, harmonization meetings, and scientific meetings and training to keep up with rapid advances in science and technology. APHIS will facilitate the movement and storage of program documents. Funds will also be used to expand the current quality assurance program to achieve laboratory recognition to international standards. This increase will also help the program maintain current efforts.

As a result of this funding level, APHIS will increase the overall quality of program delivery and will improve consumer and customer stakeholder communication. Additionally, APHIS expects to enhance public confidence in the safety and efficacy of biological products and customer satisfaction with the quality of the licensing and serial release process. Furthermore, this increase promotes greater use by industry of in-vitro testing (reducing the use of live animal testing) and thus works to reduce regulatory barriers to the entry of American veterinary biological products into foreign markets of countries which do not approve the use of live animals testing or minimize the use of this type of testing.

(f) An increase of $2,069,000 for the veterinary diagnostics program ($15,609,000 available in FY 2000).

In response to high priority trade initiatives, there is an increased need for more reliable tests to qualify animals for entry into the United States and for export from the United States to other countries. This requires that current testing methods be replaced by those using more modern technology. APHIS needs to develop or refine tests, using enzyme-linked immunosorbant assays (ELISA), to replace traditionally less specific and more time consuming tests. In addition, APHIS needs to ensure an adequate level of diagnostic testing as the Agency places more emphasis on monitoring and surveillance.

This funding level will support new testing requirements and improved reagent production. Funds will be provided to increase diagnostic testing for pseudorabies, CSF, avian influenza, and chronic wasting disease. APHIS expects to increase pseudorabies tests by approximately 20,000 and avian influenza tests by 1,560 in FY 2001. APHIS also expects to conduct additional testing for chronic wasting disease surveillance in hunter-killed animals. We expect an additional five states to request surveillance programs. APHIS will refine and/or develop new diagnostic methodologies related to serological testing and polymerase chain reaction (PCR) for heartwater, ELISA for FMD, ELISA for CSF antigen detection, and PCR for vesicular diseases. APHIS will improve the quality of reagents through increased specificity by using monoclonal antibodies, purified antigens, and recombinant antigens. As a result, APHIS expects to increase laboratory reagents shipped by 20 percent. This funding level also will support aquacultural reagent production and test development.

Funds will also support a quality assurance initiative to allow for accreditation to standards of the Office of International Epizootics. APHIS will evaluate suppliers and assist with internal quality assurance audits as required by international standards. In addition, APHIS will write section specific test protocols. Training will be required for the quality assurance staff and for other laboratory workers. Approximately $20,000 in monitoring and validation equipment will be used for monitoring laboratory-wide systems necessary for meeting accreditation requirements. The quality assurance initiative will allow APHIS to achieve accreditation to an international standard, giving customers and foreign countries greater confidence in the validity of NVSL testing. Failure to achieve accreditation could result in foreign countries refusing to accept NVSL test results which could seriously affect U.S. trade markets. This increase will also help the program maintain current efforts.

This increase in funding, APHIS estimates that customer satisfaction will increase from 86 percent in FY 2000 to 91 percent in FY 2001. APHIS expects the validation of laboratory services against

international standards for high impact foreign animal disease threats and endemic diseases to increase from 85 percent in FY 2000 to 94 percent in FY 2001.

(g) An increase of $168,000 for the wildlife services methods development program ($10,357,000 available in FY 2000).

The funding increase will help the program to maintain current staffing levels and related methods development activities. These activities are critical to protecting agricultural resources while developing and evaluating non-lethal chemical products. These products are used in a variety of ways to protect agricultural products, such as sunflowers and rice, by repelling birds, to protect human lives by reducing bird strikes at airports and to protect natural resources such as the gray wolf by mitigating conflicts with livestock in a non-lethal way.

(6) An increase of $8,805,000 for the Invasive Species Initiative ($0 available in FY 2000).

In February 1999, President Clinton signed an Executive Order to coordinate a Federal strategy to address the growing environmental and economic threat posed by invasive species. APHIS is one of over 20 Federal agencies involved with managing these species. By protecting ecosystems from harmful, invasive species (INSP), APHIS ensures that U.S. agriculture can feed its population, successfully compete in national and international markets, and protect the productivity of ecological biomes and natural resources. Given the speed and diversity of transportation, it is easy for INSP to reach the United States. In fact, numerous, repeated introductions of costly exotic species occur each year. Once here, they lack the natural enemies from their original environments and may spread rapidly, threatening the welfare and stability of U.S. agriculture and our ecosystems. Unintentionally imported INSP cause over $123 billion in economic damage in the U.S. each year, severely threatening the existence of native species. Pests such as zebra mussel in the Great Lakes, leafy spurge in the U.S. western rangeland, and numerous exotic weeds that clog Florida's waterways and parklands are just a few examples of INSP that cause tremendous economic and environmental damage. The Medfly, for example, could cause over $1.5 billion annually if it becomes established. Also, social and political impacts of INSP are becoming more severe since these organisms now exist in or near large U.S. urban areas. For example, the discovery of ALB's in New York City and Chicago has led to the destruction of thousands of mature, urban, hardwoods and will require extensive long-term monitoring and restoration efforts. Since 1996, hundreds of thousands of homeowners in Miami, Florida have lost their backyard citrus trees because of citrus canker. This disease would create large scale disruption of the U.S. farm economy if unchecked.

APHIS' FY 2001 request totals $8.8 million. This total is comprised of $4.45 million to prevent the introduction of INSP's; $3.95 million to detect, rapidly respond to, and control populations of INSP in a cost-effective and environmentally sound manner; and $400,000 to promote public education efforts. This budget, which APHIS developed directly with the National Plant Board, demonstrates a distinct shift in APHIS' overall strategy to accomplish its mission. Instead of solely requesting additional personnel and resources to detect, monitor, and publicize the impacts of domestically encountered INSP, funds are also being requested to enable APHIS to increase partnerships (such as cooperative agreements and grants) so that States and non-Federal groups can conduct these activities.

The INSP prevention initiatives focus on pathway analysis - how these organisms gain entry to the United States. To address these initiatives, APHIS will enhance mission-critical data systems and pest identification resources, increase data and risk analysis work, train personnel in statistical assessments, and test new organism-sensing equipment. These actions would bolster functions that can only be completed by a Federal agency, namely the exclusion of intentionally and unintentionally imported INSP at U.S. entry ports. They also enable APHIS to better allocate resources by concentrating on high-risk entry ways for INSP.

The INSP detection and response initiatives will increase cooperative agreements to support and improve data collection on new introductions of INSP with high social and economic impacts. APHIS will use this data to help determine baseline plant health indicators, refine survey methods, and develop recommendations to improve eradication and/or management programs, and reduce costs of INSP to U.S. taxpayers. The agreements will be issued to organizations that protect environmental biomes and agricultural production, such as Native American governments, State and other Federal agencies, and industry. Also, the agreements will improve the quality and quantity of data on INSP distribution within the U.S., and improve database architecture, infrastructure, validity, and security. Included in these initiatives are approximately $3.5 million for partnerships and $450,000 for the first year of a multi-year international detection survey. This survey targets foreign areas with pests of high-risk to U.S. plant resources.

APHIS' public education initiative involves entering into cooperative agreements for information campaigns that educate audiences about invasive species damage and the benefits of exclusion and detection activities. Potential cooperators for this effort include Native American Indian groups, State agencies, other Federal agencies, and industry groups.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Summary of Increases and Decreases - Proposed Legislation

	2001		
	Current Law	Program Changes	Department Estimate
Animal Welfare Inspection User Fees.....	$15,167,000	-$5,167,000	$10,000,000
Biotechnology User Fees.....	10,283,000	-5,552,000	4,731,000
All Other.....	486,594,000	--	486,594,000
Total Available.....	512,044,000	-10,719,000	501,325,000

Explanation of Proposed Legislation: 1/

Animal Welfare Inspection User Fees. This proposal would permit fees collected from entities and/or individuals regulated under the Animal Welfare Act (AWA) to be credited to the accounts that incur the costs and remain available until expended with fiscal year limitations. Under existing law, license fee collection under AWA are deposited as miscellaneous receipts into a Treasury account which is not directly accessible to APHIS. We believe these funds should be made available to the program to offset a portion of the cost. The licensing fee for a dealer is based on the individual's gross business income from this activity, and is currently established at between $30 and $750 annually. This licensing fee for an animal exhibitor is based on the number of animals the exhibitor owns, holds, or exhibits and is currently established between $30 to $300 annually.

APHIS will also seek authority to charge fees on facilities and establishments required to be registered under the AWA but which are not currently subject to a fee. The latter category includes research facilities, carriers, and in-transit handlers of animals. It will allow APHIS to provide inspection services appropriate to a level consistent with the intent of the AWA.

Biotechnology User Fees. This proposal would allow APHIS to collect fees from persons issued permits, review, and notifications for field tests, movements, and importation of biotechnology derived products under the Federal Plant Pest Act and the Plant Quarantine Act. It also allows the Agency to collect fees from persons submitting petitions for non-regulated status under these statutes. This legislation would allow fees collected for biotechnology permits and other activities to remain available until expended. APHIS continues to experience significant growth in workload, with an increasing volume of transgenic plants tested in the field and coming to the market place. Government agencies academic institutions, and non-profit organizations would be exempt from these fees, since they are at least partially supported by public funds.

1/ The proposed user fees are for services that provide a benefit to specific and readily identifiable groups of individuals or businesses. The budget recommends that they rather than all taxpayers accept at least some financial responsibility for these specific services. The acceptance of these proposals will not affect the level of funding provided for these activities.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1999 Actual and Estimated 2000 and 2001

	1999		2000		2001	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	7,631,318	40	7,642,599	42	7,675,654	43
Alaska	1,035,173	9	1,036,704	9	1,041,188	10
Arizona	10,267,832	100	10,283,011	105	10,327,485	109
Arkansas	5,937,670	30	5,946,448	32	5,972,167	33
California	48,740,208	572	48,812,260	601	49,023,377	623
Colorado	28,825,548	267	28,868,160	280	28,993,017	291
Connecticut	883,091	9	884,397	9	888,222	10
Delaware	900,263	11	901,594	12	905,493	12
Florida	65,779,528	551	65,876,768	579	59,734,010	601
Georgia	7,954,056	94	7,965,814	99	8,000,267	102
Hawaii	23,369,087	327	23,403,633	343	23,504,856	356
Idaho	3,951,305	40	3,957,146	42	3,974,261	44
Illinois	8,686,251	77	8,699,091	81	8,736,716	84
Indiana	2,609,956	23	2,613,814	24	2,625,119	25
Iowa	30,135,290	210	30,179,838	221	30,310,368	229
Kansas	4,038,310	31	4,044,279	32	4,061,771	33
Kentucky	4,544,194	38	4,550,911	40	4,570,594	41
Louisiana	6,126,795	65	6,135,852	68	6,162,390	70
Maine	976,594	14	978,037	15	982,268	15
Maryland	100,518,555	745	98,143,442	784	98,315,835	813
Massachusetts	5,629,333	63	5,637,655	66	5,662,038	69
Michigan	5,525,779	61	5,533,947	64	5,557,882	66
Minnesota	19,470,487	215	19,499,270	226	19,583,606	235
Mississippi	11,532,927	119	11,549,976	125	11,599,931	130
Missouri	4,366,594	45	4,373,049	47	4,391,963	49
Montana	3,696,914	46	3,702,379	48	3,718,392	50
Nebraska	3,278,451	34	3,283,297	36	3,297,498	37
Nevada	2,389,824	25	2,393,357	26	2,403,708	27
New Hampshire	768,939	15	770,075	16	773,406	16
New Jersey	8,050,082	99	8,061,982	104	8,096,851	108
New Mexico	5,160,581	57	5,168,210	60	5,190,563	62
New York	33,574,423	331	33,624,055	348	33,769,482	361
North Carolina	12,173,885	101	12,191,881	106	12,244,612	110
North Dakota	4,036,725	39	4,042,692	41	4,060,177	42
Ohio	3,724,964	32	3,730,471	34	3,746,606	35
Oklahoma	4,726,126	40	4,733,112	42	4,753,583	44
Oregon	4,741,310	56	4,748,319	58	4,768,856	60
Pennsylvania	5,242,822	57	5,250,572	60	5,273,281	62

Rhode Island	274,332	2	274,738	2	275,926	2
South Carolina	4,316,551	49	4,322,932	51	4,341,629	53
South Dakota	2,275,398	15	2,278,762	15	2,288,618	16
Tennessee	6,366,130	61	6,375,541	64	6,403,115	67
Texas	66,042,901	599	66,140,531	629	63,518,069	652
Utah	3,058,460	33	3,062,981	35	3,076,229	36
Vermont	2,017,481	14	2,020,464	15	2,029,202	15
Virginia	4,300,161	54	4,306,518	56	4,325,144	58
Washington	10,074,903	184	10,089,797	193	10,133,436	200
West Virginia	1,749,853	18	1,752,440	19	1,760,019	20
Wisconsin	4,448,329	46	4,454,905	48	4,474,173	50
Wyoming	2,996,617	38	3,001,047	40	3,014,026	41
Dist. of Columbia	11,391,808	90	11,408,648	95	11,457,992	98
Puerto Rico	13,565,168	171	13,585,221	180	13,643,978	186
Virgin Islands	1,067,408	18	1,068,986	19	1,073,609	20
Asia/Pacific	1,468,613	8	1,470,784	8	1,477,145	9
Brazil	57,912	1	57,998	1	58,248	1
Canada	748	0	749	0	752	0
Caribbean	2,184,877	19	2,188,107	20	2,197,571	21
Central America	8,978,650	7	8,991,923	7	9,030,814	8
Chile	1,528,493	12	1,530,753	13	1,537,373	13
China	550,856	3	551,670	3	554,056	3
Colombia	1,638,065	4	1,640,487	4	1,647,582	4
Dominican Republic	502,389	3	503,132	3	505,308	3
Europe/Africa	3,037,151	13	3,041,641	14	3,054,796	14
Guam	96,941	1	97,084	1	97,504	1
Guatamela	7,646,763	10	7,658,067	11	7,691,189	11
Haiti	388,393	0	388,967	0	390,649	0
Italy	5,321	0	5,329	0	5,352	0
Japan	3,455	0	3,460	0	3,475	0
Mexico	24,200,203	149	19,228,586	157	42,939,503	162
Othr South Amer	1,154,850	3	1,156,557	3	1,161,559	3
Panama	2,240,169	8	2,243,481	8	2,253,184	9
Peru	595,410	2	596,290	2	598,869	2
Spain	4,839	0	4,846	0	4,867	0
Suriname	135,619	0	135,819	0	136,407	0
Sweden	7,886	0	7,898	0	7,932	0
Subtotal, Available or Estimate	691,374,290	6,321	684,865,237	6,641	701,866,796	6,888
Unobligated balance	46,482,936	–	–	–	–	–
Total, Available or Estimate	737,857,226	6,321	684,865,237	6,641	701,866,796	6,888

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

STATUS OF PROGRAM

PEST AND DISEASE EXCLUSION

Goal I: Safeguard U.S. plant and animal resources against introduction of foreign pests and disease, while meeting international trade obligations.

Current Activities: The Animal and Plant Health Inspection Service (APHIS) conducts agricultural inspections and international pest and disease programs, to prevent exotic plant and animal pests and diseases from entering the United States. Along with manual inspections, the Agency utilizes alternative inspection methods and technologies such as X-ray systems and detector dogs. APHIS personnel also carry out inspections of imported and exported animals to ensure that all exported livestock, live poultry, hatching eggs, bovine semen, and bovine embryos have been inspected and certified free from contagious diseases. In addition to assuring that exports comply with health agreements between the Department and importing countries, APHIS officials routinely meet with international agricultural health officials to facilitate international trade by clarifying and amending import requirements, as necessary. The Agency also participates in inspection, survey, and control activities in foreign countries, thereby reducing the threat of exotic pests and diseases to the United States.

Selected Examples of Recent Progress:

1. Agricultural Quarantine Inspection (AQI)

Revenue Collections

In Fiscal Year (FY) 1999, APHIS collected approximately $172 million in user fee revenue for AQI services. Since the implementation of user fees in FY 1991, the Agency has collected about $1 billion in fees. To meet the constantly increasing demand for inspection services, APHIS implemented fee increases effective January 1, 2000.

Passenger Inspections

In FY 1999, APHIS inspected approximately 83 million international air, maritime and land border passengers/pedestrians arriving in the United States, and predeparture and preclearance passengers in Hawaii, Puerto Rico, and abroad. This is an increase of 7 million from FY 1998. We expect passenger arrivals to steadily increase for the foreseeable future. Processing the increasing number of international travelers continues to present many challenges to all Federal inspection agencies. To address this increased traffic, APHIS opened two new, full-scale facilities on the U.S./Mexico border to conduct cargo, passenger, and pedestrian inspections. These facilities are located in Brownsville, Texas, and Eagle Pass, Texas.

To enhance passenger processing, APHIS participated with other Federal inspection agencies including the U.S. Customs Service (Customs), the Immigration and Naturalization Service, and the State Department, in a Border Passenger Processing Initiative. This initiative examines ways to expedite passenger processing while maintaining or increasing regulatory compliance. In FY 1999, the focus was on improving customer service through compliance education and stakeholders meetings to increase awareness. Also, APHIS continued participating in Passenger Analytical Units at airports. These units target high-risk passengers while allowing the vast

majority of compliant passengers to proceed quickly through the Federal inspection process. Dedicated commuter lanes were established at land border ports-of-entry on the northern and southern borders to accommodate frequent travelers between the U.S. and Mexico or Canada. In addition, APHIS maintained a selective examination of passengers and baggage using "rovers," "choke points," and detector dogs to control passenger movement. The Agency also continued using the Interagency Border Inspection System to identify previous violators, expedite passenger clearance, and improve inspection effectiveness. As a result of these improvements, we have reduced the program's passenger clearance target to 20 minutes. In July 1999, the Consular Affairs of the State Department, Customs, Immigration, and APHIS signed the Border Agency Partnership (BAP). The BAP promotes and enhances border security through more seamless processing of people and goods by taking a global approach to border security, improving customer service, and leveraging collective resources to share information and technology.

Baggage Screening

APHIS maintained 59 trained beagle teams at 23 major U.S. airports and post offices. These beagles undergo a 12-week training course with their proposed handlers at the Agency's National Detector Dog Training Center in Orlando, Florida. APHIS has extended training center services to Australia, Canada, Chile, and New Zealand. The countries pay all Agency costs for the service. In addition, APHIS maintained x-ray scanning equipment as a screening tool in passenger baggage clearance at all foreign-arrival and predeparture sites, as well as at several land border ports on the Mexican border. Also, the Agency continued working with the U.S. Army to develop x-ray technology which can detect agricultural products based on atomic makeup and shape using neural network software. We will field test an x-ray prototype in San Juan, Puerto Rico, in June 2000. Also, APHIS worked with Vivid Technologies, Inc. to improve x-ray detection technology and develop more efficient and cost-effective automated baggage inspection systems. Also in FY 1999, APHIS made progress in developing cost-effective approaches to preclearance baggage inspection at Hawaii's direct departure and interline airports. Specifically, the Agency used an integrated managed approach to evaluate different pathways and operations within the preclearance program to ensure an effective, efficient, and cost-effective program. Also, APHIS employed a strategic approach to maintain communications with airports and communities about the preclearance program. This approach includes meetings, training of airline and compliance agreement employees, public relations, media contacts, development of posters and video, and daily communications.

Cargo Clearance

In FY 1999, APHIS inspected 70,968 ships and 837,931 regulated and miscellaneous cargo shipments entering the United States. Also, the Agency participated with Customs and maritime and air cargo lines and importers in the Automated Commercial System for electronic transmission of cargo data and entry documents to expedite processing of required data on airports. APHIS maintained electronic equipment at 33 maritime locations and 26 airports. In addition, the Agency continued to expand and improve an automated hold system for regulated cargo. APHIS continued working with Customs on the planning and administrative aspects of the Automatic Targeting System (ATS). This system, which uses artificial intelligence techniques to rank shipments for inspection, facilitates trade by expediting tracking and enforcement of regulated commodities. Currently being piloted by Customs at selected ports, the ATS merges carrier manifest and broker entry information, filters this information through established criteria, and prioritizes the shipments for inspection based on system findings.

In January 1999, the U.S. District Court for the Northern District of California ruled that APHIS complied with the National Environmental Policy Act and reversed the court-imposed injunction

on the issuance of new wood import permits. As a result, APHIS resumed issuing permits for the importation of these articles into the United States.

Results Monitoring

In FY 1999, APHIS instituted the AQI Monitoring System, which provides valuable information on passenger baggage inspection that will improve operations. Through this system, the program monitors and verifies inspections and seizures. This system uses a statistically valid sampling procedure and involves a thorough inspection of passengers approaching a border crossing. This system improves the risk management decision making process and enables program managers to allocate resources to entry paths at high-risk for foreign agricultural items. It collects compliance and approach data at all U.S. international airports, border ports, maritime ports, and land and air cargo ports. In FY 1999, APHIS achieved a compliance rate of 94.9 percent for international air travelers (up from 94.4 percent in FY 1998), 96.1 percent for border vehicles (up from 95.6 percent in FY 1998), and 96 percent for cargo (up from 95.5 percent in FY 1998). *Compliance Rate* refers to the percentage of international travelers or vehicles clearing the Federal Inspection Service at U.S. borders who meet Federal Agricultural regulations. In FY 1999, APHIS achieved an approach rate of 5.9 percent for international air travelers and 4.6 percent for border vehicles. In FY 1999, APHIS achieved a cargo approach rate of 7 percent for refrigerated sea cargo, 5.8 percent for non-refrigerated sea cargo, and 7.5 percent for air cargo. All approach rates remained constant from FY 1998 to FY 1999. *Approach Rate* refers to the percentage of international travelers or vehicles approaching U.S. borders that are carrying quarantine material. *Cargo Approach Rate* refers to the percentage of maritime containers (or container equivalent), air way bills, or land border trucks requiring action because of an actionable pest, disease, or contamination.

Export Certification

APHIS uses the EXCERPT system, a computerized database of export certification information, to facilitate export trade by providing certifying officials with on-line export summaries which provide information for issuing phytosanitary certificates. In FY 1999, we expanded the system to include summaries for 4 new countries, increasing the total number of countries for which export certification data is available to 225. There are now only 10 countries that have export certification data available but are not yet linked to the EXCERPT system. Over 3,500 certifying officials (2,000 Federal and 1,500 State) use the system. In FY 1999, we issued over 300,000 certificates, expediting trade for over $20 billion of agricultural exports.

Preclearance

In FY 1999, APHIS precleared 2,915,217 passengers and intercepted 73,061 pieces of contraband at the Bahamas and Bermuda airports. Through trust fund agreements with major exporting groups, APHIS conducted preclearance inspections of fruits, vegetables, and propagative material in 28 countries. Commodity preclearance overseas provides the U.S. with additional protection against the introduction of exotic plant pests and diseases by detecting and eliminating pests at their origin. Significant preclearance inspection activities occurred in Chile, a major supplier of winter fruits and vegetables to the United States; the Netherlands, a major supplier of flower bulbs; and South Africa and New Zealand, which supply apples to the United States. Also, preclearance programs for mangoes subject to hot water treatment continued in Brazil, Guatemala, Haiti, Mexico, and Venezuela and expanded in Peru and Ecuador. In addition, APHIS maintained a preclearance program in Germany, and continued inspection training for military personnel in the European Command. In FY 1999, APHIS incorporated several cost-effective measures into its preclearance program. These measures included using Canine Teams to inspect baggage of large groups departing Honolulu International Airport and military bases, and to monitor passenger hand

baggage at departure gates; using airport security x-ray equipment at checkpoints; using temporary employees to assist permanent staff in preclearance baggage inspection; and continuing dialogue with the Federal Aviation Administration and the Hawaii Department of Transportation to develop a joint inspection process for departing passengers.

Regulatory Enforcement

In FY 1999, APHIS continued building an infrastructure of employees dedicated to smuggling interdiction and trade compliance by selecting a National Coordinator in this area. The Agency pursued regulatory enforcement through smuggling interdiction inspections and blitz activities at airports, seaports, land borders, and weigh stations. Also, APHIS increased surveys of U.S. produce markets for prohibited products. For example, the CLAMP (Closing Los Angeles Market Pathways) group, consisting of Federal, State, and County Agriculture representatives, processed 335 Federal/State violations and seized 37,150 pounds of plant/produce material. APHIS analyzes pathways, prosecutes smugglers, and provides outreach to industry on regulatory requirements. In addition, the Agency's trade compliance group established an outreach program to provide distributors, markets, and the trucking industry with information on Mexican Avocado shipping restrictions. Also, APHIS worked closely with Customs, the U.S. Fish and Wildlife Service (FWS), State Departments of Agriculture, the Office of the General Counsel, and State and local police to provide coordinated enforcement with shared authorities and training. In addition, the Agency developed cases that led to the sentencing of two individuals for criminal smuggling to 5 months in prison and 5 months probation. APHIS also pursued cases of smuggling of endangered species, "fish sausages" containing prohibited pork from high-risk countries, and prohibited fruit infested with fruit flies. To help enforce compliance, APHIS uses its civil penalty enforcement authority to collect administrative fines for violation of import and other agricultural safeguard regulations. In FY 1999, APHIS collected $1 million in fines for violations and assessed approximately $16,366 in civil penalties. The American public, as consumers of agricultural products, are well served by APHIS' efforts to minimize the risk of introduction of exotic pests and diseases through ensuring compliance at the ports and borders. The American public as "travelers" are also well served when the Agency works in cooperation with other U.S. federal inspection agencies to expedite passenger processing during international clearance while at the same time ensuring compliance with regulations.

Safeguarding

Recognizing the need to enhance the effectiveness of its plant protection and quarantine safeguarding procedures, APHIS requested that the National Plant Board (NPB) conduct a stakeholder review of its safeguarding system. To conduct this review, APHIS entered into a cooperative agreement with the NPB, which assembled a panel of external stakeholders representing academia, government, industry, and non-governmental organizations. APHIS provided guidance, oversight, and logistical support throughout this process. The NPB published a 132-page report of its findings. This report included recommendations to develop more collaborative approaches to risk analysis and other functions that support the safeguarding mission, and to provide State cooperators and other external stakeholders with greater opportunity to participate in APHIS decision making. In response to this report, APHIS assembled several implementation teams to address these recommendations and work toward enhancing the Agency's ability to effectively safeguard American plant resources in a global marketplace.

2. Cattle Fever Ticks

This program is a cooperative Federal-State-industry effort to prevent the re-establishment of cattle fever ticks, *Boophilus annulatus* and *B. microplus*, in the United States by maintaining a permanent buffer zone along the Texas-Mexico border, where the Rio Grande River serves as a natural barrier. During FY 1999, we controlled tick infestations through the use of a permanent quarantine zone, with systematic patrols and inspections carried out by animal health inspectors on horseback. All livestock crossing the border and entering or leaving the quarantine zone were examined and treated for ticks. As a result, cattle fever ticks have not become established beyond the original quarantine line which has been in place since 1936.

By the end of FY 1999, there were 44 infested premises under quarantine. Thirty-six of these were in the tick eradication quarantine zone and 8 were in the free zone. This compares with 19 infested premises under quarantine at the end of FY 1998. The increase in the number of infested premises under quarantine is most likely the result of recurring infestations caused by the movement of wildlife, especially exotic game and white-tailed deer, and the movement of stray and feral animals out of Mexico into the United States. All infested premises are in full compliance with regulations to ensure that the cattle ticks will not spread.

The Agricultural Research Service (ARS) has developed new eradication technology to solve the problem of recurring infestations caused by wildlife movement. The new technology involves providing a systemic pesticide (selective so that only the target organism on a specified host is affected) to wildlife through pesticide-medicated baits. We could not implement the technology because the manufacturer refused to support its use in a minor use program. Since the patent for the pesticide has expired for the original manufacturer, APHIS is searching for another company that would be willing a produce the pesticide-medicated bait.

3. Foot-and-Mouth Disease (FMD) and Foreign Animal Diseases (FAD)

APHIS continued to exclude FMD and other FAD from the United States by quickly detecting and controlling outbreaks of these diseases in key foreign countries. As a result of APHIS' efforts and its cooperative programs with Colombia, Mexico, and Panama, the biological and commercial health of the $87 billion livestock and poultry industries in the U.S. was successfully protected against devastating diseases. APHIS continues its collaboration with foreign animal health officials and international organizations including the Pan American Health Organization (PAHO), the International Regional Plant and Animal Health Organization (OIRSA), and the Hemispheric Committee for the Eradication of Foot-and-Mouth Disease. These efforts continue to improve the surveillance of FMD and other FAD. Also, they increase the knowledge of local professional and animal health officials in export and import requirements, and help develop animal health and quarantine infrastructures. These partnerships ensure that FMD/FAD surveillance is maintained south of the U.S. borders, and that, through this network, the U.S. will be prepared when there is a threat of disease importation into the U.S. and its territories.

U.S. agricultural imports of live animals (excluding poultry) should reach $1.5 billion in FY 2000, with expected increases in beef imports. As a result of the North America Free Trade Agreement (NAFTA), Mexican beef exports to the U.S. have tripled from $3 million in 1990 to an average of $9 million during 1994-1998. Therefore, continued efforts to exclude FMD and other FAD are critical to protecting farmers and consumers against losses in productivity, higher food prices, and lost export markets.

Panama and Central America: The U.S.-Panama Cooperative Program for the prevention of Foot-and-Mouth Disease (COPFA) continues to maintain the Darien Gap area of Panama free from FMD and other FAD. No FMD outbreaks occurred, evidence to the success of APHIS' efforts in

conducting active field surveillance at high-risk border points, annual training, and scientific analysis of technical data, as well as improving program infrastructure. In FY 1999, COPFA also continued to support the Investigative Laboratory for Vesicular Disease (LADIVES) which provides biocontainment, diagnostic, and detection capabilities for vesicular and other FAD in the Central American region. The program conducted 376 vesicular disease investigations in Panama and another 644 in Central America.

APHIS has cooperative agreements with all Central American countries to support joint monitoring and surveillance activities, including field investigations and collection of lab samples for FMD and other foreign animal diseases. We also continued to transfer improved surveillance and detection technologies to the cooperating countries. APHIS continued to study Vesicular Stomatitis Virus (VSV) epidemiology in Central America, Mexico, and South America to assure VSV exclusion from the U.S. and to predict future domestic VSV outbreaks.

Colombia: APHIS still maintains the FMD-free area along the Colombia-Panama border. This maintenance area serves as the "first line of defense" for preventing the spread of FMD northward into Panama, Central America, Mexico, and the United States. APHIS provided financial and technical assistance to the cooperative FMD control program in a 50/50 cost share program with the Colombian Agriculture Institute (ICA). Colombia and the Colombian livestock sector continue to provide funding to the field program above the 50/50 cost share. Based on recommendations from PAHO and other stakeholders, ICA and APHIS expanded the FMD program to areas along the Venezuelan border, substantially reducing the risk of FMD introduction into Panama and FMD-free areas in Colombia. We will measure the success of this program by the gradual increase in the FMD-free areas in Colombia, which in turn increases the protection provided to Panama, Central America, Mexico, and the United States. Until FMD is eradicated from the Western Hemisphere, maintenance of this barrier will prevent the disease's northward spread. To safeguard against introduction of FMD, the program investigated suspicious vesicular diseases and quarantined areas that tested positive for FMD. In FY 1999, the program conducted 456 vesicular disease investigations, resulting in 54 quarantines for FMD. Substantial progress has been made in South America. In April 1999, the government of Argentina discontinued the FMD vaccination campaign after 5 years with no outbreaks. However, outbreaks may still occur in other South American and Central American countries and they must act quickly to prevent possible spread.

The Colombia program is an important component of APHIS' exclusion activities overseas. However, our exclusion objectives in the region will continue to shift from maintaining a static barrier in Colombia to supporting the PAHO plan to eradicate FMD throughout the western hemisphere.

The Hemispheric plan is based on the bordering countries of Bolivia, Brazil, Ecuador, Peru, and Venezuela working together to eradicate FMD. APHIS still gives priority to components of the plan which focus on efforts to control endemic FMD hot zones which threaten the FMD-free area along the Colombia-Panama border. Our support of this process has been crucial to the success of the initial steps of the Hemispheric plan in the Andean area. Successfully eradicating FMD from Colombia will further reduce risks to the United States industry, which benefits from this regional approach to FMD eradication.

Mexico: APHIS and the Mexican Ministry of Agriculture, through the Exotic Animal Disease Commission (EADC), continued their successful exclusion of FMD and other foreign animal diseases. No FMD outbreaks occurred as APHIS and Mexico continued conducting laboratory diagnostic and field detection activities to provide rapid detection and effective surveillance of FMD and other foreign animal diseases. In FY 1999, EADC processed 257,378 laboratory samples for exotic animal disease investigations and conducted 32 vesicular disease investigations.

4. Fruit Fly Exclusion and Detection

Mediterranean Fruit Fly (Medfly) in Guatemala and Mexico: Through a cooperative cost-sharing program with Mexico and Guatemala - Program Moscamed - APHIS eliminated Medfly outbreaks from northern Guatemala, Belize, and all but one State in Mexico. Program Moscamed conducted extensive control operations in northern and western Guatemala and expanded control operations in Mexico to address an expansion of the Medfly range in central Chiapas. The emergency program in Mexico consisted of (1) establishing a quarantine infrastructure in Chiapas, (2) greatly expanding detection trapping in Chiapas and surrounding States, (3) supporting aerial bait spray treatments in infested areas, (4) maintaining sterile fly production in Metapa, Mexico, and (5) improving sterile fly release methods in Mexico. The Mexico rearing facilities produced approximately 500 million sterile flies per week for release in Mexico and Guatemala. At El Pino, Guatemala, production increased to 448 million temperature sensitive lethal (TSL) and 150 million standard strain pupae per week. We use sterile flies from this facility in preventative release programs in California (82 million/week) and Florida (109 million/week) as well as in the Program Moscamed area. Also in FY 1999, the Moscamed program tested biocontrol agents with sterile flies for Medfly control in Guatemala, but this technology is not yet program-ready. In addition, the program continued field testing the Diachasmimorpha species and imported two new parasite species for laboratory testing. APHIS continued cooperating with ARS and State scientists to develop alternatives to Malathion aerial sprays for fruit fly control. In May 1999, the Environmental Protection Agency (EPA) granted APHIS a quarantine exemption for Spinosad, a "natural" pesticide, which may achieve eradication when used in conjunction with sterile releases. Also, we field tested the promising environmentally-acceptable pesticide, Suredye, in Florida, Guatemala, and Hawaii, but EPA has not yet been approved it. To address public concern about pesticides in urban areas, APHIS and cooperators continued enhancing the sterile insect release technology.

Domestic Medfly Emergency Programs: In Florida, the program eradicated outbreaks and removed quarantines in four areas: the Miami Springs area of Dade County; the Umatilla area of Lake County; the Palmetto/Bradenton area of Manatee County; and the Sebring area of Highlands County. The program eradicated the outbreaks in the fall of 1998 with trapping, Malathion applications, and sterile fly releases. This action effectively protected Florida's $8 billion agricultural market. After the removal of the quarantines, APHIS and the State of Florida continued to conduct an area-wide sterile release program as part of the emergency eradication effort. This sterile release program, which covers a 700-square mile area including portions of Manatee, Sarasota, Hillsborough, and Dade Counties, ensures that any remnant, sub-detectable populations of Medfly are completely eliminated. Because of the constant introduction pressure of Medfly at California entry ports, APHIS and the California Department of Food and Agriculture (CDFA) continued strong detection efforts. This allowed us to quickly discover and eradicate three outbreaks in Orange, San Diego, and Riverside Counties. APHIS worked with the Florida Department of Agriculture and the CDFA to implement quarantine regulations on the intrastate and interstate movement of fruit to limit the artificial spread of Medflies beyond the affected areas.

California Medfly Preventive Release Program (PRP): In FY 1999, APHIS and CDFA continued a sterile Medfly PRP over a 2,155-square mile area of Los Angeles, Orange, Riverside, and San Bernadino Counties to prevent infestations and limit the size of any that may occur. The PRP released at least 125,000 sterile flies per square mile per week over the PRP zone and an additional 125,000 sterile flies per square mile per week over a high-risk area in central Los Angeles. To support this effort, APHIS' rearing facility in Waimanalo, Hawaii, produced 250 million sterile Medfly pupae per week and the Moscamed rearing facility in Guatemala provided up to 100 million sterile Medfly pupae per week. Before the area-wide sterile release program began in 1994, the Los Angeles area experienced annual outbreaks. Since then, however, only one Medfly outbreak has occurred within the PRP boundaries. In this case, the PRP provided a constant layer

of sterile flies to help limit the size and spread of the outbreak and enable the program to use less intrusive and less costly control methods. The PRP program has been effective because the sterile flies prevent the establishment of most introductions, and we can address any smaller scale outbreaks using less intrusive control methods such as limited Malathion bait applications and increased sterile fly releases. The success of this PRP prompted the establishment of a similar program on the west coast of Florida and a portion of Miami.

Mexican Fruit Fly (MFF): The MFF detection, management, and eradication program is a cooperative effort involving APHIS, the States of California and Texas, and the Mexican plant health organization - Sanidad Vegetal - to prevent the MFF from becoming established and spreading through the important citrus production areas of the United States. In FY 1999, the program continued to conduct survey, regulatory, and control activities along the U.S.-Mexico border to reduce the risk of infestation in southern California and the lower Rio Grande Valley (LRGV) of Texas. The MFF programs protocol involves trapping fruit flies and releasing sterile flies through the citrus growing areas of the LRGV. In FY 1999, this protocol enabled commercial citrus growers and packers to ship products without chemical treatments through the entire production season. APHIS continued producing sterile flies in the Mission, Texas, rearing facility. In FY 1999, the Agency produced 1.6 billion pupae for release in the LRGV. In Mexico near the Texas border, APHIS continued extensive survey activities (959 traps) to prevent MFF from becoming established in the LRGV. In Baja, California, APHIS maintained an extensive trapping system, as well as a market inspection program, quarantine inspections at the Tijuana airport, and sterile release facilities at the Tijuana airport. In FY 1999, APHIS resumed sterile fly releases (16 million flies/week) in Tijuana and increased market inspections. These increased activities significantly reduced fly captures in Tijuana and eliminated outbreaks in Baja, California. Despite increased activities in adjacent areas of Mexico, California suffered an MFF outbreak in San Bernardino County in late FY 1999. We are using limited ground applications of malathion and the release of sterile flies to control the outbreak.

Fruit Fly Detection APHIS continued supporting and conducting cooperative fruit fly detection programs in States that are particularly susceptible to fruit fly establishment. In these States, the program identified trapping areas based on introduction risk. The program placed strong emphasis on Medfly monitoring and surveillance in FY 1999 through trapping, fruit sampling, and other detection activities. ARS developed new trapping technologies which should greatly increase the efficacy of the detection and surveillance programs. For example, in FY 1999, APHIS began implementing an ARS-developed female attractant and trap system. The program conducts detection surveys to locate new infestations before the flies can reproduce and expand; this can substantially reduce the cost of eradicating large infestations. Early detection allows APHIS and cooperators more control options and often eliminates the need for aerial pesticide applications. Also, it enables production States like Florida and California to quickly respond with treatments, maintain valuable trade markets, and reduce the need for costly Federal quarantines. In FY 1999, the trend of detecting several species of exotic fruit flies continued, with eight species detected in California and Florida. These species included Asian guava, Mediterranean, melon, Mexican, Oriental, giant pumpkin, olive, and papaya. Two Oriental Fruit Fly outbreaks - one in Tampa, Florida and one in Los Angeles, California, - required quarantines. We have completed the Tampa program and eradication efforts in Los Angeles continue. Overall in FY 1999, the program detected 4 Fruit Fly outbreaks (two Oriental Fruit Flies and two MFF's) in the U.S., as opposed to 11 in FY 1998. These outbreaks covered 249 square miles, as opposed to 1,099 square miles in FY 1998. APHIS uses several criteria to identify separate outbreak areas: (1) publication of individual Federal regulations, (2) different genetic origins, (3) relationship to previous outbreaks, and (4) probable path of introduction. Outbreak severity is measured by the size of the regulated area. The number of outbreaks indicates the success of the exclusion program, while the severity of the outbreaks indicates the success of the detection program.

5. Import/Export Inspection

This program protects U.S. livestock, poultry, and wildlife populations from restricted diseases including those transmissible from animals to humans. APHIS regulates the importation of animals and animal products and promotes markets abroad by ensuring that U.S. origin animals and animal products meet health and welfare requirements of recipient countries. Fulfilling this mission in FY 1999 required the regulatory oversight for the importation of 4.1 million animals; 7.3 million poultry; 2.2 million doses of semen; and 594 embryos. The program issued point of origin certificates for the export of approximately 1 million head of livestock, 15.1 million head of other animals including cervids, camelids, etc., 97 million live poultry, 75 million hatching eggs, and 10.2 million doses of semen.

In compliance with international trade agreements, APHIS continues to revise regulations to incorporate regionalization and risk assessment into the import/export decision making process. The National Center for Import/Export (NCIE) processed and completed 11 regionalization requests in FY 1999. Six have been published as proposed rules and two as final rules. NCIE has requested three site visits and has completed two of them, to Mexico for exotic Newcastle disease (END) and to Brazil for FMD. The site visit to Argentina for END is pending. In addition, APHIS conducted two quantitative risk assessments and nine qualitative risk assessments in FY 1999.

Presently, APHIS is involved in the review of regionalization requests from Argentina, Australia, Brazil, Chile, Croatia, Estonia, the European Union, Iceland, Mexico, New Zealand, and Slovakia.

Import Animals

In FY 1999, APHIS closed the Harry S Truman Animal Import Center because of declining demand and a perpetual deficit. The facility's purpose was to provide a high security quarantine facility specifically for the importation of animals from countries affected with exotic diseases such as FMD and classical swine fever (CSF). Industry changes, specifically the movement away from live animal imports, rendered the facility obsolete. Before closing, the facility conducted its last importation of 588 alpacas from Peru. The quarantine for this shipment ended in March 1999.

During FY 1999, cattle imports from Mexico decreased by 245,000. Cattle imports from Canada decreased by 631,000. Overall, cattle importations were down by 877,000, from 2.1 million in FY 1998 to 1.2 million in FY 1999.

The ban on live ruminants and ruminant embryos from countries which are affected with or at high risk for bovine spongiform encephalopathy (BSE) continued in FY 1999. Liechtenstein was added to the list of regions where BSE exists. The effect of this action is to prohibit the importation of ruminants, meats or meat products, and certain other edible products that have been in Liechtenstein. This negatively impacts the importation of embryos, cattle, and other ruminants.

We proposed a rule to declare most of the Republic of South Africa to be free from FMD and rinderpest. We expect to publish a final rule soon. Many importers have indicated an interest in caprine genetics, specifically boer goat embryos, should we publish a final rule and establish requirements.

Import Avians

In FY 1999, 11.6 million poultry including day-old chicks and 15.4 million hatching eggs were imported into the United States. Approximately 152,000 commercial birds were released from quarantine in FY 1999. Only commercial birds exempt from the Wild Bird Conservation Act may

enter the country. There were five virus isolations of END from commercial birds in FY 1999. Of these, we made three isolations of velogenic viscerotropic Newcastle disease (VVND) and two isolations of pigeon paramyxovirus. APHIS now denies entry to birds from which pigeon paramyxovirus has been isolated. In addition, as of June 1999, APHIS has refused entry into the United States for all lots of commercial birds from which any strain of Newcastle disease virus is isolated.

During FY 1999, officials confiscated or seized 671 smuggled and/or illegally imported birds at U.S. borders and quarantined them at USDA facilities. We isolated Newcastle disease virus in three of the smuggled birds, as well as VVND from a smuggled yellow nape Amazon parrot in San Ysidro, California. Also, APHIS isolated velogenic Newcastle diseases virus from yellow-cheeked Amazon parrots in Mission, Texas, and from half-moon conures in San Ysidro, California. No poultry or other birds were exposed to the infected birds.

Export Animals

During FY 1999, APHIS negotiated new or revised health conditions for exporting poultry, livestock, and germplasm to various countries. Specifically, APHIS established simplified protocols for exporting cattle, horses, poultry, sheep, goats, swine, and bovine embryos and semen to Costa Rica, and for exporting horses, cattle, bovine semen, bovine embryos, and ostriches to Brazil. Although the health conditions are somewhat restrictive, Chile has established a protocol which allows import of breeding sheep from the United States. Increasing numbers of swine have been shipped to Korea and Taiwan. APHIS continued to make progress in reopening markets for cattle in both Egypt and Turkey. A new project is in development to ship bovine semen and embryos to Mongolia. We successfully negotiated less restrictive conditions for exporting breeding swine to Mexico and for exporting horses to Mexico. However, Argentina has placed severe restrictions on bovine semen importations from the United States.

APHIS was involved in trade negotiations with Canada and achieved a Record of Understanding (ROU). This agreement amended and clarified requirements for restricted feeder cattle exports and slaughter swine exports to Canada. Currently, five States, Hawaii, Idaho, Montana, North Dakota, and Washington, are approved for participation in the restricted feeder cattle program. When the initial regulations for immediate slaughter swine exports to Canada did not overcome restrictions, we negotiated further amendments to streamline the requirements for certification in the United States and slaughterhouse procedures in Canada. Exports of slaughter swine to Canada should now be economically feasible.

Animal Products

APHIS continued to implement alternative methods for importing low risk agricultural materials. These include non-livestock species not susceptible to epizootic livestock and poultry disease pathogens and recombinantly (altered) engineered laboratory microorganisms produced without involvement of animal products or disease agent derivatives.

In FY 1999, NCIE processed 4,429 import applications. Of these applications, NCIE issued permits for 2,621. These permits authorize the importation of organisms, vectors, biological materials, and animal products and by-products. These efforts help to minimize the risk of exotic disease pathogen entry into the United States.

APHIS export certification activities for animal products continued to increase in FY 1999. The European Union implemented many directives on animal products imported from third world countries. APHIS continued efforts to expand export markets by negotiating issues with many countries including conditions for pet food exports to Israel, Poland, Russia, South Africa,

Switzerland, and other countries; animal health certification conditions for pork and poultry meat with several countries including Argentina and Australia; the export of milk products to Russia, bovine serum products to France and the Netherlands, avian and rendered products to Mexico, and animal products to Korea.

6. Sanitary/Phytosanitary Management

Through Sanitary/Phytosanitary (SPS) Management, APHIS both safeguards the United States' domestic bounty and supports marketing opportunities for our agricultural products worldwide. SPS Management safeguards U.S. animal and plant resources by monitoring and responding quickly to emerging foreign pest and disease threats at their origin rather than waiting for them to reach U.S. ports of entry. Since our access to foreign markets depends largely upon our trading partners' application of scientifically-based sanitary and phytosanitary standards, APHIS serves a critical function in ensuring that these standards are based on science and not protectionism. The APHIS attache's located overseas serve in both the safeguarding and market access function. For example, they are often called upon to resolve problems and allay concerns associated with shipments of U.S. commodities, enabling them to be released at the border to enter into commerce. The SPS Management program facilitates trade by working directly with foreign regulatory officials to ensure that U.S. products are not thwarted by unscientific SPS requirements. In addition, technical assistance efforts benefit U.S. exports by emphasizing the application of SPS concepts such as appropriate risk assessment methodologies, and harmonization with international standards. Thus, maintaining and enhancing APHIS' international presence is a vital element in the Agency's overall strategy of monitoring and responding quickly to emerging foreign pest and disease threats and responding quickly to SPS-trade measures affecting U.S. agricultural trade.

Current Environment of Exclusion and Trade: As a result of World Trade Organization (WTO) agricultural trade liberalization, APHIS personnel are vital in negotiating SPS standards and resolving SPS issues, as well as regulating imports and certifying exports. In this context, the importance of APHIS' role has increased dramatically, as has the accompanying workload. APHIS spends an increasing amount of time and resources working with its foreign regulatory counterparts to develop bilateral protocols and international standards addressing various pest and disease trade issues. In response to increasing foreign requests to export agriculture products to the United States, APHIS must also gather technical information in foreign countries to verify and certify their capacity to meet U.S. standards. These international activities and relationships are key to promoting harmonized regulatory approaches to the benefit of U.S. exports. As the WTO and other agreements eliminate traditional trade barriers such as tariffs and quotas, importing countries may attempt to adopt health-related requirements that are, in fact, trade barriers. To retain or open foreign markets, APHIS has enhanced its role as a leader in the SPS area. Our scientific staffs play a critical role in negotiating and resolving SPS issues.

Retaining foreign markets often involves protocols that must be approved and signed each year. In June 1999, the Philippines approved a protocol to allow the entry of Florida citrus after two years of work by APHIS, the Foreign Agricultural Service, and the Florida citrus industry. Industry sources estimate that grapefruit sales to the Philippines could reach $3 million in the short-to-medium term. APHIS and Canadian authorities agreed on a pilot systems approach to permit the export of California peaches, nectarines, and apricots without fumigation. This is a significant accomplishment involving the largest market for U.S. stonefruit, which accounts for almost half the volume of U.S. peach and nectarine exports annually.

In addition, the U.S. successfully challenged a restrictive Japanese phytosanitary measure before a WTO Disputes Settlement Panel. This ruling in favor of the U.S. reflects the extraordinary effort of the USDA in gathering and interpreting the scientific and technical information that was used to support the case. APHIS continues to assess and make regulatory decisions on an increasing

number of import requests. These regulatory decisions, which must comply with WTO rules, require greater documentation, scientific analysis, and transparency.

Foreign Disease and Pest Exclusion: International standards must reflect U.S. regulatory approaches including transparent, scientific decision making with respect to plant and animal health import requirements. The second meeting of the Interim Commission on Phytosanitary Measures (ICPM) took place at FAO headquarters in Rome, Italy, on October 4-8, 1999. The ICPM adopted two new phytosanitary standards; adopted a new, more transparent standard setting procedure; and established its work program for the coming year. The meeting was successful in advancing several key U.S. standard setting objectives. These included obtaining ICPM agreement to prioritize and begin immediate standard setting work in three specific areas: 1) developing a global standard on wood packing material; 2) establishing guidelines to harmonize members' interpretation and application of the term "official control;" and 3) forming a working group to examine the phytosanitary aspects of genetically modified organisms (GMOS) and identify potential standards which may be needed.

APHIS continued to enforce U.S. plant and animal health import laws. APHIS technical experts in foreign posts supported U.S. agricultural exports by immediately addressing SPS concerns that arose throughout FY 1999. APHIS veterinarians and plant health specialists worked closely with foreign governments and industry, particularly in Mexico, Central and South America, the European Union, the Caribbean, Africa, Japan, China, Australia, and Korea to protect American agriculture. The Agency also helped determine the presence or absence of suspect pests and diseases in foreign countries and assisted in foreign surveys for economically significant and exotic pests and diseases that threaten the United States. This information helps APHIS conduct risk analyses (comprised of risk assessment, risk management, and risk communication) to ensure regulatory decisions that affect trade are made in a transparent and justifiable manner. The results of risk analyses provide well-supported and consistent recommendations to facilitate the safe importation of agricultural commodities from foreign countries. The provisions in the WTO SPS agreement have been especially valuable for creating a more open trade environment.

Export Facilitation: APHIS levels the playing field for U.S. exports by ensuring protectionistic, nonscientific health requirements do not impede our products. SPS Management was a crucial component of APHIS' role in facilitating U.S. exports through the use of health information and addressing animal and plant health requirements of foreign governments, including arbitrary or unjustified SPS measures, that impede U.S. exports. APHIS attaches abroad ensure U.S. agricultural shipments are promptly released when difficulties are encountered upon import. For example, in April 1999 the APHIS Tokyo office facilitated the release of 12 shipments, including more than 90,000 cartons of Florida citrus worth $2.3 million. In August 1999, the APHIS office in Brussels secured the release of a 12-container load shipment of oak wood and a 20,000 kilo shipment of onion seed. APHIS officials, in cooperation with FAS, obtained the release of a $60,000 shipment of cowhide lobster bait in South Africa. And a 40,000 ton shipment of wheat worth $6 million was released after APHIS officials contacted their Mexican counterparts and resolved the issues prompting Mexico to hold the shipment.

In FY 1998, we successfully challenged a restrictive Japanese phytosanitary measure before a WTO Disputes Settlement Panel regarding the movement of U.S. commodities such as cherries, apples, nectarines, and walnuts. In July 1999, Japan approved two additional varieties of cherries and five varieties of apples for import from the U.S. U.S. cherry producers have begun shipping the new varieties to Japan, and U.S. apple producers are working with Japanese inspectors to ensure that 1999 crop apples will be shipped in FY 2000.

In FY 1999, SPS accomplishments include opening Japanese markets for North American tomatoes, resuming shipments of peaches and nectarines to Paraguay, opening Thailand's markets for Arizona citrus, and opening Brazilian markets for U.S. hard red winter wheat.

The Agency's Trade Support Team (TST) continued to play a lead role in addressing SPS issues affecting U.S. agricultural trade. USDA officials overseas frequently resolve problems associated with shipments of U.S. agricultural goods, such as certification problems, pest interceptions, and other health-related concerns that result in a shipment being held by officials of the importing country. APHIS' exchange of technical information and active communications demonstrates to U.S. trading partners that the risk of a proposed import is less than they perceived, or that proposed risk mitigation measures provide the assurance that pests or diseases of concern will be excluded. Such efforts help U.S. exporters avert substantial financial damages, including the loss of a shipment.

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

As WTO member countries prepare to launch a new round of negotiations, the importance of science-based decision making on sanitary and phytosanitary measures will increase. It is increasingly important to improve and increase the level of information sharing with regard to risk assessments, an area in which many developing countries continue to seek technical assistance.

Screwworm

In FY 1999, APHIS made significant progress in its efforts to ensure that screwworm reintroduction into the United States does not occur. The Central American programs are close to achieving the goal of establishing a permanent sterile screwworm barrier on the Darien Peninsula in Panama; establishing the barrier at Central America's narrowest point will save material and staff costs. Pushing the barrier zone more than 2,000 miles and seven countries away from the U.S. will also provide ever increasing protection for American livestock producers and thereby prevent economic loss to the U.S. livestock industry.

Mexico: The sterile fly production facility in Tuxtla-Gutierrez, Mexico, produced and distributed approximately 7.3 billion sterile insects in FY 1999 for an average of 142 million sterile screwworm flies per week. We are continuing collaborative efforts with the government of Mexico and others to phase out production by FY 2004, and to develop possible solutions for transitioning workers at the facility to alternative employment. In April 1999, the Mexican Secretariat of Agriculture and the National Union of the Mexican Secretariat of Agriculture and Water Resources negotiated an agreement for a generous severance plan for the work force at the Tuxtla Gutierrez facility. Through this agreement, the program was able to reduce the work force from 650 employees to the approximately 300 needed for current production levels.

Nicaragua: Nicaragua was declared free of screwworms in October 1999. The Ministry of Agriculture in Nicaragua will assume responsibility for surveillance and inspection.

Costa Rica: Costa Rica has also made tremendous progress in the eradication of screwworm. In FY 1999, field surveillance reported only 19 screwworm infestations, most of which occurred in the extreme southern part of the country near the Panama border. Eradication efforts are expected to be completed by July 2000.

Panama: The focal point of eradication has now shifted from Costa Rica to Panama. The program began aerial dispersal of sterile screwworm flies over western portions of the country in July 1998, and advanced to the Canal in the first quarter of FY 1999. In the fourth quarter, sterile fly dispersal expanded to all but the last 5 to 10 kilometers of Panama; complete coverage is not yet possible due to guerrilla activity in the area. Even so, the program expects the eradication phase to be complete in 2001. This program would then shift to the maintenance of a biological barrier. However, field surveillance activities are finding increasing numbers of screwworms as detection work expands across the country.

Sterile Screwworm Facility in Panama: In March 1998, the Southwest Animal Health Research Foundation (SWAHRF) presented a proposal for funding construction of the new production facility in Panama. Under this proposal, the industry would finance design and construction, including an architectural and engineering (A&E) study. SWAHRF would lease the facility back to the Joint Commission and donate the building to the Commission after recouping their investment. The proposal calls for a facility that would cost up to $86 million for three modules. A master plan, including schematics and a program of requirements was completed in August 1999. After a 3-year construction period, the facility is expected to be operational in early 2003. The Joint Commission, through the cooperative program, will amortize the cost of the new plant over 10 to 15 years.

Jamaica: To further safeguard U.S. livestock, the program is providing technical assistance to Caribbean countries. Jamaica began screwworm eradication in July 1999, purchasing sterile flies from the production facility in Chiapas, Mexico and with funds from the Food and Agriculture Organization and the International Atomic Energy Administration.

PLANT AND ANIMAL HEALTH MONITORING

Goal II: Quickly detect and respond to introductions of foreign agricultural pests and diseases or other emerging agricultural health threats, to minimize production losses and export market disruptions.

Current Activities: APHIS monitors animal and plant health to detect and react to exotic pests and disease introductions. The Agency creates and updates endemic pest and disease information bases and monitors and carries out surveys in cooperation with States and industry. The Agency also surveys for exotic plant pests and investigates reports of suspicious animal pests and diseases. Early detection reduces the spread of exotic plant pests, helps eliminate significant losses, and helps maintain pest-free status for export certification of agricultural commodities. U.S. agriculture is currently free from hundreds of foreign pests and diseases. Survey data are essential for initiating action programs, and result in better pest and disease management.

APHIS works with the States to compile two databases: the National Agricultural Pest Information System (NAPIS) and the National Animal Health Monitoring System (NAHMS). States enter the results of plant pest surveys directly into the NAPIS database, which includes crop hosts, location, weather conditions, pest life stages, crop damage, survey and control methods used on certain pests, and trapping methods. Descriptive data about the occurrence and costs of animal health events are collected from a statistically valid sample of producers for the NAHMS database. NAHMS reports can be used by producers to improve health and production efficiency of livestock and poultry.

Regulatory enforcement activities prevent the spread of communicable animal pests and diseases in interstate trade. These activities include inspection, surveillance, animal identification, and prosecution. The Agency also investigates alleged violations of Federal animal welfare and horse protection laws and

regulations and oversees and coordinates subsequent prosecution of violators through appropriate civil or criminal procedures.

The Agency maintains a cadre of trained professionals, prepared to respond immediately to potential animal and plant health emergencies. Reports of suspected exotic pests and diseases are investigated and emergency action is taken if necessary. The Agency develops pathway studies and thoroughly investigates the progression of outbreaks to determine the origin of plant and animal pests and diseases.

Selected Examples of Recent Progress:

1. Animal Health Monitoring and Surveillance

Foreign Animal Disease Investigations: In FY 1999, APHIS conducted 336 investigations for suspected FAD. The investigations are broken down into the following categories:

FOREIGN ANIMAL DISEASE INVESTIGATIONS			
DISEASE	FY 1997	FY 1998	FY 1999
Vesicular conditions	122	170	230
Mucosal conditions	9	8	8
Avian diseases	33	22	13
Hemorrhagic conditions	2	12	0
Respiratory conditions	--	--	6
Encephalic conditions	97	52	24
Excess deaths	--	--	11
Myiasis/Ascariasis	--	--	5
Other disease conditions	53	49	39
TOTAL NUMBER OF INVESTIGATIONS	316	313	336

In November 1998, APHIS conducted a major national exercise to identify gaps in the Agency's Emergency Response System. The exercise activated both APHIS' Regional Emergency Animal Disease Eradication Organizations and affected three States, as well as Canada, to test our communication and cooperation capabilities.

In December 1998, the Secretary of Agriculture declared an emergency because of the threatened spread of pseudorabies caused by the economic disaster of the swine industry. This $80 million accelerated program was successful in decreasing the total number of quarantined herds in the country by roughly 70 percent, from 1,305 to 430.

Also in FY 1999, APHIS coordinated 3 new training courses that focused on emergency management and the external partnerships that are developing between agencies such as the Federal Emergency Management Agency (FEMA) and similar State organizations. These courses opened dialogue and made us aware of potential additional resources in the event of an animal health emergency.

The National Steering Committee for Animal Health Emergency Management continued to meet regularly. The Committee, sanctioned by the Secretary's Advisory Committee of Foreign Animal and Poultry Diseases, is comprised of representatives from the Federal Government, State governments, private practitioners, and industry. During FY 1999, draft standards were developed and distributed to local animal health officials during the 1999 United States Animal Health Association meeting.

The Secretary of Agriculture declared an emergency and transferred $5.5 million in Commodity Credit Corporation funds for Classical Swine Fever (CSF) awareness and surveillance and to develop a predeparture passenger clearance program on the Island of Hispaniola. The intensity of the CSF outbreak and the proximity of Hispaniola to the United States created an unacceptable risk that we had to address.

APHIS coordinated an external relief effort to animal agriculture in North Carolina during Hurricane Floyd. This effort included sending disposal teams to find environmentally safe methods of disposing thousands of bloated swine and poultry carcasses. An interagency coordination was developed from our newly formed partnership with FEMA and its State counterpart.

In FY 1999, APHIS became involved with an occurrence of West Nile virus, never before documented in the Western Hemisphere. Found in Connecticut, Maryland, New Jersey, and New York, this disease severely affects humans, wild birds, and horses. We coordinated efforts with the Centers for Disease Control (CDC), U.S. Geological Survey, Southeastern Cooperative Wildlife Disease Study (SCWDS), local authorities (e.g. Brooklyn Zoo and New York City officials) and our own National Veterinary Services Laboratories (NVSL) to test potential cases in poultry and equines. We implemented a major communications plan to provide the United States as much information as soon as it was available. Mitigation efforts for our international trading partners have been ongoing, but several countries have closed their borders to our horse and poultry imports.

Animal Health and Agricultural Monitoring and Risk Assessments: The Agency's proactive animal health monitoring and disease surveillance program produced and interpreted scientifically valid information used by policy makers, producers, and consumers. The National Animal Health Monitoring System (NAHMS) delivered objective information addressing animal health as it pertains to U.S. trade, agricultural productivity, public health, and on-farm quality assurance. Collaborative information sharing and producer confidentiality are cornerstones of the program. Through effective (and non-regulatory) partnerships with animal commodity producer groups--and with State governments, university researchers, and other federal agencies--the program met producers' and the U.S. public's information demands in a cost-effective, collaborative manner while minimizing duplication of effort.

Analysis of the on-farm data and biologic sample collection for Beef '97 (National Beef Cow/Calf Monitoring) continued into 1999. We published an Information Sheet in February 1999, titled "Bovine Leukosis Virus (BLV) in U.S. Beef Cattle." The Information Sheet on "Culling Practices in Beef Cow-Calf Operations" was published in August 1999, as was "What Do I Need to Know About Johne's Disease in Beef Cattle?" We analyzed 709 samples from 678 producers for determination of selenium and Vitamin E concentrations, evaluating each sample and bringing deficiencies or potential toxicites to the attention of the producers. A Report entitled "Forage Analyses from Cow/Calf Herds in 23 States" was issued in April 1999. This study proactively collected and interpreted data supporting U.S. trade (Johne's disease, bovine leukosis); emerging disease conditions (Salmonella DT104); disease control (brucellosis vaccination, tuberculosis); industry quality assurance (injection practices); emergency preparedness (biosecurity and vaccination practices); production efficiency (awareness of new technologies); and trends in

animal health. This data and sample collection is a representative sample from 23 leading cow/calf States (Alabama, Arkansas, California, Colorado, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Virginia, and Wyoming).

The NAHMS Equine '98 Study provided both participants and the industry with information on the nation's equine population for education and research. The key areas included in the 1998 national study were: to describe baseline management practices; estimate prevalence of specific equine health issues; and evaluate the impact and potential risk factors for occurrence of these specific health issues for the U.S. equine population. NAHMS released Part III and Part IV in the series of reports summarizing results of the study. "Part III: Management and Health of Horses, 1998," which was released in January 1999, focused specifically on horses in the US, presenting information on facility and stall management, and care and health issues, including injection and vaccination practices. Released with Part III were three Information Sheets - "Highlights of Part III," "Equine Management Practices" and "Transportation of U.S. Equids" "Part IV: Reference of Health Management for Horses and Highlighted Diseases, 1998: and two Information Sheets - "Highlights of Part IV" and ""Unique Identification Methods for U.S. Equids" were distributed to approximately 4,000 customers in May 1999, and posted to the World Wide Web.

We conducted the NAHMS Layers '99 Study. The USDA's National Agricultural Statistics Service (NASS) began collecting data from 208 single and multiple-farm companies via a questionnaire during February 1999. These single and multiple-farm companies represented Alabama, Arkansas, California, Florida, Georgia, Indiana, Iowa, Minnesota, Missouri, Nebraska, North Carolina, Ohio, Pennsylvania, Texas, and Washington. These States account for about three-fourths of the table egg layers in the U.S. The table egg layer study concentrated on biosecurity practices in use and estimating national prevalence and identifying risk factors for Salmonella enteritidis. A highlight Information Sheet and "Part 1: Reference of 1999 Table Egg Layer Management in the U.S." will be released in October 1999. On farm biologic sample collection continued through September 1999.

The Feedlot '99 study is NAHMS' second national study of the beef feedlot industry. The Feedlot '99 study began in August with NASS contacting 1,250 eligible participants from 12 states to collect preliminary management data. This first phase of data collection ended in September. The states involved in this study include Arizona, California, Colorado, Idaho, Iowa, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Washington. The NAHMS 1994 Cattle on Feed Evaluation (COFE) results provided producer-requested baseline information that will be used with Feedlot '99 information to identify trends in animal health and management practices over the past 5 years.

National Poultry Improvement Plan (NPIP): NPIP, an industry, State, and Federal program, continued to protect and serve the $25 billion poultry industry in FY 1999. The provisions of the NPIP, developed jointly by industry members, and State and Federal officials, establish standards for evaluating poultry breeding stock and hatchery products for freedom from hatchery-disseminated and egg-transmitted diseases. The NPIP's mission is to certify all baby chicks, poults, and hatching eggs for interstate and international movement. The NPIP added a U.S. Avian Influenza (AI) Clean classification for primary egg- and meat-type chicken breeding flocks. The agar gel immunodiffusion test and the enzyme linked immunosobent assay were both approved as official tests for the AI classification. This program was added to keep the People's Republic of China and the Mexican government from imposing unrealistic testing requirements for AI on both commercial and breeding stock.

No commercial egg- and meat-type chicken or turkey breeding flocks had Salmonella pullorum or S. gallinarum isolates. S. enteritidis was found in 1 egg-type breeding flocks of approximately

8,000 birds each; these flocks lost their classifications and were depopulated. All hatching eggs from these flocks that were in incubators were destroyed. All hatching eggs from these flocks that had not been set in incubators were diverted for pasteurization.

No isolates of Mycoplasma meleagridis were found in primary turkey breeding flocks. However, there were 2 multiplier turkey breeding flocks positive for M. meleagridis in FY 1999 and 3 turkey multiplier breeding flocks, and 7 meat- and 2 egg-type chicken multiplier breeding flocks positive for M. gallisepticum. In addition, there were 10 egg- and 17 meat-type chicken multiplier breeding flocks positive for M. synoviae.

Miscellaneous Diseases: From October to November 1998, APHIS conducted the annual bluetongue survey of cattle in 18 north central and northeastern States comprising 10 geographic areas. APHIS assessed Indiana, Michigan, Minnesota, New York, North Dakota, and Wisconsin. APHIS also assessed areas which consisted of more than one state including New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) and combinations of Maryland/Delaware, Ohio/West Virginia, and Pennsylvania/New Jersey. Of the 6,595 slaughter samples tested in FY 1999, 44 were positive. The percent positive by geographic area ranged from 0 percent in New England to 1.6 percent in Indiana, all less than 2 percent (which is needed for the less restrictive exportation of animals to Canada). The Canadian Department of Agriculture continues to use the survey results to allow livestock importation from low incidence States with minimum testing requirements.

APHIS continued to participate with industry representatives and members of the scientific community to develop the framework for a voluntary bovine leukosis-free herd certification program. Several States have certification programs for bovine leukosis, but this is the first attempt to develop a mechanism to recognize herds as leukosis-free on a national level. Bovine leukosis is a major obstacle to cattle exportation to the European Union, where many member nations have mandatory control or eradication programs.

Equine infectious anemia (EIA) is a viral disease of equines that causes fever, anemia, progressive weakness, and weight loss. The State-Federal cooperative EIA monitoring system revealed that in FY 1999, of the 1,606,072 horses tested, 965 were infected with EIA.

Poultry Diseases: In FY 1999, APHIS tested 3,679 specimens from live-bird markets in eight states including Connecticut, Delaware, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Maryland. This represents a 32 percent increase from FY 1998 sampling level. The majority of specimens (2,982) were collected from New York. Several subtypes of the Avian Influenza Virus (AIV) were isolated from birds and premises in 2 States, New York and New Jersey. The predominant subtype of AIV isolated was H7N2: 689 isolations in New York and 119 in New Jersey. Other significant subtypes of AIV isolated from New York were H7N3 and H5N2. APHIS also detected 115 submissions from domestic sources other than live-bird markets. These submissions were from Arkansas, California, Delaware, Florida, Iowa, Michigan, North Carolina, New Jersey, New York, Ohio, Pennsylvania, Texas, Virginia, Washington, and Wisconsin.

Swine Health Protection: APHIS continued to monitor swine garbage feeding operations for the presence of foreign animal diseases. State and Federal inspectors conducted 6,942 inspections of licensed garbage feeding premises and 24,169 searches for unlicensed garbage feeders. These inspections and searches resulted in 182 documented violations.

Tuberculosis: APHIS continued to monitor the incidence of tuberculosis throughout the United States. The Agency tested 958 tuberculosis suspect tissues submitted by meat inspection personnel from slaughtered cattle in FY 1999. These included 398 were adult cattle and 560 being immature feedlot cattle. We completed 64 feedlot traceback investigations. We traced 11 (17 percent) back

to Mexico. Generally, we are unable to trace these back any further than the feedlot, because of the extreme difficulty in identifying the animal's source of origin beyond that point.

2. Animal Health Regulatory Enforcement

APHIS supports the enforcement needs of the Agency and ensures uniform compliance with Federal laws and regulations through a combination of sound enforcement and strong educational efforts. We investigate violations, collect evidence, issue and collect civil penalties, and develop alleged violation cases for formal prosecution.

In FY 1999, APHIS conducted 313 animal care investigations, resulting in 188 formal cases submitted for civil administrative action. APHIS also issued 143 letters of warning for animal care. During FY 1999, we resolved 79 cases with civil penalty stipulations resulting in $82,152 in fines. Administrative Law Judge decisions resolved another 28 cases resulting in $585,162 in fines and an additional $70,250 to be spent by licensees to improve facilities to achieve compliance. APHIS investigated several high-priority and significant cases that involved the abuse and death of exhibit elephants; sale of dogs and exotic animals by unlicensed dealers; and the improper care of marine mammals, research primates and puppies raised for the pet trade.

APHIS conducted 469 investigations involving animal health programs in FY 1999 resulting 137 warnings, 32 civil penalty stipulations, 19 Administrative Law Judge Decisions and over $50,000 in fines. In addition, APHIS took several hundred administrative actions on animal health program violations disclosed at the border ports by agricultural quarantine inspectors. The alleged violations were concentrated in veterinary accreditation, animal identification, brucellosis, pseudorabies, and import/export programs. Significant cases involved the illegal interstate movement of pseudorabies affected swine, the fraudulent switching of equine blood samples to facilitate export, and the illegal importation of meat products from Bovine Spongiform Encephalopathy countries.

APHIS conducted 779 investigations involving plant quarantine violations in FY 1999, resulting in 71 warnings, 357 civil penalty stipulations, 18 Administrative Law Judge decisions, and over $220,000 in fines. APHIS also conducted widespread market surveillance activity to intercept prohibited foreign fruits and vegetables illegally smuggled into the United States. Significant cases involved the falsification of phytosanitary certificates being used to export agriculture goods from the United States to foreign countries, the smuggling of prohibited fruits and vegetables contaminated with plant pests into this country, and the illegal distribution of Mexican avocados out of the northeastern States where they were permitted entry.

During the year, APHIS continued to perform random inspections in several States for the Agricultural Marketing Service (AMS), using their pesticide record keeping system. At the request of AMS, APHIS conducted investigations for pesticide record keeping application violations.

3. Pest Detection

APHIS conducts detection surveys for incipient infestations of exotic pests that could cause economic damage if spread in the United States. In FY 1999, the Agency detected 334 new infestations of plant pests, compared to 250 in FY 1998. APHIS and the States participate in the National Agricultural Pest Information System (NAPIS). NAPIS provides Federal and State partners a summary database of pest survey results that are useful in tracking the spread of pests, demonstrating their absence, or planning their control. The following data shows results of some

FY 1999 surveys. Examples of observations include taking grain samples for Karnal bunt, setting traps for fruit flies, or climbing in trees to look for citrus canker. A "negative" observation is when we do not find the pest or disease; a "positive" observation is when we do.

	Positive Observations	Negative Observations
Asiatic rice borer	0	69
Caribbean fruit fly	0	95,882
Egyptian cottonworm	0	247
False codling moth	0	154
Maize and Jowar borer	0	40
Melon fly	7	74,210
Peach fruit fly	1	100,108
Rice cutworm	0	121
Asian Longhorned Beetle	2	293
Khapra beetle	0	31,360
Giant Salvinia	15	143
Small hive beetle	125	574
Mexican fruit fly	51	116,352
Mediterranean fruit fly	67	199,226

In addition, delimiting surveys were conducted for pests that have invaded the U.S. and may be expanding their range. These include apple ermine moth, cereal leaf beetle, citrus leaf miner, pine shoot beetle, and several other bark beetles. The program managed data for other species including gypsy moth, imported fire ant, Medfly, pink bollworm, and other cooperative program pests. Surveys for these pests support the global competitiveness of U.S. agriculture.

APHIS continued using the Cooperative Agricultural Pest Survey (CAPS) network to conduct the Karnal Bunt (KB) National Survey in response to the 1996 detection of the disease in Arizona. By collecting extensive survey data demonstrating the limited distribution of KB in the United States, APHIS provided assurance to all trade partners that KB is not present in major wheat-producing areas of the United States, thereby insuring annual agricultural exports of up to $5 billion and supplying the raw ingredients for domestic and foreign customers of flour, pasta, and other wheat products. Accordingly, relatively normal movement of wheat exports has continued since the beginning of the program. Negative surveys have enabled APHIS to certify that wheat being exported had originated from areas where Karnal Bunt was not present.

PEST AND DISEASE MANAGEMENT PROGRAMS

Goal III: Effectively manage plant and animal pests and diseases and wildlife damage which pose risks to agriculture, natural resources, or public health.

Current Activities: In cooperation with the States, APHIS works to improve the general health of our Nation's multi-billion dollar agriculture industry through management techniques designed to eradicate harmful pests and diseases, or, if eradication is not feasible, minimize their economic impact. Endemic diseases and pests are monitored through surveys to detect their location and through inspections aimed at preventing their spread into noninfested parts of the country.

Plant Pests and Diseases: APHIS Plant Protection and Quarantine unit coordinates a number of programs which actively control or eradicate plant pests. Various tools, including pesticides, traps, and natural predators, are used in order to control boll weevil, grasshoppers, noxious weeds, and witchweed.

In order to prevent the spread of plant pests into noninfested areas, APHIS develops and enforces regulations concerning the movement and quarantine of plant materials. Extensive investigations and methods development activities are conducted to determine the most feasible and environmentally sound methods of dealing with golden nematode, imported fire ant, pink bollworm, and other miscellaneous pests for which there are no viable control methods.

Animal Pests and Diseases: The Veterinary Services Unit of APHIS implements disease control and eradication programs involving testing, quarantine, treatment, and depopulation of infected animals. The brucellosis, pseudorabies, and tuberculosis programs are examples. The WS program protects American agriculture from detrimental predators through identification, demonstration, and application of the most appropriate methods of control

Selected Examples of Recent Progress:

1. Aquaculture

Aquaculture, the farming of fish, shellfish, and plants, is a nearly $1 billion industry in the United States. It is the fastest growing sector of the animal production industry worldwide. Since 1980, aquaculture production in the United States has increased by more than 425 percent and continues to rise. U.S. aquaculture accounts for more than 180,000 jobs and has an economic impact of more than $5.5 billion. This rapidly growing industry faces many challenges, including damage to aquaculture resources caused by wildlife, spread of disease and parasites through imports and interstate shipments, excessive or overharvesting, and foreign export certification requirements. APHIS' role is to assist the aquaculture industry in meeting these challenges, including managing aquatic diseases and depredation by wildlife and facilitating the movement of aquatic animals and products in interstate and international commerce.

In FY 1999, APHIS received protocols from Florida and Texas requesting voluntary certification and inspection programs; both requests are pending. To date, 7 voluntary certification and inspection programs have been established in Washington and Alaska (1994); California (1996); Arkansas, Maryland, and Pennsylvania, (1997); and Idaho (1999).

Since FY 1994, APHIS has endorsed export health certificates for 300 million fish eggs from Chile, Colombia, Greece, Korea, and Japan. Fish species currently in the certification process include rainbow trout, Donaldson steelhead trout, Atlantic salmon, and coho salmon. APHIS has also endorsed certificates for more than 3.8 million live ornamental fish to 47 different countries.

APHIS is continuing efforts to reduce damage caused by fish-eating birds. APHIS has five wildlife biologists stationed in Ruskin, Florida; Stoneville, Mississippi; Greensboro, Alabama; Lonoke, Arkansas; and Lake Village, Arkansas. These biologists provide assistance and equipment to aquaculture producers, including catfish farmers in Alabama, Arkansas, Florida, and Mississippi; tropical fish farmers in Florida; and bait fish farmers in Arkansas to reduce bird damage to their aquacultural resources. The Agency continues to provide assistance to catfish and crawfish farmers in Louisiana and trout farmers in Pennsylvania. In addition, APHIS continues to cooperate with the U. S. Fish and Wildlife Service in the development and implementation of a management plan to control damage caused by fish-eating birds to aquaculture resources in the mid-south.

APHIS continued efforts in Arkansas and Mississippi. We expanded migratory bird damage management in Arkansas with an emphasis on fish-eating bird damage to aquaculture and fishery resources under a new $260,000 funding package approved by the Arkansas Game and Fish Commission in June 1998.

APHIS' 1997-98 winter cormorant roost dispersal program in Mississippi, the most recent where data is available, was a tremendous success. Cormorant numbers in the Delta catfish production region were reduced by 83 percent even though the population has doubled over the previous three years. Personnel from 72 aquaculture facilities and organizations participated.

In June 1999, program officials collected 117 birds at a double-crested cormorant rookery on Millwood Lake, Ashdown, Arkansas, for food habits, DNA, and morphological studies. The program found about 125 active nests. This was the first significant cormorant rookery in Arkansas since 1930. These studies were the result of cooperation among Arkansas WS, National Wildlife Research Center, Concerned Citizens for Cormorant Control, Arkansas Game and Fish Commission, U. S. Army Corps of Engineers, Stuttgart National Aquaculture Research Center (ARS), and the University of Louisiana at Lafayette.

During FY 1999, APHIS conducted a National aquaculture diagnostic disease training course which addressed specific diseases in species of concern in the immunology and histology, virology, bacteriology, and parasitology disciplines. APHIS also published an Advanced Notice of Proposed Rulemaking in the Federal Register, which designates farm-raised fin fish as livestock and moves toward implementing a National Aquaculture Program.

2. Biological Control

Biological Control Coordinating Council (BC3)

The BC3 facilitates USDA interagency coordination for planning and implementing biological control programs among APHIS, Agriculture Research Service, Cooperative State Research Education and Extension Service, Forest Service (FS), and the National Agricultural Library. APHIS' National Biological Control Institute (NBCI) facilitated a BC3 Action Plan on coordination, communication, and accountability among member agencies. NBCI also facilitated BC3 input into Federal regulations affecting biological control agents of weeds.

Biological Control Cooperator Canvassing and Target Selection

APHIS Mission Plant Protection Center facilitated a national canvassing of Agency cooperators seeking potential, new biological control initiatives of mutual concern targeting pests such as imported fire ant, lygus, and lily leaf beetle, and weeds such as giant salvinia, yellow starthistle, and water hyacinth. Data from cooperators in the various States will be used to coordinate national efforts at controlling pest problems using biological control.

Biological Control of Weeds Support for The Nez Perce

In FY 1999, APHIS contacted the Nez Perce tribal headquarters and members of our Bozeman Laboratory met with Nez Perce officials to review plans for establishing biological control field insectaries on tribal lands. We also arranged for the collection and receipt of biological control agents for several weed species for the Nez Perce tribe.

Brown Citrus Aphid (BCA)

A survey of the BCA indicated that this pest was not found on citrus growing in the Rio Grande Valley of Texas. We will continue and enhance this survey in FY 2000 to protect the citrus industry. Laboratory and field evaluations indicate that hyphomycete pathogenic fungi can be used to biologically control the BCA.

Center for Biological Control at Florida A&M University

APHIS-NBCI developed a unique partnership with Florida A&M University (FAMU), an 1890s Land Grant University, by establishing a Center for Biological Control at FAMU. The Center will enable the expansion of FAMU's land grant mission to meet USDA's goals to protect and improve agriculture and the environment through the enhanced use of pest biological control.

Cereal Leaf Beetle (CLB) Biological Control Project

The Niles Biological Control Laboratory released, recovered, and evaluated CLB agents in FY 1999. We collected over 3,000 parasitized larvae in Montana for release in Nova Scotia and shipped another 2,000 to Oregon. Utah cooperators collected 3,000 parasitized larvae for releases Idaho. The Niles Lab shipped CLB egg parasites, *Anaphes flavipes*, to Georgia, Montana, Utah, Wyoming and Nova Scotia.

Dalmatian toadflax (DT)

In FY 1999, we released approximately 350 adults of the stem-boring weevil *Mecinus janthinus* against DT in Colorado, Wyoming, and Montana. We also released several hundred adults of the root-galling weevil *Gymnetron linariae* at field locations in Wyoming, South Dakota, and Montana. Additionally, we collected and provided approximately 400 adults of the flower-feeding beetles *Brachypterolus pulicarius* and *Gymnetron antirrhini* to cooperators in Montana and Wyoming. Finally, we continued propagation of the Bozeman Lab colony of the leaf-feeding moth *Calophasia lunula*.

Innovative State Partnerships in Biological Control

APHIS initiated innovative State/Federal partnership activities in FY 1999 through joint planning and cost-sharing by Michigan partners to the Niles Lab. NBCI facilitated agreements to support this activity. We also initiated four biological control programs to control (1) Obliquebanded leafroller, (2) Gypsy Moth, (3) Japanese Beetle, and (4) Purple Loosestrife.

Japanese Beetle (JB)

JB continues to be a regulatory problem at many eastern commercial airports and military air bases. Using entomopathogens against adult beetles and developing grub populations offers a unique method of control. We conducted a replicated field test at Dover AFB in Delaware to test the feasibility of this technique, which we hope will reduce regulatory problems at airports.

Leafy Spurge (LS)

Biological control may ultimately control 60-70 percent of the LS in the U.S., with an economic benefit of $60 million annually. In FY 1999, APHIS collaborated with ARS in the "Team Leafy Spurge" Areawide Demonstration Project in Montana, North Dakota, South Dakota, and Wyoming. APHIS released agents in over 200 counties in 19 states, with establishment rates exceeding 80 percent. Several species of *Aphthona* flea beetles are the most widely distributed

agents. When established, they can cause 90 percent reductions in weed density. The Team collected, redistributed, and released 20.5 million *Aphthona* flea beetles in 55 counties in the demonstration area. APHIS' distribution program ensures that agents are well established in LS-infested regions of the U.S. With technical assistance from APHIS, State and local cooperators will conduct future distributions.

National Biological Control Institute (NBCI)

In FY 1999, NBCI facilitated, implemented, and promoted partnership cooperation in biological control by: 1) conducting a competitive cooperative agreements and grants program to implement actions of importance to pest management, 2) facilitating international/off-shore biological control programs to safeguard American agriculture and the environment, 3) coordinating communication within the biological control community, and 4) integrating biological control to mitigate the devastating impact of invasive species in the US. This helped ensure that the biological control community worked on common goals, supported interdisciplinary studies, and promoted long-term monitoring and program evaluation.

Also, NBCI supported biological control projects through three competitive Cooperative Agreement and Grant Programs. We established partnerships with State and local governments, universities, non-profit institutions, and Federal agencies. NBCI conducted programs on the following: Asian longhorned beetle, brown citrus aphid, Dalmatian and yellow toadflax, giant salvinia, gypsy moth, imported fire ant, Mediterranean fruit fly, pink hibiscus mealybug, purple loosestrife, saltcedar, and silverleaf whitefly. We supported 36 projects in FY 1999, totaling $472,054.

Purple Loosestrife (PLS)

In FY 1999, PLS control activities focused on mass rearing and distributing the leaf feeding beetle *Galerucella calmariensis* and establishing a laboratory colony of the root boring weevil *Hylobius transversovittatus*. The Niles Laboratory assisted the Mission Laboratory in mass rearing the leaf feeding beetle and shipped them to the following 19 States: Connecticut, Delaware, Indiana, Iowa, Kansas, Maine, Maryland, Michigan, Missouri, Nebraska, New Hampshire, North Dakota, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and Wisconsin. A new program direction is the mass rearing/release of *Hylobius*. In FY 1999, we made two releases of adult *Hylobius* weevils in Nebraska and Connecticut We will employ an artificial diet for the *Hylobius* rearing process in FY 2000, accelerating its distribution and establishment. We released a third natural enemy, *Nanophyes marmoratus*, a seed head weevil of PLS flower spikes, in Colorado, Connecticut, Delaware, Iowa, and Nebraska. Widespread distribution and establishment of these natural enemies should help to control invasive purple loosestrife on natural wetland areas.

Russian Knapweed (RKW)

In FY 1999, cooperative work focused on foreign exploration for natural enemies of RKW in western Asia. The collection of molecular genetics data of U.S. and foreign sources of the plant is unique to this program. This will allow the matching of natural enemy introductions to similar plant populations at release sites in the U.S. This approach should enhance the rate of natural enemy establishment while speeding program success. We are currently testing ten promising biological control agents to determine their suitability for release in North America.

Silverleaf Whitefly (SLW)

In FY 1999, the Mission Plant Protection Center maintained and mass-reared seven non-indigenous parasitoids of SLW for field release. We employed both classical and

augmentative biological control release strategies in this national program. Also, we supplied approximately 4 million *Eretmocerus* parasitoids to collaborators in Arizona, California, Puerto Rico, South Carolina, and Texas for classical biological control and to evaluate augmentative releases. We also supplied *Encarsia formosa* and *Serangium parcesetosum* to support greenhouse evaluations for controlling SLW on poinsettia in Connecticut and New Hampshire. A rapid identification process, RAPD-PCR, helped the program identify SLW parastoids precisely, cost efficiently, and rapidly. We also progressed with the development of a DNA/ELISA kit to identify parasitoids in laboratory and field situations.

Spotted and Diffuse Knapweed (SDK)

APHIS' Bozeman Plant Protection Station supplied research-based technical support for the biological control of SDK to APHIS State Plant Health Directors and their cooperators. The station also monitored field releases of natural enemies and tracked population development and spread. Additionally, Bozeman Station published results of knapweed studies, insect releases, and recoveries; developed public presentations and literature; and advised State cooperators on technical transfer and management issues of SDK insectaries.

3. Boll Weevil

APHIS is in the final stages of transferring full operational responsibility to the growers in eradicated and non-infested areas. Accordingly, the program remains on pace to eradicate boll weevil (BW) from all cotton growing areas of the U.S. and northern Mexico by 2003, in cooperation with States, the cotton industry, and Mexico. In FY 1999, APHIS provided approximately $16.2 million for boll weevil eradication efforts, while States and growers contributed $100 million. Of the nearly 14 million acres of cotton in the United States, five million acres are in the post-eradication phase, six million acres are in the active phase, and three million acres are proposed for future eradication. Since eradication activities began in 1983, this program has eradicated boll weevil from 4.7 million acres of cotton in sequential expansion across the southern United States. As of October 1999, the program has eradicated boll weevils from Arizona, California, Florida, Georgia, North Carolina, South Carolina, Virginia, most of Alabama, middle Tennessee, northwestern Mexico, and the Southern Rolling Plains in Texas.

In FY 1999, the Farm Service Agency (FSA) issued low-interest loans to growers totaling $100 million to finance startup costs for new eradication programs and operating capital for existing programs. This amount was issued as follows: $60 million to the Texas Boll Weevil Foundation; $26.6 million to the Mississippi Boll Weevil Management Corporation; $7.9 million to the Arkansas Boll Weevil Foundation; $5 million to the Tennessee Boll Weevil Foundation; and $500,000 to the New Mexico Boll Weevil Foundation. During FY 1997-99, the FSA loaned $180 million to growers. These loans have been a critical factor in enabling eradication programs to continue.

Central Eradication Program: FY 1999 marked the fifth full season of program activity in the Southern Rolling Plains zone, with about 200,000 acres essentially boll weevil-free, pending completion of programs in adjacent areas. This program progressed as expected into its final stages and we should confirm eradication in FY 2000. The Central Rolling Plains zone (700,000 acres) continued trapping, treatment, and monitoring activities to further reduce weevil populations. FY 1999 eradication efforts helped the Central Rolling Plains zone begin the 2000 growing season with low weevil populations. In response to significantly greater grower interest in eradication, cotton growers in Texas passed referenda to allow program expansion into the following five zones in the summer of 1999: Northern Rolling Plains (400,000 acres), Western High Plains (1 million acres), the Permian Basin (750,000 acres), the Northwest Plains (600,000 acres), and El Paso/Trans Pecos (100,000 acres).

In northeastern Mexico, growers in southern Tamaulipas, where the largest cotton growing areas exist, have organized to reduce weevil populations, with APHIS providing technical expertise and assistance. Mexican officials hope to move this technology northward toward the U.S. border, although certain technical and risk assessment issues remain unresolved. The Mexican eradication plan relies heavily on biocontrol measures, the efficacy of which has not been proven for eradication. Further, the area chosen for this pilot effort contains native plants besides cotton which could act as boll weevil hosts and could pose a significant problem for a comprehensive eradication effort. Mexico and the U.S. will both benefit greatly from a boll weevil program that is based on sound science. We will continue to monitor control efforts in northern Mexico, and to work with Mexican Government officials and grower representatives.

Growers in the Red River Valley (70,000 acres) of west Louisiana and southwest Arkansas completed their second full season of eradication operations in FY 1999. We expect to confirm eradication in this region in FY 2001. The remaining 500,000 acres within cotton-producing areas of the State (in northeast Louisiana) became involved in an eradication program in the summer of 1999. The southeastern portion of Arkansas (325,000 acres) began its eradication program in the summer of 1999; this will take 3-4 years to complete. Also in FY 1999, plans were made to expand into East Central Arkansas (Middle Zone); program activities will begin there in the summer of 2000. In addition, growers will vote in FY 2000 to determine whether or not to begin eradication activities in northeastern Arkansas and southeastern Missouri. The Oklahoma program (200,000 acres) completed its first full season of eradication and is progressing on schedule. State bonds help finance this program.

Southeast Eradication Program: This program maintained effective post-eradication surveillance on over 3 million acres in 7 States. Eradication activities focused on Eastern Mississippi (450,000 acres), the South Delta (130,000 acres), the North Delta (600,000 acres), and southwest Tennessee (200,000 acres). In FY 1999, the Eastern Mississippi program made reasonable progress and reached the halfway point in the eradication process. Meanwhile, the South Delta program made significant progress in its first full season and we expect eradication in FY 2001. Also in FY 1999, the North Delta program began well with a series of diapause treatments; it will begin its first full season in FY 2000 and achieve eradication in 2002. The entire State of Mississippi should be essentially weevil-free by sometime in FY 2003. The SW Tennessee program made fair progress in its first full season, but significant numbers of weevils migrated from non-program areas in northwestern Tennessee. Northwestern Tennessee will begin a program in the summer of 2000 that should relieve much of the migratory pressure.

In recent years, cotton producers in Mississippi have taken a more active role in the program and have reduced their reliance on APHIS' direction and technical assistance. Still, APHIS' contribution to the program in Mississippi has been relatively stable and has remained proportional to APHIS' overall boll weevil appropriation. This contribution included $400,000 that APHIS contributed to develop a Geographic Information System (GIS) for the Mississippi boll weevil eradication program. This system generates maps of cotton fields that help the program plan treatments and evaluate results. Over $2 million has gone to Mississippi in recent years to develop this GIS.

Southwest Boll Weevil Eradication Program: In FY 1999, post-eradication activities continued to protect Arizona, southern California, and northern Mexico. We captured no weevils were captured in these areas and used no pesticide on over 1.4 million acres of intensively managed, irrigated cotton. In New Mexico, APHIS continued providing monitoring and technical assistance as needed for detection and eradication activities. The program in the Mesilla and Luna Valleys completed its first full season in FY 1999. The primary challenge for this program will be to

effectively treat small, irrigated fields in a suburban environment. We must eradicate weevils in this area to eliminate any risk of further migration to the weevil-free West.

In FY 1999, growers in the lower Rio Grande Valley (LRGV) did not petition the Texas Agriculture Commissioner to rejoin the boll weevil program. This has no immediate impact on the program in other areas but it will become a problem when Texas nears eradication, now projected to occur in FY 2003. Without the LRGV participating in the program, weevils from the valley could reinfest other areas. During FY 1998-99, though, weevils from the LRGV did not pose any risk to the South Texas Wintergarden zone. Nevertheless, the prospect of the LRGV rejoining the program becomes more likely as the program succeeds in other portions of Texas and northeast Mexico. In northwestern Mexico, previous program areas remain weevil-free. APHIS provided technical expertise and conducted limited trapping along the Mexican border to help ensure that Mexican infestations do not endanger domestic eradication efforts in south Texas.

4. Brucellosis

Bovine

The goal of the State-Federal-Cooperative Brucellosis Program is to eradicate Brucella abortus from the bovine population and Brucella suis from the swine population of the United States. This program protects cattle and swine industries valued at more than $71 billion. As a result of the program, annual losses for lowered milk production and reduced breeding efficiency have decreased from more than $400 million in 1952 ($2.5 billion in 1999 dollars) to less than $1 million today. Consumers have benefited from lower prices than would have been available without this progress. This program also reduces the public health risk to humans. Brucellosis in humans is commonly referred to as undulant fever and is characterized by persistent fevers, sweating, and joint pains.

FY 1999 was a significant year in the National Brucellosis Eradication Program. Newly disclosed affected herds under quarantine continued to decline. APHIS found 27 newly infected herds in FY 1999, down from 49 in FY 1998, a decrease of almost 45 percent. There were 9 herds quarantined at the end of FY 1999, compared to 8 at the end of the prior year.

Two States, Mississippi and Kansas, attained Class Free status in FY 1999. No States lost their Class Free status in FY 1999. As of September 30, 1999, 44 States, as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, were in Class Free status. Six States: Florida, Louisiana, Missouri, Oklahoma, South Dakota, and Texas, were in Class A status. These six States are in the qualifying stage for Class Free status. A state must stay in the qualifying period for one full year before applying for Class Free status.

The table below shows data for FY 1998 and FY 1999 in various brucellosis categories. Of the 10.8 million cattle tested for brucellosis in FY 1999, 1.4 million were sampled through herd tests on farms or ranches and 9.4 million were tested under the Market Cattle Identification (MCI) program. Of the 9.4 million tested under the MCI program, 4.6 million samples were collected at slaughter plants and the remaining 4.8 million were collected at stockyards.

Category	FY 1998	FY 1999	Difference	Percent Change
Herds Under Quarantine for Brucellosis	8	9	1	13%
Cattle Tested for Brucellosis (in thousands)	11,900	10,800	-1,100	-9%
Newly Infected Herds	48	27	-21	-44%
Reactors	2,169	1,905	-264	-22%
Reactor Herds	61	35	-26	-43%
Calves Vaccinated (in thousands)	4,600	4,800	200	4%

Of the estimated 35 reactor herds found in FY 1999, 24 (69 percent of the national total) were located in Texas. The States of Missouri with 5 affected herds; Oklahoma with 3 affected herds; Florida with 2 affected herds; and South Dakota with one affected herd, together represented the remaining 31 percent.

In FY 1999, the program depopulated 29 herds were depopulated at a cost of $2 million. Depopulation continues to be the preferred method of handling infected herds under the Rapid Completion Plan (RCP). FY 1999 marks the tenth year of operation under the RCP.

The Yellowstone National Park (YNP) Environmental Impact Statement (EIS) for bison management became available for public comment in the summer of 1998. It includes seven separate alternatives that could be implemented by the National Park Service (NPS) in their bison management plan for bison in YNP. The comment period was open until October 1998. Over 67,000 comments were received and are currently being analyzed by the NPS.

In FY 1999, research continued on the RB51 vaccine in bison and in Greater Yellowstone Area eradication efforts. During FY 1999, 90 bison migrated out of the Park and were slaughtered to prevent transmission of brucellosis to surrounding livestock. These animals tested positive through blood samples. Another 52 animals were tested negative outside of the Park and were captured and released back into the Park.

Swine

In FY 1999, no additional states attained brucellosis-free status. Currently, there are 46 validated-free states. The remaining four States, Arkansas, Florida, Louisiana, and Texas, are in non-validated status and are considered Stage II. At the end of FY 1999, there were two infected swine herds in the United States, both in Florida.

During FY 1999, feral swine exposure was a common source of herd infection. APHIS discovered 18 newly infected herds. A total of 18 herds (not necessarily the 18 newly infected herds) and 1,161 swine in 4 states were depopulated during FY 1999, at a cost of $80,845.

5. Emerging Plant Pests

APHIS addresses a wide range of plant pest infestations and diseases that threaten agriculture, natural resources, or public health not covered through other programs. Program activities include delimiting surveys, control or eradication treatments, epidemiological studies, laboratory diagnostics, and parasite releases to combat emerging pests. In FY 1999, this program focused on the following programs:

Pine Shoot Beetle (PSB)

Since the first PSB detection in Ohio in July 1992, surveys have detected it in 11 States: Illinois, Indiana, Maryland, Michigan, New Hampshire, New York, Ohio, Pennsylvania, Vermont, West Virginia, and Wisconsin. In FY 1999, APHIS continued survey and regulatory activities, focusing on surveys at the leading edge. Detection surveys consisted of servicing traps and bait logs, and visual surveys to determine the pest's distribution through natural and artificial spread. These surveys were conducted in States along the leading edge of the infestation, as well as in Arkansas, Delaware, Maine, Missouri, New Hampshire, South Dakota, and Vermont. As a result of the 1999 survey, APHIS discovered a new infestation in New Hampshire and Vermont. This area is separate from the initial center of infestation in the Great Lakes States, now making two infestation centers in the United States. Since November 1992, APHIS and the States have conducted regulatory actions to control the interstate movement of regulated articles out of the quarantine area. The infested States support the cooperative program with parallel quarantines and in-kind cost sharing. These regulatory activities prevent the artificial movement of the PSB from infested to non-infested areas in the United States.

Japanese Beetle (JB)

In FY 1999, APHIS regulated and treated aircraft for JB at the following facilities: the International Airport, Federal Express Facility, and U.S Postal Service Facility in Indianapolis, Indiana; Rickenbacker Air National Guard Base in Columbus, Ohio; Dover Air Force Base in Delaware; and Airborne Express in Wilmington, Ohio. APHIS continued applying treatments to prevent the spread of JB from infested to non-infested States. Also, the Agency worked with industry, the NPB, and States affected by the nursery stock trade to maintain the JB harmonization plan. In addition, the program continued to explore integrated pest management strategies to reduce pest risk at regulated airports. These strategies involved evaluating control methods, including the use of nematodes, the organic bacteria Bt, new chemical turf treatments, and cultural control. Cultural control includes planting non-host materials and eliminating host plant materials in surrounding areas.

6. Golden Nematode (GN)

APHIS strives to maintain a risk-based management system to prevent the spread of GN in potato production and to facilitate international and interstate agricultural shipments. Since total eradication is not likely using existing technology, the program continues to focus on suppressing known GN populations through strict quarantine enforcement and the planting of GN-resistant potato varieties.

Through increased surveys, the program enabled the export and interstate shipment of a wide variety of agricultural products, without restriction from any GN-related phytosanitary concerns. In FY 1999, APHIS collected 8,228 soil samples from 3,761 acres in Allegany, Genesee, Madison, Wyoming, Livingston, Seneca, Steuben, Suffolk, and Wayne Counties of New York State (NYS). Five new detections of GN were found in potato fields within the quarantined area. As a result, approximately 150 samples from 99 acres were processed and examined. An ARS

nematologist at Cornell University tested all viable GN cysts from processed soil to determine if the newly discovered RO2 strain of GN was present. This strain can infect and reproduce on potato varieties that are resistant to the RO1 strain that caused all previous infestations in NYS. We made no new detections of the R02 race in FY 1999.

APHIS supported the development of GN-resistant potato varieties at Cornell University through a cooperative agreement. This control method has been highly effective in reducing GN populations in infested fields. Several decades of breeding these varieties resulted in increased quality and quantity and allowed growers greater latitude in complying with the crop rotation scheme used to control GN. APHIS and NYS continued to encourage potato growers to use GN-resistant varieties, a practice which is becoming increasingly popular; potato acreage planted with resistant varieties increased from approximately 3,500 acres in FY 1998 to 3,800 acres in FY 1999. Through the planting of GN-resistant varieties and other activities, this program protects several crops in NYS, particularly potato, tomato, and eggplant. These crops are worth $80 million annually in NYS and $5.7 billion nationally. The inclusion of other soil-bearing commodities that could come under regulation, such as nursery and ornamentals, will increase this figure at least threefold.

In FY 1999, APHIS continued to address recommendations from a 1997 GN review panel representing APHIS, the NPB, the potato growers' industry, and ARS. For example, the panel recommended that the program attempt to develop other effective control methodologies. APHIS continued a vigorous program of pressure washing 1,199 pieces of used farm equipment in 1999, a substantial increase from 331 in FY 1998, to prevent intrastate movement of GN. Also, APHIS and ARS continued to actively pursue field deployment of a steam heat treatment to replace methyl bromide fumigation in treating GN-contaminated farm equipment to prevent GN spread. The treatment program should be available by July 2000. In addition, the panel recommended completion of the national GN detection surveys by having States complete crop pest surveys. The panel recommended that the program continue to intensely manage GN in NYS. NYS requires and enforces the planting of GN-resistant potato varieties, but only on infested regulated land and not on exposed land, which is in close proximity to infested land. APHIS continues to survey exposed land to detect the onset of new GN infestations and recommends NYS regulate any newly infested land.

7. Grasshopper and Mormon Cricket

In FY 1999, APHIS continued focusing services on technical assistance and evaluation surveys. The Agency provided mapping expertise and maps based on survey results. Upon request, APHIS provided technical assistance to Federal and private landowners and land managers for rangeland and crop protection programs on Federal, State, and private rangelands. These programs protect forage crops adjacent to Federal rangeland from damage caused by migrating grasshopper populations. Because of increasing grasshopper populations throughout the West, APHIS treated approximately 47,726 acres on Federal rangeland. Cooperators paid for treatments before July 16, 1999; APHIS paid for subsequent treatments using contingency funds. In addition, the Agency provided technical assistance to California, Montana, Nevada, Oregon, South Dakota, Utah, and Wyoming. These States conducted grasshopper and Mormon cricket control programs on private and State lands.

8. Gypsy Moth (GM)

APHIS works to prevent the artificial, long distance movement of the European Gypsy Moth (EGM) to uninfested areas of the United States. Currently, this program includes survey, control, and regulatory activities.

The program conducts survey activities in cooperation with the States to detect and delimit isolated populations outside of the generally infested area. Surveys support the regulatory program and provide a basis for initiating control activities. During FY 1999, APHIS placed approximately 298,000 pest detection and delimitation traps throughout the United States.

APHIS conducts regulatory activities within the generally infested area and the inspection, treatment, and certification of regulated articles for movement to non-infested areas. APHIS regulates the movement of logs, mobile homes, nursery stock, and outdoor household articles (OHA) from infested areas. APHIS cooperates with State agricultural inspectors to conduct inspections and certify shipments of non-OHA regulated articles. Because of the large number of household moves out of the generally infested area (estimated to exceed 250,000 per year), self-inspection is necessary to supplement State and Federal resources for the regulatory control of OHA movement. In FY 1999, the Slow the Spread program went nationwide and APHIS supported an "Enhanced Regulatory Program," and established cooperative agreements with Illinois, Indiana, Michigan, North Carolina, Ohio, Virginia, West Virginia, and Wisconsin, APHIS provided $33,500 to each State to educate the public and industry on the potential of the artificial spread of GM.

APHIS used contingency funds for GM control activities, in cooperation with the States and the FS, to eliminate identified isolated infestations. APHIS is responsible for all isolated infestations not exceeding 640 acres that occur on State or private land.

9. Imported Fire Ant (IFA)

The IFA is established in the following States: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, and Texas. In FY 1999, APHIS worked to prevent further IFA spread by enforcing the Federal quarantine and cooperating with infested States to regulate articles like nursery stock and soil-moving equipment. Also, the Agency evaluated the efficacy of regulatory treatments for preventing further IFA spread and revised regulations and procedures as necessary. In addition, APHIS worked with States, industry, and other Federal agencies to develop promising new chemicals and biocontrol agents.

In FY 1999, the Agency successfully tested the insecticide fipronil for IFA control. This product may be registered by the EPA by the spring of 2000. Also, the Agency cooperated with the ARS and other research institutions to develop an integrated pest management system to bring relief from the IFA on an area-wide basis. APHIS continued developing several new treatments for nursery stock and sod to maintain domestic markets for nursery products. With these new effective tools and the Federal quarantine, the Agency expects affected States to assume a greater role in the program in future years by enforcing the quarantine. APHIS will continue to provide limited technical assistance and revise regulations and procedures as necessary.

In FY 1999, APHIS continued funding a cooperative agreement with the University of Arkansas at Monticello. This agreement funds a community abatement program and an ARS biocontrol project. The abatement program uses public information tools to help residents better manage fire ants. In the biocontrol project, ARS continued developing three organisms for potential impact on IFA: a microsporidium disease (Thelohania), a species complex of phorid flies (Phoridae), and a social parasitic ant (Solenopsis dagarri). ARS scientists studied several colonies of these agents for eventual introduction into the U.S. from South America. Once they are introduced, APHIS would mass produce and distribute them. ARS continued experimental field releases of Phoridae in Gainesville, Florida, but this agent will not be released into the field on a large scale until at least FY 2000. If this research determines that the Phoridae would be a feasible and effective natural enemy for the IFA, this would represent a significant development for IFA control in the United States, where the IFA lacks natural enemies and no effective, efficient, and environmentally

acceptable control agents are available for large-scale application on agricultural land. APHIS hopes that some combination of these methods will eventually enable native ants to compete effectively with the IFA to reduce economic losses and public health risks associated with IFA.

10. Noxious Weeds

In FY 1999, APHIS cooperated with Federal, State, and private organizations to detect and rapidly respond to several incipient infestations of invasive plants, including new finds of branched broomrape (*Orobanche ramosa*), a parasitic plant, in four new Counties in Texas (Grimes, Freestone, Limestone, and Walker): small broomrape (*Orobanche minor*) in Oregon; giant salvinia in Louisiana, Texas, and the Colorado River Basin; and *Azolla pinnata* in Tennessee. Both Salvinia and Azolla are aquatic weeds. APHIS provided technical expertise to aid in the development of work plans for integrated control/eradication programs for several of the new weed finds. APHIS responded to detections of *Avena sterilis*, a Federal noxious weed, and *Homeria*, a poisonous plant, in oats shipped from Australia. The program continued Tropical Soda Apple (TSA) surveys and confirmed infestations were either eradicated or are under intensive management for eradication. APHIS personnel removed and destroyed exotic burreed *(Sparganium erectum)* plants, mistakenly imported from Holland, from retail outlets in 35 States. APHIS also continued cooperation with researchers at Mississippi State University to conduct an eradication demonstration for kudzu in northeastern Mississippi. The goal of State planners is to establish a cost share program to assist landowners in eliminating kudzu from their properties.

In FY 1999, APHIS revised the Federal Noxious Weed list adding wetland nightshade (*Solanum tampicense)*, and *Caulerpa taxifolia* (the first seaweed listed). APHIS listed *Caulerpa* in record time because U.S. Fish and Wildlife Scientists provided a risk assessment. We determined *Ipomoea triloba* native to Florida, and removed it from the Federal Noxious Weed list. Also, we updated taxonomy for two additional species on the list. We completed a risk assessment and drafted a rule to add the genus, *Homeria*, to the Federal Noxious Weed list.

APHIS published an interim rule adding general prohibitions and restrictions on the interstate movement of noxious weeds. We now prohibit the interstate movement of Federal noxious weeds except under permit. The restrictions require additional effort in responding to requests for interstate movement, but provides protective regulatory authority.

APHIS drafted an Advance Notice of Proposed Rulemaking suggesting ways to improve the noxious weed regulations. We provided new categories of weeds and appropriate actions for each category for public comment.

APHIS continued to participate in the work of the Federal Interagency Committee for the Management of Noxious and Exotic Weeds (FICMNEW), distributing the national strategy for invasive plant management and the weed fact book entitled "Invasive Plants: Changing the landscape of America." We completed an electronic version of the fact book and posted on the Internet.

In FY 1999, APHIS played a major role in implementation of Presidential Executive Order 13112 on Invasive Species. A main goal is to establish an early detection, reporting, and rapid response system for new invasive species in each State. Also in FY 1999, APHIS continued to work with the Invasive Species Specialist Group of the World Conservation Union to create a global early warning system for invasive species.

11. Pink Bollworm (PBW)

The cooperative PBW sterile release program continued to protect cotton in the San Joaquin Valley of California. In FY 1999, the program trapped 429 non-sterile moths, compared to 127 in 1998. APHIS produced approximately 1.482 billion sterile moths at the Phoenix, Arizona, rearing facility for subsequent release, which was slightly higher than the number produced in FY 1998. The program continued to improve rearing efficiency and maintained production using less diet material, thereby reducing cost. Of the 1.482 billion moths produced, the program released 875 million sterile moths in the San Joaquin Valley, and released most of the remainder in southern California. The number of sterile moths released in 1999 was slightly less than in FY 1998 (951 million) due to a reduction in acreage and an earlier and shorter harvest period. In addition, program cooperators monitored over 13,200 traps in the valley to detect any new introductions of pink bollworm.

The annual releases of sterile moths prevent native moths, which migrate into the San Joaquin Valley from the South, from mating successfully. This disruption in mating prevents the pest from establishing in nearly one million acres of high-yielding cotton. During FY 1999, a late-season tropical depression carried several hundred native moths up from southern California into the San Joaquin Valley. Many of these moths were caught in traps, but the situation will have to be monitored closely next spring to guard against early-season pest reproduction and establishment. Negative results from 2,397 traps in the Southeast confirmed the absence of pink bollworm. The only quarantined area in the Mid-south, Craighead County, Arkansas, was free of pink bollworm in FY 1999. If traps remain negative in the coming season, we will be release this area from quarantine in FY 2001.

On October 11-12, 1999, the National Cotton Council's Pink Bollworm Action Committee held its annual meeting in Phoenix, Arizona. The group reviewed the program and current plans for implementing an area-wide eradication program. The group discussed current research on this pest, and considered the impacts of any adjustments in refugia requirements for Bt cotton by the EPA. Refugia are portions of fields that are not treated in an effort to prevent pests from developing resistance. Larger refugia, for the purpose of reducing the risk of the pink bollworm developing resistance, will make an area-wide eradication program unfeasible.

In FY 1998-1999, we entered into a cooperative agreement with the University of Minnesota to determine if the pest could survive throughout most of the mid-South and Southeastern United States. The final report, received early in FY 1999, concluded that pink bollworm could survive in the Southeast. There was no prediction, however, regarding the actual severity of any new infestations. The potential threat reinforces the need to control pink bollworm where it now exists.

APHIS continued to work with collaborators and cooperators in universities, industry, and ARS to develop a biologically-based PBW management system.

12. Pseudorabies (PRV)

Forty States and two territories have progressed to Stage IV or higher in the national pseudorabies eradication program in FY 1999. Thirty-one States and two territories are in Stage V (Free) status (Alabama, Alaska, Arizona, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maine, Maryland, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, North Dakota, Oregon, Puerto Rico, Rhode Island, South Carolina, Tennessee, U.S. Virgin Islands, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming). Stage IV States have no infections, but must remain in Stage IV for I year before applying for Stage V status. Nine States are in Stage IV status (Arkansas, Illinois, Michigan, New

Jersey, Ohio, Oklahoma, Pennsylvania, South Dakota, and Wisconsin). Eight other States are in Stage III. Stage III States have only a low incidence of pseudorabies.

At the beginning of FY 1999, the United States had 1,305 pseudorabies quarantined premises. By the end of FY 1999, this number had been reduced to 430 quarantined premises. The disease has been eradicated in large portions of the United States. Currently, the 430 pseudorabies quarantined premises are in the Florida, Indiana, Iowa, Nebraska, and Minnesota geographic region. The program goals are for all existing quarantined herds to be free of pseudorabies virus by December 31, 1999. Methods used to accomplish this will be to (1) continue the Accelerated Pseudorabies Eradication Program (APEP), (2) whole herd testing and removal of positives - every 30 days, and (3) whole herd testing and phased removal of positives (after farrowing).

In FY 1999, APHIS developed new standards and/or resolutions that would accelerate the program to accomplish eradication by the end of the year 2000. New standards require mandatory testing and removal of positive breeding swine from the remaining quarantined herds. Some herds are not progressing and continue to maintain virus that is easily transmitted to other herds. If the virus sources can be removed in a short period of time, the spread to new herds will be eliminated. The test and removal was fully implemented by January 1, 1999.

The Agency is involved in risk analysis studies and negotiations to enhance international trade of live swine and/or pork products. APHIS provided regional training programs that focused on specific State needs and resulted in enhanced program activities. New biotechnology advancements are continually being monitored and employed when appropriate to improve the program. The Agency continued to work with allied organizations such as practicing veterinarians, National and State pork producer organizations, American Farm Bureau Federation, State regulatory officials, swine slaughter and meat processing industries, universities, and cooperative extension services to discuss joint eradication projects. In addition, the Agency assisted the Livestock Conservation Institute in sponsoring an annual meeting and distributing a quarterly publication on the progress of pseudorabies eradication.

In FY 1999, APHIS met with program managers from States with affected swine to make adjustments to plans for program completion in 2000. This was a follow up to work in 1998 when the 3-year goal was developed. This goal must be reviewed in light of current progress and a clear plan developed for States or areas that are not progressing according to the goal.

13. Scrapie

The Voluntary Scrapie Flock Certification Program (VSFCP) monitors participating flocks and certifies those flocks as free of scrapie once they have been in continuous compliance with the program standards for 5 years. As of September 25, 1999, there were 459 flocks enrolled in the program. Of these, 449 were completely monitored (progressing toward certification), 32 of these are certified flocks, and 10 are selective monitored flocks (flock is observed for scrapie but does not progress towards certification). This represents a 43-percent increase in participation during FY 1999. As of that same date, September 25, 1999, there were 5 Scrapie Source Flocks and 53 Scrapie Infected Flocks. There were 40 confirmed cases of scrapie in FY 1999, which represents a 16-percent decrease from the prior year.

APHIS is designing a National Slaughter Surveillance Study that will determine the prevalence rate of scrapie in the United States. The study is schedule to start in September of 2000.

The Agency funded efforts with Utah State University that address the time and route of vertical transmission of scrapie in sheep and goats. This project specifically addressed embryo transfer. To date, none of the embryo derived offspring or recipient ewes in this study have developed

clinical scrapie. This tends to suggest that embryo transfer is low risk for the transmission of scrapie. The project has concluded and a paper should be submitted for publication in FY 2000. The agency also funded efforts with the New York Institute for Brain Research to develop and provide diagnostic reagents for scrapie.

APHIS assisted ARS in the development and validation of the live animal tests by collecting tissues from field flocks and by testing samples at the NVSL.

APHIS drafted a proposed rule in response to the comments received from an Advanced Notice of Proposed Rulemaking that was published January 26, 1998.

The Agency in consultation with the National Scrapie Oversight Committee (a national committee composed of Industry, State, Federal representatives, and others), reviewed and revised the VSFCP Standards. The revised standards became effective July 1, 1999.

14. Tropical Bont Tick (TBT)

The Caribbean Amblyomma Program (CAP), established in 1995, focuses on a regional approach to eradicating TBT and preventing the introduction of heartwater into the livestock industry and wildlife populations of the United States from infested Caribbean Islands. APHIS participates in the cooperative CAP program with the Foreign Agriculture Organization of the United Nations (FAO), and the Caribbean Community (CARICOM) to exclude the pest from the United States. An eradication program in U.S. territories or the mainland would be more difficult and expensive and could seriously endanger our livestock industry and wildlife.

In FY 1999, APHIS provided technical expertise, program input, and funding through FAO. As a result, the Island of St. Kitts should become the first Island to petition for TBT-free status even though TBT was detected as recently as July 1999, on the Island. Post-eradication surveillance will follow for 1 year after an on-site review of St. Kitts confirms that TBT is eradicated. The tick has been declared low risk for St. Kitts and the Island of Nevis. Eradication activities continue in Anguilla and Antigua which has a significant livestock population relative to neighboring Islands and is a critical participant in the control of TBT due to the historic presence of heartwater on the Island. Until FY 1999, TBT-infected Islands belonging to France followed a control program instead of eradication, believing that TBT could not be eradicated. The success of the CAP program, together with favorable independent reviews, convinced the French territories to switch to a strategy of TBT eradication.

15. Tuberculosis (TB)

The program goal is to eradicate bovine TB from the United States. Since 1917, the prevalence rate of TB in cattle herds tested in the United States has dropped from 5 percent to .001 percent, a reduction of close to 5,000 percent. The combined Federal/State cost of this program since its inception in 1917 has been estimated at $626 million. Studies indicate that losses to the United States with no program would have been substantially greater, at over $1 billion per year (in recent years). Primary program tools include the traceback and testing of cattle herds from which infected animals were identified at slaughter, testing of suspect cattle, epidemiological investigations, and depopulation. In the past, the primary barriers for this program were TB in captive cervids, large dairy herds, and cattle from Mexico. Today, these barriers have mainly been addressed. Only two captive cervid herds are known to be infected with bovine TB and there has been a decline in cases seen in Mexico-origin cattle. In addition, we are beginning to understand the dynamics of TB in large dairy herds. Now, the most serious barrier to the program's success is TB infection in wildlife and in susceptible species that could transmit disease to domestic

livestock. Since 1991, we have confirmed TB in 36 cervid herds. We depopulated 24, released 10 from quarantine, and kept 2 under quarantine.

In FY 1999, we found four newly infected cattle herds and one newly infected elk herd. We identified two beef herds in northeastern Michigan, believed to be infected from wildlife, and two dairy herds, one in North Dakota and another in Texas. The program depopulated the herd in North Dakota but could not identify the source of infection. The source of infection was not identified after an extensive investigation. The Texas herd has been infected before, and we are investigating the cause. We depopulated the elk herd, found in Wisconsin, and the epidemiological investigation is underway. Presently, two cattle herds are under quarantine for bovine TB. Both are in the El Paso milkshed area of Texas. Both herds are in the process of quarantine release testing.

At the end of FY 1999, 45 States and the U.S. Virgin Islands were in accredited-free status for bovine TB in cattle and bison. Four States, California, Pennsylvania, New Mexico, and Texas, were in modified accredited status. Puerto Rico also was in modified accredited status. Michigan was in accredited-free suspended status because of the two infected beef herds disclosed in FY 1999. By the end of calendar year 1999, APHIS expects California, Pennsylvania, and Puerto Rico to obtain accredited-free status. Michigan and Texas are working toward a split status zone designation for the areas within each State containing cases of bovine TB. This classification would allow the majority of each of these States to have accredited-free status for cattle and bison.

Since FY 1989, APHIS has detected 74 tuberculous herds and depopulated 44 (59 percent). Twenty-four herds (32 percent) have been released from quarantine following testing and slaughter of reactors, or are still being tested. Six (9 percent) remain under quarantine.

In FY 1999, the Reindeer Owners and Breeders Association (ROBA) asked APHIS to evaluate bovine TB testing in reindeer. ROBA was concerned that reindeer were reacting to tuberculin testing at a greater rate than other cervids. We evaluated all cervid testing and we are now studying the results.

16. Wildlife Services (WS) - Operations

The mission of WS is to provide Federal leadership in managing problems caused by wildlife. WS recognizes that wildlife is an important public resource greatly valued by the American people. By its very nature, however, wildlife is a highly dynamic and mobile and/or transboundary resource that can damage agricultural and industrial resources, pose risks to human health and safety, and affect other natural resources. The WS program carries out the Federal responsibility for helping to solve problems that occur when human activity and wildlife are in conflict with one another.

Protecting American Agricultural Resources

WS continues efforts to protect sunflowers from damage caused by blackbirds in North Dakota and South Dakota. Forty-five to 70 million blackbirds migrate through the Dakotas each fall, resulting in a $5 million loss to producers. Damage is often concentrated near cattail marshes where the birds roost. Since 1991, WS has been treating marshes to reduce the density of cattails, thereby decreasing their attractiveness to migrating blackbirds. The treatments remain effective for approximately 4 to 5 years. In 1999, WS treated almost 1,443 acres of cattails. In addition, WS treated 15 sunflower fields totaling 2,400 acres to manage blackbird damage, using DRC-1339 on rice bait. WS personnel also attended 8 regional workshops sponsored by the National Sunflower Association and various seed manufacturers and provided approximately 750 sunflower producers with technical assistance in managing bird damage. In total, WS assisted about 665 sunflower

farmers in FY 1999 by treating cattails, baiting sunflower fields, loaning propane cannons, and providing technical assistance.

WS conducted livestock protection activities for more than 10,000 resource owners in FY 1999 in cooperation with private individuals and State, Federal, and local governments. Emphasis on cost-sharing continued, with cooperators providing 50 percent of the total funding for this program. In addition to livestock protection activities, WS personnel respond to requests for assistance with crop damage caused by birds and timber damage caused by rodents.

Bovine tuberculosis is a concern to agricultural producers in Michigan. At the request of the Michigan Department of Agriculture in FY 1998, WS removed a captive deer herd after bovine tuberculosis was confirmed in white-tailed deer on a private ranch in Presque Isle County. WS worked with the resource owner and State officials to depopulate the infected herd, thereby reducing the disease threat to livestock and other farm animals. We completed the project in 1999, 1 year ahead of schedule.

As the Eastern Timber wolf population continues to increase in Minnesota, Michigan, and Wisconsin, so has the requests for assistance with wolf predation. In accordance with the Eastern Timber Wolf Recovery Plan, WS provides damage management assistance to livestock and other resource owners. In FY 1997, WS received 118 requests for assistance involving wolf predation to domestic animals compared to 157 for FY 1998, representing a 30 percent increase. In FY 1999, WS confirmed the first Mexican gray wolf depredation of livestock in the southwestern United States. WS personnel in Arizona and New Mexico are cooperating with Fish and Wildlife Services biologists in alleviating wolf-producer conflicts.

Protecting Human Health and Safety

WS worked closely with State wildlife agencies, FWS, and local governments in addressing increased problems with non-migratory Canada geese in FY 1999. With the current population exceeding 2 million geese and increasing exponentially, this growing bird population is a primary concern in the Eastern and Central U.S. Problems include threats to air safety at airports and air bases, fecal contamination of water supplies and recreational beaches, and damage to lawns, turf areas, and agricultural resources.

Rabies in raccoons has spread up the East Coast and now threatens to move northward into Canada and westward across Ohio. In addition, coyote and fox rabies remain a threat to people, pets, and livestock in south Texas. WS is participating in joint efforts with States to establish rabies-free barriers to prevent the continuing movement of this infectious disease. WS established a Wildlife Rabies Management Team in FY 1998 to coordinate rabies control work in New York, Ohio, Texas, and Vermont. The primary cooperators and stakeholders include the State health departments, Cornell University, the Centers for Disease Control and Prevention, the University of Georgia (Southeastern Cooperative Wildlife Disease Study), Ontario Ministry of Natural Resources, and the State wildlife agencies. More than 884,500 oral rabies raccoon vaccine baits were distributed over a 3,770 square mile area in Ohio, New York, and Vermont in 1998. The program has been very successful as determined by surveillance samples. In FY 1999, Texas and WS continued their cooperative efforts in implementing a comprehensive oral rabies vaccination program for coyotes and gray foxes. WS assisted in distributing one million vaccine/bait units in South Texas to control canine rabies epizootic, and 1.7 million bait units in central Texas to control the gray fox epidemic. These bait units were distributed over approximately 33,100 square miles. Surveillance program results are still pending.

Collisions between aircraft and wildlife at airports have risen dramatically in recent years as a result of large population increases in many wildlife species and the increase in air traffic.

Between 1992 and 1996, wildlife strikes cost U.S. aviation more than $300 million a year. About 3,600 wildlife strikes to civil aircraft are reported each year and the U.S. Air Force alone reports more than 2,500 strikes. Over 24,000 strikes with aircraft have been recorded for the period 1990-1999. The requests for assistance in managing wildlife hazards at airports and military air bases continues to increase. In 1999, WS personnel provided wildlife hazard management assistance to 363 airports in 47 states and Guam, and wildlife biologists conducted 152 operational direct control projects on 110 airports and military air bases. Risk reduction efforts for 113 direct control projects indicate that we reduced risk by 75 percent or more for 71 projects (63 percent of the direct control projects); we reduced risk by less than 75 percent for 42 projects (37 percent of the projects). WS provided full-time assistance to O'Hare and Midway Airports in Chicago; Cincinnati-Northern Kentucky Airport; Dulles; Atlantic City International, New Jersey; Ronald Reagan National Airport in Washington; and Orlando and Sarasota-Bradenton Airports in Florida. In addition, WS has full-time personnel stationed at Whiteman Air Force Base in Missouri, Homestead Air Reserve Base in Florida, and Langley Air Force Base in Virginia.

Fighter aircraft damage from gulls alone at Langley Air Force Base (AFB) in Virginia increased almost $1 million in 1998. In addition, takeoffs and landings were aborted or canceled because of deer on or near the runway. Langley AFB requested WS assistance in conducting a wildlife hazard assessment, writing a Bird Aircraft Strike Hazard (BASH 1999, a full-time biologist, funded by the Air Force and stationed at Langley AFB, began the wildlife hazard assessment. Site-specific data on wildlife populations will be collected for a period of 1 year; this information will then be used to develop the BASH plan. In addition, we have begun intensive harassment programs to scare Canada geese from the airfield and golf course. WS has also removed numerous pigeons from the hangars, reducing the accumulation of droppings on aircraft undergoing maintenance and reducing health risks to mechanics.

The collision of birds with aircraft is a serious problem at John F. Kennedy International Airport (JFK) in New York City. Gulls, of which 60 percent were laughing gulls, accounted for 86 percent of bird strikes from 1988 to 1990. During FY 1999, WS continued efforts to reduce laughing gull strikes at JFK. As a result of the operational gull management program, gull strikes have been reduced by 92 percent since 1992. FY 1999 was the first year we documented a reduction of over 90 percent in bird strikes.

WS continues to direct the cooperative program to prevent the inadvertent spread of the brown tree snake (BTS) from Guam to other Pacific Islands, Hawaii, and the U.S. mainland. During the year, the Department of Defense allocated $1 million to help fund the BTS program at 11 military installations in Guam and Hawaii. WS has trained 14 Jack Russell terriers to detect snakes in outbound military and civilian cargo at transportation facilities. Wildlife specialists also use traps, glue boards, barriers, nighttime fence-line searches with spotlights, habitat modification, and prey-based removal to control the BTS. To keep BTS out of Hawaii, WS established a protocol for responding to snake sightings in Hawaii.

Protecting Natural Resources

The gray wolf recovery in western Montana, central Idaho, and Yellowstone National Park is approaching the target recovery goal of 300. WS plays a key role in the recovery process by capturing wolves that attack or threaten livestock. Under the direction of the FWS, WS employees work on the ground and from aircraft to capture the wolves causing damage. In FY 1998, WS responded to over 50 incidents of suspected wolf predation on livestock in Idaho, Montana, and Wyoming. WS personnel continue to support Mexican gray wolf reintroduction efforts in New Mexico and Arizona, identifying livestock/wildlife mortality, responding to livestock depredations, and providing a public outreach program.

WS continues cooperating with the National Park Service, FWS, and FS to protect reintroduced black-footed ferrets from predators in Badlands National Park and Conata Basin in South Dakota. In 1997, WS efforts to remove predators resulted in a significant improvement in ferret survival. In 1998, WS provided technical assistance to enable National Park Service employees to conduct the predator control activities.

WS' Virginia program provided assistance to the United States Navy at Guantanamo Bay Naval Station, Cuba, to reduce the feral cat population in accordance with the Armed Forces Pest Management Board. The feral cats were preying on endangered lizards, endangered sea turtle hatchlings, and native wildlife. Because feral cats can transmit many fatal and non-fatal diseases to humans, they were adversely affecting human and pet health on the base. Two WS employees spent 2 weeks working with the base natural resource specialist and veterinarian to remove feral cats, protecting natural resources, and human and pet health.

WS continues to assist the Alaska Maritime National Wildlife Refuge in recovery efforts for the Aleutian Canada goose, a threatened species. Arctic foxes introduced to the region have decimated traditional nesting populations of these geese on the Aleutian Island chain. WS is assisting in successful efforts to remove the fox from key islands. Goose populations are beginning to recover, and they are being considered for down listing from the endangered species list.

WS expanded the endangered species protection project in Florida in FY 1999 to include all of the Florida panhandle and Hobe Sound National Wildlife Refuge (NWR) on the Atlantic coast of Florida. Hobe Sound NWR is one of the premier turtle nesting areas in Florida with an average of 1,500 sea turtle nests laid on the three mile stretch of beach annually. Due to WS efforts, predation rates dropped in all locations, from 68 percent to less than one percent at St. Joseph Peninsula State Park, and from 50 percent to zero at Gulf Islands National Seashore. Additionally, these two locations have the most sea turtle nests ever recorded. We have achieved success for other species as well. The program's predator control efforts have expanded the ranges and populations of several species of endangered beach mice in the Florida panhandle.

WS is cooperating with the Maryland Department of Natural Resources, FWS, and the University of Maryland Cooperative Fish and Wildlife Research Unit to develop a 3-year pilot program for managing nutria damage to coastal marshes on the Chesapeake Bay in Maryland. The pilot program will be conducted at Blackwater National Wildlife Refuge to determine the feasibility of removing this exotic species and restoring the badly damaged marsh ecosystem.

WS personnel conducted a gull damage management project for the National Audubon Society on Jenny Island in Casco Bay near Portland, Maine, to allow roseate terns and common terns to reestablish nesting colonies there. Last year, 10 pairs of roseate terns and 1,129 pairs of common terns nested on the 3-acre Island, making it the second largest tern nesting colony in Maine.

WS worked closely with the Louisiana Department of Wildlife and Fisheries, the Black Bear Conservation Committee, and other agencies to increase public awareness about the Louisiana black bear, a Federally listed threatened species in Louisiana, Mississippi, and Texas. WS and its partners emphasize the need to publicize the importance of reporting black bear conflicts rather than harming offending bears.

In FY 1999, WS provided wildlife damage management classes and guest lectures to graduate and undergraduate classes at the University of Georgia, Clemson University, West Virginia University, Virginia Polytechnic Institute, Auburn University, Mississippi State University, Louisiana State University, Rutgers University, University of Vermont, and the University of Tennessee. These

communications have been very well received by both students and faculty, and have been very successful in educating future wildlife management biologists in the importance of addressing wildlife-human conflicts in a professional and responsible manner.

WS personnel conduct activities for the protection and recovery of the endangered Puerto Rican parrot in the Caribbean National Forest in Puerto Rico. The program has been able to reduce exotic mongoose predation of the parrots.

During FY 1999, WS personnel in California conducted 37 projects for the protection of 10 threatened and endangered wildlife species, resulting in an increased or maintained population level. The FWS, California Department of Fish and Game, NASA, Chevron, Cargill Salt, and several local municipalities fund 100 percent of these projects. The studies show feral animals such as cats, non-native species such as red fox, and native species such as raccoons, striped skunks, coyotes, and raptors prey on protected wildlife species.

Protecting Property

Humans and wildlife continue to compete for habitat as both populations increase. In FY 1999, WS provided technical assistance to approximately 60,000 individuals in urban and suburban areas concerned with wildlife damage to property.

Beaver damage management activities conducted in Alabama, Florida, Georgia, Kentucky, Louisiana, Maine, Mississippi, North Carolina, South Carolina, Tennessee and Wisconsin throughout 1999 averted the impending loss of an estimated $19.39 million in damage to forest and agricultural resources, waterways, and highway infrastructures. The benefit-cost ratio of WS services was 6 to 1, or $6 saved for every $1 spent.

In FY 1999, Oklahoma WS personnel responded to 2,138 requests for assistance involving beaver damage in that state. Beaver caused damage by flooding timber and agricultural crops, by burrowing into dikes or embankments, and by gnawing and cutting trees. Beaver were responsible for over $1.5 million in damage to a variety of resources including timber, crops, rangelands, roads, bridges, flood control structures and other properties.

The Indiana Department of Natural Resources and WS expanded their partnership by providing a toll-free telephone service for Indiana residents. The 1-800 Nuisance Wildlife Hotline service went into effect in July 1998, and continues to provide a vital link between Indiana residents and WS. Similar toll-free services are available in Maryland and Wisconsin through cooperative relationships with the Departments of Natural Resources.

17. Witchweed

The Witchweed Eradication Project is a cooperative project involving APHIS, the North Carolina Department of Agriculture and Consumer Services, and the South Carolina Department of Plant Industry. In North Carolina, APHIS transferred the responsibility for eradication to the State. APHIS will continue providing the financial and technological support to allow the State to complete the eradication of infested acres, conduct post-eradication surveys, and treat new infestations when detected. In South Carolina, APHIS is responsible for eradicating the remaining infested acres. APHIS will continue providing financial support to both States for surveys to verify eradication and treat new infestations found during these surveys. Surveys to provide information on the status of witchweed and regulatory activities associated with infestations assure that agricultural commodities in the United States are not restricted in the global marketplace.

State/Federal cooperative efforts continued moving the program toward eradication. As the program approaches total eradication, it becomes increasingly difficult to eradicate acres. By the end of the 1999 season, the project reduced the original infestation by 99 percent from nearly 500,000 acres in 1958 to 5,540 acres. During FY 1999 alone, infested acreage was reduced by 28 percent with the eradication of 2,170 acres. With the elimination of witchweed from known infested sites in North Carolina and South Carolina, both States will continue participating in ongoing field surveys to monitor the effectiveness of eradication. Conversely, if witchweed were allowed to spread into the corn belt, it would cause an estimated 10-percent yield loss of the $20 billion corn and sorghum crop in the United States.

ANIMAL CARE

Goal IV: Ensure the humane care and treatment of animals covered under the Animal Welfare Act (AWA) and the Horse Protection Act (HPA).

Current Activities: Under legislation first enacted in 1966 and amended several times thereafter, APHIS carries out activities designed to ensure the humane care and handling of animals used in research, exhibition, the wholesale pet trade, or transported in commerce. Primary emphasis is placed on inspection of facilities, records, investigation of complaints, reinspection of problem facilities, and training of inspectors.

Regulations supporting the AWA, which appear in 9 CFR, Chapter 1, Subchapter A, Parts 1-3, provide minimum standards for the handling, housing, feeding, transportation, sanitation, ventilation, shelter from extreme weather, and veterinary care of regulated animals. Birds, laboratory rats, and laboratory mice are currently excluded from these regulations.

APHIS performs prelicensing inspections because, according to statute, applicants must be in full compliance with AWA regulations and standards before a license is issued. After a license has been issued, program personnel perform unannounced compliance inspections and reinspections to verify continued compliance. By law, APHIS is also required to inspect all registered research facilities at least once a year. If violations discovered during a compliance inspection remain uncorrected at the time of the reinspections process, APHIS documents them for possible legal action.

The program also conducts unannounced inspection of registered in-transit carriers and in-transit intermediate handlers to ensure humane care and handling of animals under their custody, and especially to ensure that adequate care is provided when delays in transporting are involved. Registrants must refuse animals if the shipper does not meet regulatory standards. Inspectors carry our their inspections at major airports as resources allow, concentrating their efforts on times when animals are present.

The Pet Protection Act enacted as part of the Farm, Agriculture, Conservation and Trade Act of 1990 sets specific record keeping requirements for licensed dealers that acquire dogs and cats from public or private pounds or shelters. It establishes specific holding periods and requires certification that the holding period has been met. These procedures are an important tool in AWA enforcement efforts; they enable officials to trace the source of each animal, and they also provide a means of comparison with the records of other dealers. The holding period allows pet owners the opportunity to locate missing pets before they may be acquired by licensed dealers.

APHIS also administers the HPA of 1970 which prohibits the showing, sale, auction, exhibition or transport of sored horses. Sponsors and/or management of shows, sales, auctions and exhibitions have statutory responsibility under the HPA to prevent unfair competition, and must identify sored horses to prevent their exhibition, sale, or use.

APHIS inspectors monitor shows and sales for compliance and oversee an industry self-regulation system known as the Designated Qualified Person (DQP) program which is the primary means of detecting sored horses. Horse Industry Organizations (HIOs) maintaining certified DQP programs participate with APHIS in yearly DQP training seminars and refresher courses. APHIS reviews regulatory policy, procedures, and methods of inspection in consultation with representatives of the horse industry throughout the year in order to maintain and strengthen training programs. DQPs are evaluated for their compliance with all provisions of the HPA regulations.

Selected Examples of Recent Progress:

1. Animal Welfare

APHIS continues to focus resources on conducting quality inspections under the Animal Welfare Act (AWA) at USDA licensed and registered facilities. The use of the program's risk-based inspection system concentrates activities on facilities where animal welfare concerns are the greatest. APHIS has provided all field personnel with laptop computers, including related training, and has introduced a computer-generated, easy to understand inspection report. In addition, digital cameras were purchased for field personnel to use in documenting incidents of noncompliance. In FY 2000, APHIS will begin using a newly developed software program that will allow field inspectors direct access to the centralized database and transmittal of inspection results instantly.

In FY 1999, 45 inspectors completed a series of specialized training courses on elephant care and handling. Recognized experts presented materials, including hands-on instruction. APHIS also organized a training session for employees who inspect dog dealers to achieve more comprehensive, uniform inspections which result in an appropriate level of care for the animals.

The Agency requested information from the public concerning the best practices for the training and handling of potentially dangerous animals. After reviewing more than 400 public comments, APHIS drafted a policy for publication in the Federal Register in early 2000. In addition, APHIS is revising a draft policy on the psychological well-being of nonhuman primates in consideration of over 200 public comments. We expect to publish the final policy early in 2000.

APHIS published a petition from the Doris Day Animal League requesting that current AWA authorities be expanded to include noncommercial retail pet outlets and wholesale dealers of hunting, breeding, and security dogs. We received over 48,000 public comments. After review and consideration, the Agency published its position, based on the AWA's original intent, that it would begin licensing the wholesale dealers. We also published another petition from the Alternatives Research and Development Corporation that focused on including rats, mice, and birds under AWA's authorities. The Agency is currently reviewing an estimated 34,000 comments to assist in determining an appropriate decision.

In FY 1999, APHIS continued to use innovative settlements as a means for facilities to respond to formal complaints issued for AWA violations. These agreements have enabled licensees and registrants who show an interest in improving the conditions for their animals to invest all or a part of their monetary sanctions in facility and personnel enhancements, as well as research to improve the animals' well-being. In an unprecedented settlement, APHIS' direct involvement in interagency negotiations was instrumental in the settlement conditions of AWA violations at a major nonhuman primate research facility. Specific terms included the divestiture of over 300 chimpanzees; establishment of a team of independent experts to review the animal care program and recommend facility improvements; hiring of qualified veterinarians as agreed to by USDA; and a monetary fine of $100,000.

When warranted, APHIS also supported strict enforcement action in FY 1999. In one such case, USDA, in conjunction with the U.S. Attorney's Office, successfully prosecuted nine people in both Federal and State Courts for their roles in operating a pet theft ring. These individuals were each indicted on one count of conspiracy to defraud the Federal Government by falsifying records in addition to mail fraud. All received fines, probation, home detention, or prison sentences and were permanently disqualified from obtaining a future USDA license.

2. Horse Protection

In FY 1998, APHIS published the Horse Protection Strategic Plan proposing to transfer increased enforcement responsibilities to the Horse Industry Organizations (HIO). Only one of the six HIOs agreed to the plan. As urged by the report that accompanied the FY 1999 Agriculture Appropriations Act, APHIS negotiated and executed an enforcement agreement with the HIOs which more clearly defined the duties and responsibilities of USDA and the HIOs for the 1999 horse show season. In preparing this agreement, called the Horse Protection Act (HPA) 1999 Operating Plan, APHIS worked with the HIOs to establish reasonable procedures and penalties. The HPA Operating Plan is organized into nine components and covers APHIS and HIO responsibilities; certification of HIO designated qualified person programs; inspections; compliance with 9 CFR 11.3 (the scar rule); HIO sanctions for HPA violations; conflict resolution; and regulatory changes. All 8 HIOs signed the revised plan, which is effective until December 31, 1999. In August 1999, APHIS met with the HIOs to discuss the outcomes of the 1999 Plan and develop ideas for improving the plan for 2000.

Throughout 1999, APHIS attended HIO horse shows to evaluate the effectiveness of the Plan and assure HIO compliance. Overall the plan was successful. We are considering changes for 2000 that should improve the effectiveness of the plan and expect to publish it by the end of 1999.

During 1999, APHIS initiated several Federal cases where an HIO failed to properly enforce the required penalty. As is customary, the cases were subsequently forwarded to the Office of General Counsel for prosecution.

In addition, one other organization has been certified bringing the total number of HIOs to nine.

SCIENTIFIC AND TECHNICAL SERVICES

Goal V: Facilitate the development of safe and effective veterinary biologics, biotechnology derived products, and other scientific methods for the benefit of agricultural producers and consumers and to protect the health of American agriculture.

Current Activities: APHIS conducts programs to develop new or improved methods for reducing wildlife/agriculture conflicts, controlling or eradicating harmful plant pests, and applying new technology to assure that the latest genetically engineered viral vaccines are pure, safe, potent, and effective. Additionally, the Agency conducts laboratory testing programs to support disease and pest control and/or eradication programs. Specific program efforts include:

Methods Development: WS methods development activities include programs to develop: methods to mitigate blackbird damage to sunflowers and rice, methods to reduce bird hazards to aviation, techniques to control mountain beaver and bear damage to western forests, methods to reduce rat damage to sugarcane and macadamia nuts, methods for reducing cormorant depredation at aquaculture facilities; and approaches to reduce coyote damage to livestock. Analytical chemistry methodology is developed to support the registration and re-registration of chemicals for small mammals, bird and predator control, and for the identification of potential repellents to support non-lethal wildlife damage management control strategies.

During FY 1998, approximately 75 percent of WS methods development resources were used to pursue non-lethal approaches to wildlife damage management.

Biotechnology: Biotechnology has emerged as a force with the potential to improve existing products and spawn new technologies which could benefit agriculture as well as the general U.S. economy. Under its broads authority to protect plant and animal health, the Department has established as regulatory structure for bringing the benefits of genetic research from the laboratory to the marketplace, while protecting against the release of potentially harmful organisms into the environment.

Laboratory testing: The program for testing veterinary biological products is expanding to encompass testing for licensure of products destined for intrastate as well as interstate use, and the testing of genetically engineered products. The veterinary diagnostics program continues to conduct testing in support of the Agency's animal Disease prevention, detection, control, and eradication programs. In FY 1993, APHIS began collecting user fees for this program.

Selected Examples of Recent Progress:

1. Biotechnology/Environmental Protection

Permits, Notifications, and Petitions

In FY 1999, the volume of transgenic plants tested in the field and entering the marketplace continued to increase. APHIS issued 1,264 movement notifications/permits and 1,010 release notifications/permits, compared to 1,132 movement notifications/permits and 994 release notifications/permits in FY 1998. In FY 1999, APHIS accepted comprehensive permits, which allow numerous requests--up to hundreds--on one permit. Also, biotechnology-derived products release site increased from 4,544 in FY 1998 to 5,259 in FY 1999. APHIS' streamlined, expedited notification procedures significantly increased field testing. APHIS was able to simplify regulatory requirements for certain field trials involving certain modified crops saving procedure time and money. APHIS was able to encourage innovative research and assure appropriate regulatory oversight at the same time. Since the program's inception in 1987, APHIS has regulated 54 field tests of genetically engineered crop varieties, with six new test occurring in FY 1999. Corn is the highest genetically engineered application.

APHIS determined non-regulated status for herbicide-tolerant soybean, beet, rapeseed, rice and corn crops, as well as insect/viral-resistant potato crops in FY 1999. Also, the Agency granted two extensions for existing non-regulated cropstatus; one for corn and the other for soybean. In addition, APHIS continued providing daily Internet updates on field testing and commercialization of new crop varieties. This information is frequently accessed by companies, individual researchers, and others who use this information to track the progress of emerging issues with agricultural biotechnology.

Harmonization of Regulations

APHIS continued to foster regulation harmonization for genetically-engineered plants and micro-organisms. Specifically, the Agency participated in United States/European Community bilateral environmental consultations and held frequent bilateral consultations with the European Commission and Member States. These consultations ensure that scientific issues are discussed and that trading partners understand APHIS' regulatory procedures. APHIS also held AgBiotech Bilaterals with Canada which have resulted in a Bilateral Agreement on molecular genetic characteristics of transgenic plants and future areas of cooperation. In cooperation with the Organization for Economic Cooperation and Development, APHIS developed regulatory documents concerning the testing and/or commercialization of genetically-engineered plants and

micro-organisms. The Agency continued working with stakeholders to enhance the international harmonization of regulations. APHIS continues to sponsor additional biosafety workshops around the world. In FY 1999, APHIS representatives met regularly with representatives from Argentina, Australia, Brazil, Canada, France, Indonesia, India, Italy, Mexico, the Philippines, and Turkey to address safety issues regarding commodities that are under review, or have been approved. Also, APHIS participated in the U.S. delegation to the Biosafety Working Group to negotiate a Biosafety Protocol. APHIS and other Federal agencies are working toward the development of an international instrument to reduce restrictions on the transboundary movement of organisms that pose no identifiable risks to biodiversity.

National Monitoring and Residue Analysis Laboratory (NMRAL)

NMRAL in Gulfport, Mississippi, continued supporting boll weevil, citrus canker, ALB, Oriental Fruit Fly, MFF, and Medfly programs in FY 1999. NMRAL provided sampling and analysis of worker exposure to chemicals both at the laboratory and at port facilities. NMRAL performed laboratory analysis for pesticide residues and for industrial chemicals, and analysis for pesticide residues in food commodities for the Agriculture Marketing Service's (AMS) Pesticide Data Program. NMRAL also provides pesticide testing work for the Asian Longhorned Beetle control program. In Addition, NMRAL analyzed tobacco samples for the Farm Service Agency (FSA) and soybeans for export for the AMS Commodity Certification Program.

NMRAL conducted 4,617 analysis in FY 1999, including 1,153 analysis in support of APHIS programs and 3,464 analysis on a reimbursable basis for other agencies. In addition, we conducted 1,470 quality control analysis to validate sample results.

In FY 1999, NMRAL conducted contract analysis for AMS, the FSA and the Boll Weevil Eradication Foundation (Southeast and Southwest). In FY 1999, NMRAL analyzed five commodities for AMS for benomyl and thiobendazole and analyzed Commodity Certification soybeans for six herbicides. In addition, NMRAL analyzed environmental impacts of insecticides used in the boll weevil eradication program.

Environmental Analysis and Documentation (EAD) and Data Support

The EAD Unit manages and coordinates the preparation of environmental assessments (EA), environmental impact statements (EIS), environmental analyses, biological consultations, and related technical documents for APHIS programs. In FY 1999, EAD completed 34 EAs, 30 biological consultations, and 3 EIS', in compliance with the requirements of the National Environmental Policy Act and other Federal environmental laws, regulations, and executive orders. EAD also completed numerous background documents, such as human health risk assessments and ecological risk assessments, to provide the required analysis in the environmental documents. To further APHIS' environmental ethic, EAD trained personnel on environmental laws, regulations and processes. EAD, in cooperation with Civil Rights Enforcement and Compliance (CREC), drafted an "Environmental Justice Strategy" and is currently preparing a pamphlet for issuance to Agency employees regarding the implementation of Executive Order 12898, "Environmental Justice." EAD participated in cooperative ventures that led to more efficient and effective use of government resources and expertise during FY 1999. EAD continued involvement with other agencies in discussions and negotiations on NAFTA issues, such as Transboundary Environmental Impact Assessment. Also, the Unit continued cooperation with the U.S. Department of Justice's Drug Enforcement Administration in preparing supplements to two EIS', and with EPA and the Office of Pest Management Policy (OPMP) on the malathion policy. In addition, EAD provided technical expertise for risk assessment work for FS, and for evaluating NAPIAP (National Agricultural Pesticide Impact Assessment Program) grant proposals for OPMP, and for reviewing a number of organic phosphate risk assessments.

The Data Support Team (DST) maintains pesticide registrations and drug approvals for products used in APHIS programs, as required by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The DST also helps the Agency identify emerging alternatives to products that are less environmentally invasive. In FY 1999, DST handled the following actions for pesticide and drug products: 18 Section 3 pesticide registrations, 1 Section 3 application resubmission, 16 Section 18 emergency exemptions to allow the unregistered use of a pesticide in a specific area for a limited time if emergency pest conditions exist), 5 Section 24(c) local needs State registrations for pesticides, 1 Section 25b product (exempt from registration, although State use may require approval by State lead agency), 3 Section 3 reregistration eligibility documents, and 4 investigational new animal drugs. Each of these actions requires extensive supporting data and documentation regarding APHIS' use of a product. Besides maintaining the product registrations and approvals, the DST prepares quarterly reports on adverse effects incidents of APHIS registered products, as required by Section 6(a)(2) of FIFRA. In addition, the DST participated in the Rodenticide Stakeholder's Working Group to develop risk mitigation measures that will reduce the exposure of children to rodenticides. DST also worked with other APHIS program areas to amend and update the agency's pesticide applicators certification and training plan.

2. Integrated Systems Acquisition Project (ISAP)

During FY 1999, APHIS provided year 2000 remediation efforts through the ISAP contract. We remediated five legacy applications and provided the testing methodology for year 2000 compliance for other remediation efforts in the agency. We updated the wide area network used for agency data transmission and data exchange to provide operating system and hardware compliance for year 2000 date manipulation. We replaced several non 2000 compliant communication and data gateways with year 2000 compliant hardware and software.

APHIS deployed and implemented additional database and electronic mail servers to accommodate agency information management needs. We added regional mail and database servers to the infrastructure supporting administrative consolidation efforts. APHIS took steps to protect agency information resources as well. We provided an analysis of agency information access requirements to provide a framework for the deployment of firewalls and access management rules. The Agency now has three locations protected with firewalls and intrusion detection methodologies based on this analysis. In addition, we developed world wide web informational pages for agency constituents.

We updated fifteen offices with wide area network communications capabilities and local processing servers using ISAP technology. APHIS continues to use the ISAP contract to provide updated hardware and software products and services that support the agency mission.

3. Plant Methods Development Laboratories

In FY 1999, the Otis Plant Protection Center in Massachusetts worked with States, local governments, universities, industry, and ARS to develop regulatory treatments and biologically-based management strategies for various exotic pests. These pests included the ALB, GM, and JB. Also, trapping strategies were developed for the pine shoot beetle. Molecular biological tools were used to determine likely source populations of Medfly infestations as well as gypsy moths trapped near high-risk ports. Also, the Center continued to support various research projects by providing gypsy moth specimens to numerous customers. In addition, it continued to produce the nucleopolyhedrosis virus (NPV), an environmentally friendly biocontrol agent which is used for gypsy moth control.

The Mission, Texas, Plant Protection Center continued improving quality control for the mass rearing of fruit flies, biocontrol agents, and development of non-petroleum based alternatives to malathion bait sprays. Specifically, APHIS standardized diet component quality assurance testing and progressed toward development of a fruit fly attractant for incorporation into traps. Also, the Agency continued conducting field tests for a non-pesticide strategy using pathogens, based on favorable laboratory screening.

The Phoenix Plant Protection Center worked with universities, industry, and the ARS to develop a biologically-based pink bollworm management system. Also, APHIS continued working with the National Grasshopper Management Board, the University of Wyoming, and the South Dakota Department of Agriculture to provide technical support for grasshopper management and control. Exotic whitefly parasites were tested in field cages and three of the most promising candidates were established in Arizona and California. The Agency also continued developing pesticide tools for boll weevil eradication, including critical data on the rain retention of malathion in cotton and biological and trap system knowledge. Also, APHIS worked with State and regional agencies to develop Geographic Information Systems, Global Positioning Systems, and database applications for Medfly and MFF.

The Niles Biological Control Laboratory (Michigan) worked cooperatively with the Mission Plant Protection Center (Texas) and State cooperators to improve rearing techniques for producing a key biocontrol agent (the leaf feeding beetle Galerucella spp.) for managing purple loosestrife, a major environmental weed in aquatic habitats. Using these techniques, the Niles Lab produced and shipped over 450,000 beetles to Project cooperators in 19 States. Since 1997, the Niles Lab has also processed samples for the National Karnal Bunt (KB) Survey as well as high priority (export-outbound) samples that required processing within 24 hours. In total, the Niles KB Team processed 832 samples from 15 States in 1999. By comparison, the lab processed 960 samples from 15 States in 1998.

The Oxford, North Carolina, Center provided expertise on the following quarantine treatment matters: testing the fumigant sorption of commercial tarpaulins, cartons, and wrappers; improving APHIS' Plant Protection and Quarantine Treatment Manual; participating in demonstrations of methyl bromide recapture technology in Savannah, Georgia, and Dallas, Texas; providing input on a training manual for hot water immersion treatments; testing and certifying a forced hot air facility for treating Mexican citrus; making presentations at irradiation treatment workshops in Texas and Mexico; providing methodology to facilitate trade and prevent the introduction of invasive pests by addressing quarantine treatment questions raised by industry; developing regulatory treatments (irradiation and heat) for Federal noxious weed seeds; and providing technical support on survey, regulatory, and control programs for several invasive weed species. The Oxford Center also collected data for Vivid Technologies, Inc. to improve their x-ray machine's ability to detect specific agricultural contraband items in luggage.

The Waimanalo, Hawaii, Plant Protection Substation continued supporting Medfly exclusion efforts. The Hawaii and Gainsville, Florida, Stations continued an extensive cooperative study to optimize APHIS' Medfly detection system. This study included release and recapture of marked sterile flies, geographic information systems, and computer modeling. In Guatemala, the program mass-reared the Tolimán-tsl genetic sexing strain of Medfly for "males only" sterile fly releases in Guatemala, Florida, and California.

4. Veterinary Biologics

The program's goal is to prevent the importation, production, and distribution of impure, ineffective, unsafe, or impotent veterinary biological products in the United States. Program activities include licensing veterinary biological products, inspecting licensed manufacturing

facilities, testing statistically based samplings of licensed products, and issuing permits for the product importation.

In FY 1999, APHIS issued 139 product licenses. Veterinarians and animal owners now have 34 new products for the diagnosis, prevention, or treatment of animal diseases. The Agency also terminated 56 product licenses at licensee request for products no longer produced, as compared to 60 in FY 1998 and 102 in FY 1997.

There were 2,529 active licensed or permitted products in FY 1999. APHIS approved 16,644 serials of veterinary biologics in FY 1999, while rejecting 19 serials for failing to meet Agency requirements. The Agency conducted 3,237 tests on 1,517 of the 11,809 serials eligible for testing. APHIS performed 13 regulatory actions and 5 investigations of possible regulation violations in FY 1999. APHIS shipped 5,142 vials of reagents to facilitate testing consistency and quality biologics manufacturers and other regulatory authorities. In addition, APHIS developed 20 new tests and reagents.

APHIS issued over 1,721 official certificates that indicate licensed production and testing facilities and products have met or exceeded marketing requirements. The regulated industry used these certificates to register their products for sale in foreign countries. The confidence that foreign regulators have in the U.S. veterinary biologics licensing, testing, and inspection system is reflected in their readiness to accept our products. Center for Veterinary Biologics (CVB) officials provided informational presentations at international conferences to bolster foreign regulators' confidence.

The veterinary biologics program continued efforts to reduce trade barriers that limit the sale of veterinary biological products overseas. Program officials continued discussions with representatives of the European and U.S. biologics industries and with regulatory officials from the European Union (EU) regarding a Mutual Recognition Agreement (MRA) concerning the marketing of veterinary biologics.

Interaction with Canadian regulatory officials continued under the Canada-United States Trade Agreement and the North American Free Trade Agreement. Canadian regulatory officials and CVB personnel conducted joint inspections at facilities in Australia, Canada, Mexico, and New Zealand. We held meetings with regulatory officials from Asia, Australia, the European Union, Germany, Japan, and Russia, to facilitate exchange of information and encourage discussion of regulatory issues.

In March 1999, the 5th Steering Committee Meeting of the Veterinary International Cooperation on Harmonization was held to review the progress of four working groups addressing projects concerning the harmonization of quality test requirements and post licensing monitoring procedures (pharmacovigilance) for veterinary biological products. Two of the working groups developed proposed harmonized guidelines for Stability and Good Clinical Practices and released them for industry comment in 1999. The other two working groups have prepared discussion material on pharmacovigilance and quality. The Committee expects to discuss this material at the next scheduled meeting in 2000.

In FY 1999, APHIS tested 6 genetically engineered master seeds. These included bacterial gene-deleted agents and viral-vectored vaccines. A new technology (real-time quantitative polymerase chain reaction) was researched, instrumentation was purchased, and initial training was performed. The program developed draft requirements for naked DNA vaccines and discussed them with the biologics industry. The program discussed requirements for transgenic plant-based biologics and scheduled a one-day transgenic plant workshop and Public Hearing.

The Agency held a special topic Veterinary Biologics Public Meeting on the regulation of antibody products to maintain communications with the public, customers, and stakeholders. The purpose of this meeting was to acquire additional information from industry, veterinary practitioners, and other parties interested in the current regulations. The program is reviewing and evaluating comments and statements from the meeting. A response plan is under internal review. We will soon publish a Proposed Rule addressing antibody products.

5. Veterinary Diagnostics

The program's goal is to develop and maintain national and international laboratory diagnostic support for our animal disease eradication and control programs; to provide assistance to State and other Federal agencies and laboratories, educational institutions, and foreign governments in the diagnosis of animal diseases; to maintain national and international laboratory recognition with the highest quality reference assistance; and to conduct developmental projects for rapidly advancing technologies.

In FY 1999, played a strong role in the identification of emerging diseases by making the first isolation of West Nile virus (WNV) in the Western Hemisphere from Bronx Zoo birds and New York City area crows. NVSL isolated WNV from Long Island horses with neurologic signs. WNV is an arbovirus caused by blood sucking arthropods such as mosquitoes. This virus is of concern because of its human health implications and its threat to US animal export markets. In October 1999, Hong Kong stopped issuing permits for the importation of live poultry and hatching eggs from the United States due to the presence of this virus. NVSL also identified an isolate of goose parvovirus from Pennsylvania. This virus was previously thought not to be present in the United States. Also during FY 1999, the Foreign Animal Disease Diagnostic Laboratory (FADDL) identified pudu pox (exotic capripox) in a zoo animal in Missouri.

During FY 1999, NVSL continued to implement an internationally recognized quality assurance program. NVSL focuses on improving customer service by responding to customer needs. NVSL developed and validated a series of serological tests to improve the diagnostic capabilities for testing horses imported into the United States for equine piroplasmosis, dourine, and glanders. The new tests are competitive enzyme linked immunosorbent assays that replace the complement fixation tests used for many years to exclude these foreign animal diseases from the United States. The new tests are better because reagents can be produced using *in vitro* methods, decreasing the use of live animals for reagent production. Trading partners in Asia, Europe, and South America have expressed an interest in acquiring this new test technology.

In FY 1999, NVSL completed and scored check tests for 33 diagnostic laboratories as a self-evaluation of proficiency in leptospirosis. The States of Georgia, Illinois, Kansas, Kentucky, Pennsylvania, Texas, and Washington each had two participating laboratories. The States of Alabama, Arkansas, California, Florida, Indiana, Iowa, Michigan, Minnesota, Montana, New Jersey, New Mexico, New York, North Carolina, Ohio, South Dakota, Tennessee, West Virginia, and Wisconsin each had one participating laboratory. Check tests were also sent to 52 diagnostic laboratories as a self-evaluation of proficiency in diagnostic bacteriology. There were five participating laboratories California and Virginia; three in Illinois and Pennsylvania; two in Canada, Indiana, Kentucky, Minnesota, New York, Tennessee, Texas, and Wisconsin; and one each in Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Iowa, Kansas, Massachusetts, Michigan, Missouri, Montana, North Carolina, North Dakota, Ohio, Oregon, South Dakota, West Virginia, and Wyoming. The Serology and Bacteriology Committees of the American Association of Veterinary Laboratory Diagnosticians requested the check tests; APHIS has the capability to provide this service.

NVSL processed over 300 proficiency exams for laboratories conducting testing for equine infectious anemia. Also, as a service to our international customers, FADDL provided confirmatory testing to Brazil for malignant catarrhal fever and bluetongue diagnostics and an analysis of a FMD disease vaccine strain, challenge strain, and three FMD virus field isolates from Colombia.

NVSL continued to support animal disease prevention, detection, control, and eradication programs and to provide diagnostic assistance to the livestock and poultry industries. NVSL received and tested 37,282 diagnostic submissions in FY 1999, including 7,678 for import/export testing. FADDL received and tested 354 diagnostic submissions. These represented 188 suspect foreign animal disease investigations, 36 import tests, 5 exports, 24 safety tests, and 25 reference cases including materials received from ARS, foreign countries, or collaborative projects. During FY 1999, NVSL continued to provide support for CSF and African swine fever serosurveillance for Puerto Rico (60,000 sera) and avian influenza surveillance (3,600 submissions).

NVSL tested 3,267 dip vat samples in FY 1999 for pesticide concentration in support of the cattle tick program. In addition, NVSL received 979 brains to test for bovine spongiform encephalopathy (BSE) and continued to support the BSE surveillance program. This allowed us to confirm that the United States in BSE-free.

NVSL continued to look for opportunities to collaborate with others within and outside the Agency. The Laboratory tested tissue samples and environmental samples from more than 250 Yellowstone National Park bison for brucellosis during FY 1999. We did work for the Department of Interior and the States of Montana and Wyoming. NVSL also continued to collaborate with ARS on the safety of Brucella RB 51 vaccine in nontarget species.

The Laboratory tested approximately 1,200 elephant samples for tuberculosis during FY 1999. We used the reports in animal welfare inspections. NVSL also tested approximately 200 various marine mammals for the presence of brucellosis on behalf of the National Marine and Fisheries, the Washington Department of Fish and Wildlife, and Canada. Also, FADDL personnel collaborated with ARS in safety testing several historical avian influenza isolates for use by ARS in Athens, Georgia.

APHIS developed a nationally standardized proficiency testing system for brucellosis serology to determine the proficiency of individual analysts throughout the United States. We performed developmental work on diagnostic methods to differentiate *Taylorella equigenitalis*, the causative agent of Contagious Equine Metritis (CEM), from recently identified donkey strains of *Taylorella*. Two diagnostic methods, one serologic test and one polymerase chain reaction show promise in helping state diagnostic laboratories distinguish between the two. The NVSL worked with approved CEM laboratories in California, Kentucky, New Jersey, and New York to improve test protocols and establish uniform test methods.

APHIS conducted 4 formal training courses at NVSL, covering 12 days with 109 (34 State and 75 Federal) participants. These training courses focused on scrapie, pseudorabies, brucellosis epidemiology, and laboratory biosafety. NVSL personnel conducted training for 19 people from veterinary and human medical diagnostic laboratories and biologics companies in a serologic test procedure for the diagnosis of leptospirosis. Also, we provided equine infectious anemia training to 108 State or private participants, Johne's agent isolation and identification training to 3 state employees, complement fixation training to 5 participants (4 Federal and 1 State), avian influenza training to 2 State employees, and vesicular stomatitis complement fixation training to 1 State employee. We provided training in various subject areas to 42 international visitors for a total of 60 days. By training others we create a national and an international awareness among State,

foreign, and private practitioners. This creates a network of professionals able to quickly detect and diagnose diseases, and thus provides a level of surveillance not otherwise available to us.

6. WS Methods Development

The National Wildlife Research Center (NWRC) functions as the research arm of WS by providing scientific information for the development and implementation of effective, practical, and socially-acceptable methods for wildlife damage management. This helps ensure that high-quality technical and scientific information on wildlife damage management is available for the protection of crops, livestock, natural resources, property, and public health and safety. NWRC researchers conduct numerous activities, including the improvement and maintenance of current pesticide registrations, and researching new or improved methods for more effective management of wildlife damage to agricultural, industrial, and natural resources. These activities further the WS mission of providing Federal leadership in managing problems caused by wildlife.

NWRC researchers continue to make progress toward development of contraceptive agents for non-lethal wildlife damage management. Zona pellucida vaccine and gonadotropin releasing hormone vaccine were tested on deer in small field trials under Investigational New Animal Drug applications approved by the FDA. Both were effective but required vaccination with a dart gun and were costly to use. Additional products that can be orally delivered are being evaluated. We are conducting some studies in cooperation with universities.

NWRC is continuing to evaluate non-lethal chemical products to repel blackbirds and other bird species from consuming rice and other agricultural commodities. NWRC has cooperated with a private company in the development and registration of anthraquinone as a new bird repellent. Research on blackbird staging area baiting methodology continues in Louisiana and Texas to manage blackbird populations causing damage to newly planted rice.

NWRC is continuing to develop and evaluate non-lethal methods for managing blackbird damage to sunflowers by using an aquatic herbicide to reduce blackbird roosting habitat in cattail wetlands. We will test new delivery techniques for the herbicide for efficacy, environmental effects, and cost- effectiveness. Similarly, research is continuing on developing dispersal methods to reduce cormorant depredations at aquaculture facilities. In addition, satellite telemetry will be used to monitor cormorant activities in four States with significant aquaculture interests: Alabama, Arkansas, Louisiana, and Mississippi.

NWRC has undertaken multi-year research projects at various airports in the United States, including JFK, Sea-Tac, Portland, and O'Hare International Airports to reduce wildlife strike hazards. We researched turf management, non-lethal repellents, and dispersal techniques as means to minimize strikes by gulls, waterfowl, turkey vultures, hawks, and other species that threaten aviation safety. NWRC research played a key role in the EPA registration in 1999 of a new bird feeding repellent, Flight Control, for geese on airports and other sites. NWRC also continues to maintain a National Wildlife Strike Database for Civil Aviation that contains 26,000 strike reports from 1990 to 1999. The database provides critical information to airport operators, biologists, aviation engineers and regulators in designing programs, policies, and aircraft to reduce damaging wildlife strikes.

Interdisciplinary research efforts are continuing to identify materials and develop methods for non-lethal control in Integrated Pest Management programs. Promising materials include predator urines, essential plant oils, volatile sulfur-containing compounds and various types of plant extracts, grits, and physical barriers which may repel herbivorous rodents as well as deer.

NWRC scientists are continuing the development of selective, humane wildlife capture devices to increase efficiency and reduce animal injuries associated with capture and restraint of coyotes. Cooperative funding allowed for work on contraceptive methods to reduce coyote predation on lambs associated with feeding pups at dens. We began experiments with tastes, odors, and physical or visual cues to improve coyote attraction to baits and delivery devices for chemical agents, and to identify potential chemical repellents and other predation deterrents.

NWRC continues to coordinate a national trap testing program to improve animal welfare in cooperation with the International Association of Fish and Wildlife Agencies and State wildlife departments to meet U.S. commitments to the European Union. Development of performance data on traps in operational use will assist States in improving trapper education programs and preparation of best management practice guidelines. During the initial 2 years, 19 State wildlife agencies, focusing on high priority species captured by state-licensed private trappers, have tested 32 different types of traps.

Research is continuing at NWRC to develop toxicants, fumigants, attractants, and spray repellents for BTS control. NWRC made significant progress during FY 1999 on development of oral toxicants and delivery stations. Aspirin, acetaminophen, ibuprofen, and caffeine were evaluated in laboratory toxicity trials. Of all the products tested thus far, acetaminophen was the most effective, and we obtained an Emergency Use Permit from the EPA to test acetaminophen in the field. Two field trials conducted on Guam in 1999 used acetaminophen placed within bait stations. All snakes that took the baits died. A laboratory trial completed on dermal toxicity of pyrethrins and a spray delivery device will now allow future field testing. Researchers continued screening chemicals for snake attractants and developed a long-lasting matrix for the lure. We evaluated delivery devices for snake repellents.

Over the past few years, NWRC has completed the reregistration process for the majority of the chemicals registered by APHIS for WS use. During FY99, NWRC completed data submissions and reregistration for strychnine and provided the majority of data required by the EPA for zinc phosphide. Both chemicals reduce agricultural damage caused by small mammals. NWRC conducted a study to register zinc phosphide for deer mice, the rodent carrier of hantavirus. We submitted additional data to the EPA for DRC-1339, mesurol, and alpha chloralose to reduce agricultural losses and aviation hazards caused by birds. NWRC continued to lead industry/government consortia to share costs for data gathering to register compounds used to reduce wildlife damage to crops.

NWRC, through an agreement with the General Services Administration, is continuing construction of its state-of-the-art wildlife management research facility, to complement the NWRC Animal Research Building on the Foothills Research Campus of Colorado State University in Fort Collins, Colorado. In FY 1999, NWRC completed and moved into an 82,000 square foot Wildlife Science Building in Fort Collins. Planning for the Animal Research Support Building and the outdoor pen/warehouse projects continued, and we expect to break ground in late FY 2000.

CONTINGENCY FUNDS

Asian Gypsy Moth (AGM)

APHIS used $128,489 from the contingency fund to support several AGM projects. In FY 1998, the program trapped two AGMs in the State of Washington; one in Seattle and the other in Tacoma. In May 1999, the program treated 640 acres in Tacoma with 3 *Bacillus thruringiensis* (Bt) aerial applications and 60 acres in Seattle with 3 Bt ground applications. The area around these sites were again trapped and no AGM were detected. We will continue surveys at these two

sites until the end of 2000. Unfortunately, APHIS trapped one AGM in northern Seattle, which is outside of the previous quarantine area and about ½ mile from the site where the Coast Guard seized a Russian fishing vessel. APHIS inspected this vessel when in port, found a single AGM egg mass, and fumigated the ship. APHIS will delimit this area and conduct a control program, if necessary, in FY 2000.

APHIS also conducts port and waterway detection surveys for AGM through the Agricultural Quarantine Inspection program. In FY 1999, APHIS placed 6,674 traps in Washington and 1,653 traps in Oregon; APHIS found no detections of AGM in all 8,327 traps. This is a promising result since AGM population in the Russian Far east is increasing and international trade and commerce activities have increased the opportunity for new introductions in the U.S. APHIS and the FS cooperate in a program in the Russian Far East that includes survey around the port areas and inspection of AGM on ships leaving high risk ports for North America. This effort supports early detection which is critical in keeping this destructive pest from become established in the U.S.

Brown Tree Snake (BTS)

In FY 1999, APHIS used $264,643 of contingency funds to establish program infrastructure and direct the cooperative efforts of the USDA; the Departments of Commerce, DOD, and the Department of the Interior; the Commonwealth of the Northern Mariana Islands; the Territory of Guam; and the State of Hawaii in implementing an integrated operational control and confinement program to prevent the inadvertent spread of the BTS. The BTS population density on Guam ranges between 40 and 12,000 snakes per acre, which, combined with the significant movement of military cargo between Guam and Hawaii, poses a serious risk for introducing the BTS in Hawaii. On Guam, the BTS has caused significant ecological, economic, and social adverse effects, such as eliminating many native birds and small lizards, causing power outages costing millions of dollars annually, and affecting the health of small children. APHIS directs the intensive cooperative efforts necessary to reduce the threat of BTS introductions into Hawaii and the continental United States. The program continued the following activities in FY 1999: snake detection training; the use of traps, glue boards, and barriers; nighttime fence-line searches with spotlights; habitat modification; and prey-based removal efforts. APHIS also trained 14 Jack Russell terriers to detect snakes in outbound military and civilian cargo at transportation facilities on Guam. Secondary inspections using detector dogs are conducted upon the cargo's arrival in Hawaii. In addition, APHIS established a protocol for responding to snake sightings in Hawaii.

Brucellosis in a Bison Herd in South Dakota

In FY 1999, we used $2,000,000 of contingency funds to indemnify the owner of the last affected privately owned bison herd in the United States. APHIS depopulated the herd, totaling 1,544 animals, and removed the only barrier preventing South Dakota from becoming Class Free. Another 1,500 animals from previous calf crops were segregated from the main herd and continue to test negative for the disease. The depopulation of the main herd, along with vaccination and frequent testing of the remaining animals, should ensure the elimination of brucellosis from the herd and the eventual movement of South Dakota to Class Free status.

Chronic Wasting Disease (CWD)

In FY 1999, we used $27,000 of contingency funds to provide additional diagnostic testing for CWD. CWD is a transmissible spongiform encephalopathy of deer and elk that occurs in limited areas of the Western United States. While CWD is considered rare, the incidence of this disease among species of both wild and domestic ungulates is on the rise. The disease has become of particular concern due to its fatal nature, lack of known prevention or treatment, and its possible transmissibility to humans. For FY 1999, NVSL tested over 577 submissions from captive herds

in Nebraska, Oklahoma, and South Dakota. These submissions were from captive cervids over the age of 18 months that died in participating and/or exposed herds.

Disposal of Cattle Condemned at Slaughter for Neurological Disease

In FY 1997, APHIS released $101,000 of contingency funds to purchase cattle imported from the United Kingdom before the FY 1989 ban. In FY 1999, we used $2,193 to dispose of cattle condemned at slaughter for neurological diseases. As part of the BSE surveillance program in the United States, APHIS and the Food Safety and Inspection Service (FSIS) sample animals that display neurological disease when presented for slaughter. We prohibit these animals from entering the human food chain and discourage having them enter the animal food chain through rendering.

European Gypsy Moth (EGM)

In FY 1999, APHIS used $490,460 from the contingency fund to conduct emergency projects to control EGM. The EGM program conducts control activities in cooperation with States and the FS to eliminate identified isolated infestations. The FY 1999 program included pretreatment delimiting surveys, aerial treatments of Bt, post-treatment delimiting surveys, and egg mass surveys in 9 States outside of the generally infested areas. These States participated on a 50/50 cost-share basis. APHIS supported control activities for Minnesota, North Carolina, Oregon, and Wisconsin through cooperative agreements. APHIS also conducted and supervised most of the control work in Indiana, Ohio, Utah and Idaho, which involved Bt applications and mass trapping. The program placed pretreatment delimiting surveys at multiple sites at a 25 traps per square mile density to define the extent and location of isolated GM populations for subsequent treatments. APHIS treated 20 small, isolated infestations of approximately 14,000 acres in FY 1999, compared to 31 small, isolated infestations of approximately 16,600 acres treated in FY 1998. The STS program, a cooperative effort between FS, APHIS, and participating States, may be credited for the reduction in infestations. In FY 1999, STS caused a 65-percent reduction in new territory invaded by GM. Based on an economic assessment (Leuschner, Southern Journal of Applied Forestry 1996), the annual equivalent value of benefits is $29,315 for each mile of frontier the spread rate is reduced.

Grasshopper and Mormon Cricket (GH/MC)

In FY 1999, APHIS used $430,000 to participate in the Cropland Protection Programs in Idaho and Utah. These programs protect forage crops adjacent to Federal rangeland from damage caused by migrating grasshopper populations. APHIS funded crop protection programs that occurred on Federal lands after July 16, 1999, through Contingency Funds. Before that date, control programs were funded by cooperators. Overall, APHIS conducted 21 grasshopper crop protection programs--20 in Idaho and 1 in Utah. These programs consisted of survey and evaluation for treatments, environmental documentation, equipment, pesticide, and application costs. The program treated 47,342 acres of Federal land in Idaho and 384 acres of Federal land in Utah.

Imported Sheep from Belgium

In FY 1999, APHIS allocated $1,000,800 of contingency funds to purchase and dispose of sheep imported from Belgium. Between May and December 1996, the United States imported two shipments of sheep, containing 65 animals, from Belgium. Belgium was then found to be infected with bovine spongiform encephalopathy (BSE). For this reason, APHIS was concerned that the remaining 60 animals (5 had died) and their 140 offspring had been exposed to the BSE agent. APHIS initially planned to spend $1,000,000 to purchase these animals before they went to slaughter. However, the herd owners were not able to commit within a reasonable time, so we

reallocated the funds to other emergency programs. APHIS will try again in FY 2000 to purchase and dispose of these imported sheep.

Olive Fruit Fly

In FY 1999, APHIS used $429,000 from the contingency fund to participate in a 50/50 cost-share agreement with the CDFA, which conducted an OLFF emergency program in California. The OLFF is capable of damaging over 90 percent of an olive crop and California's olive crop is valued at over $100 million. The APHIS personnel were detailed to the program to conduct and assist with trapping, and monitoring activities. This program began in November 1998, when CDFA initiated an eradication proclamation and established a quarantine in response to the discovery of over 300 adult flies, mostly in the Los Angeles (LA) area. The CDFA conducted delimiting trapping and attempted to eradicate the pest with aerially applied pesticides. Because of public objection to the use of aerially applied pesticides in urban areas, the program treats each new detection with Malathion ground bait to eradicate the flies. Using this approach, CDFA continues to monitor and limit the spread of the pest within the LA basin; also, it intends to eradicate outbreaks that occur in the commercial olive production areas outside of the LA basin.

Pink Hibiscus Mealybug (PHM)

In FY 1999, APHIS used $137,000 of contingency funds to help control the PHM in the Caribbean. This pest infects over 200 host plants - many of economic importance to the Caribbean - and severely disrupts Caribbean agricultural trade and commerce. Also, it poses an extremely serious quarantine risk and could potentially expand its geographical distribution throughout North, Central, and South America. We implemented a biocontrol program in the U.S. Caribbean Territories to suppress pest population densities, avoid significant economic losses, reduce the rate of spread, and delay the pest's establishment in the Continental United States. The Agency's goals are to (1) maintain the St. Thomas Insectary; (2) release exotic parasites in St. Thomas, St. John, St. Croix, and Puerto Rico; (3) continue evaluating the establishment and impact of exotic parasites on the PHM population density; (4) continue training local government personnel in insectary and field operational procedures; and (5) help establish and maintain a self-sufficient insectary in Puerto Rico. The Puerto Rico facility was expanded to full capacity in FY 1999 to facilitate parasite releases throughout the Main Island, Culebra, and Vieques as needed. Similar biocontrol programs in other locations have yielded highly promising results. For example, successful establishment of parasites are estimated at over 90 percent of the release sites, based on a study at 30 release sites in St. Thomas and St. Croix. This biocontrol program has reduced mealybug population densities by over 90 percent in the U.S. Virgin Islands and Puerto Rico, and continues to protect the Caribbean and U.S. mainland from disruptions in agricultural trade and commerce.

Raccoon Rabies in Ohio and Vermont

APHIS responded to new rabies cases outside the oral rabies barriers in Ohio and Vermont by using $150,215 of contingency funds to prevent the westward spread of raccoon rabies in the United States. With these funds, APHIS purchased oral baits for aerial distribution, conducted critical population sampling, and monitored and evaluated the project. Rabies activity between the vaccination zones in northwestern and northeastern Vermont required us to expand the vaccination zone barrier. To maintain the integrity of the established barriers, it is essential that proactive efforts continue to prevent the spread of this disease.

TB in Cervidae

APHIS used $149,946 in FY 1997, $95,131 in FY 1998, and $35,832 in FY 1999 to indemnify owners of TB-infected and/or exposed cervidae and to continue an ongoing TB surveillance project on the Island of Molokai.

TB in Free-Ranging Deer Populations

APHIS used $913,697 of contingency funds in FY 1999 to control TB in free-ranging deer populations in Michigan. The presence of TB in Michigan deer poses a threat to the eradication of bovine TB in livestock and a potential threat to human health. There are several ways in which humans can become infected with bovine TB from deer. Hunters can be affected through contact with bullet-ridden carcasses, slaughterhouse workers can be exposed through tuberculous lesions and by offal matter, and consumers can be affected through the consumption of raw or undercooked meat. The presence of the virus in the Michigan deer population is the first wildlife reservoir of TB recognized in the United States. Since there are no effective vaccines for disease prevention and no effective medication for treatment of wild deer, we implemented a combination of wildlife surveys and deer management actions in FY 1999.

APHIS tested cattle and goats in a five-county area in northeast Michigan and assisted with epidemiological and risk assessment studies. APHIS also depopulated more than 200 exposed captive white-tailed deer. In addition, APHIS supported several cooperative agreements with Michigan State University, Colorado State University, and the State of Hawaii. The Michigan State University study is ongoing and relates to the Michigan outbreak and the risks associated with tuberculosis. The Colorado State University study is ongoing and relates to various strains of bovine TB. Preliminary data from this study has provided APHIS with valuable information on strain-type differences. The State of Hawaii is conducting an ongoing wildlife study. Preliminary data reveals an infection source in free-ranging swine on the Island of Molokai.

Vesicular Stomatitis Virus (VSV)

VSV is a viral disease that primarily affects cattle, swine, and horses. The disease occasionally affects sheep, goats, deer, and raccoons. Humans may also be affected. We used $137,101 in FY 1998 and $7,507 in FY 1999 to control an outbreak which began in May 1998 and ended in January 1999. As of January 22, 1999, APHIS had investigated 230 premises; 131 of these were positive for the virus. We released the last premises from quarantine in January 1999.

Wolf Control

In FY 1999, APHIS used $175,000 to address wolf damage management control issues in Idaho, Wyoming, and Montana to offset the impact on livestock operations of expanding wolf populations and the reintroduction of wolves in the northern Rocky Mountains. The gray wolf recovery in western Montana, central Idaho, and YNP is approaching the target recovery goal of 300. As the wolf population increases, so do incidents of suspected wolf predation on livestock. APHIS responded to approximately 100 incidents of suspected wolf predation in the region, nearly double the number of incidents in FY 1998. Expanding Eastern Timber wolf populations in Minnesota, Michigan, and Wisconsin also require us to increase assistance with wolf predation. These expanding populations greatly increase the need for APHIS to investigate the increasing number of suspected wolf depredations, conduct additional aerial operations programs, and continue essential wolf damage management activities.

Summary:

In FY 1999, contingency funds were released for the following programs:

FY 1999 OBLIGATIONS

	Available	Obligated	Balance
Asian Gypsy Moth	179,000	128,489	50,511
Belgian Sheep	158,000	24,245	133,755
Bovine Tuberculosis	967,000	913,697	53,303
Brown Tree Snake	497,000	264,643	232,357
Brucellosis Bison	2,000,000	2,000,000	0
Chronic Wasting Disease	110,000	27,000	83,000
European Gypsy Moth	643,000	490,460	152,540
Grasshoper/Mormon Cricket	850,000	430,000	420,000
Neurological Disease	80,221	2,193	78,028
Olive Fruit Fly	483,000	429,000	54,000
Pink Hibiscus Mealybug	150,000	137,000	13,000
Raccoon Rabies	225,000	150,215	74,785
Tuberculosis in Cervidae	44,923	35,832	9,091
Vesicular Stomatidis	14,899	7,507	7,392
Wolf Control	175,000	175,000	0
Unallocated	30,306	0	30,306
Total	6,607,349	5,215,281	1,392,068

(Balance carried over into 2000)

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
Buildings and Facilities

The APHIS appropriation "Buildings and Facilities" funds major nonrecurring construction projects in support of specific program activities and recurring construction, alterations, preventive maintenance, and repairs of existing APHIS facilities.

The estimates include appropriation language for this item as follows:

Buildings and Facilities:

For plans, construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, $5,200,000, to remain available until expended (7 U.S.C. 2209b).

BUILDINGS AND FACILITIES

Appropriations Act,	$5,200,000
Budget Estimate,	5,200,000
Change in Appropriation	$0

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	2000 Estimated	Program Changes	2001 Estimated
Basic buildings and facilities repair, alterations, and preventive maintenance	$4,000,000	-$2,000,000	$2,000,000
Maintenance/modernization of Plum Island Animal Disease Center, Plum Island, NY	1,200,000	+2,000,000	3,200,000
Total Available	$5,200,000	–	$5,200,000

BUILDINGS AND FACILITIES

PROJECT STATEMENT
(On basis of available funds)

Item of Change	1999 Estimated	2000 Estimated	Program Changes	2001 Estimated
Total obligations	$7,832,108	$5,599,620	--	$7,100,000
Unobligated balance available, start of year	-5,531,538	-5,399,430	--	-4,999,810
Unobligated balance available, end of year	5,399,430	4,999,810	--	3,099,810
Total, Estimated Appropriated Funds	$7,700,000	$5,200,000	--	$5,200,000

(1) A net increase of $0 for buildings and facilities ($5,200,000 available in FY 2000).

(a) A decrease of $1,200,000 for one-time construction projects provided in FY 2000.

Funds for one-time projects contained in the FY 2000 appropriations Act are available for those projects until expended and are not required in FY 2001. The following projects will be built or designed with the funds requested in FY 2000:

Modernization of Plum Island Animal Disease Center, Plum Island, New York	$1,200,000

(b) A decrease of $2,000,000 for basic repairs, operations support, and maintenance ($4,000,000 available in FY 2000).

The Agency performs maintenance, general repairs, and replacement of building components, such as heating, ventilation, and air conditioning (HVAC) on a prioritized basis at agency-operated facilities including animal quarantine stations, border inspection stations, sterile insect rearing facilities, and laboratories. As the buildings age, major repairs or replacement items such as roofs, waste water treatment plants, and HVAC systems need to be made. These funds are needed to repair, modernize, and maintain all facilities. As a public building owner, APHIS is responsible for maintaining these facilities in a good state of repair and in compliance with National, State, and local building codes, Life Safety Code, National Fire Code, Occupational Safety and Health Administration regulations, and environmental mandates. Moreover, the environmentally sensitive nature of

many of our facilities could lead to their closure if mandated repairs remain uncorrected. APHIS will continue to perform the work on its current priority list. The proposed budget would allow APHIS to address some longstanding problems and bring deficient facilities to an adequate state of repair.

(c) An increase of $3,200,000 for the APHIS share of the Plum Island Animal Disease Center modernization.

The Plum Island Animal Disease Center (PIADC) is located on an island to allow for research into diagnostic testing for exotic and highly contagious animal diseases without endangering the domestic animal population. PIADC, shared by APHIS and the Agricultural Research Service (ARS), is located off the coast of Long Island, New York in a harsh environment which is buffeted by severe weather and seas.

In September 1988, Congress authorized the consolidation of facilities at PIADC from 50 structures to 26 structures to reduce energy and maintenance costs. In 1989, ARS and APHIS initiated an effort to develop a long-range plan for repair and maintenance of the remaining buildings and supporting infrastructure of the consolidated areas. The requested amount represents the APHIS share of the Plum Island facility modernization costs and is concurrent with a $7,000,000 proposal in the ARS request. The funds will be used for the continuation of electrical and physical updates and repairs and to address fire safety and environmental issues.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
BUILDINGS AND FACILITIES
STATUS OF MAJOR CONSTRUCTION PROJECTS

Current Activities: The Buildings and Facilities appropriation funds major nonrecurring construction projects in support of program activities and recurring construction, alterations, and repairs of existing facilities. The ongoing major construction projects as of January 2000 are:

1. Outdoor Animal Holding Pens, Phase IB, National Wildlife Research Center, Fort Collins, Colorado - $2,500,000 available from the FY 1992 appropriation.

In FY 1998, we reached an agreement with the General Services Administration (GSA) for construction of outdoor animal pens (19 structures) and several associated support buildings (warehouse, bulk chemical storage facility, and garage/maintenance/shop building). The complex will be financed and constructed by a private party and leased to the NWRC through GSA for a period of 20 years, with 2 additional 10 year renewals.

2. Animal Research Building (ARB) Support Wing, Fort Collins, CO - $3,500,000 available from the FY 1999 appropriation.

Bid documents were completed in 1996. However, due to changes in program requirements minor design revisions are anticipated. APHIS is currently awaiting fee proposal from the architectural and engineering firm for design services associated with the project.

3. Bison Quarantine Facility - $1,000,000 available from the FY 1998 appropriation.

Construction is on hold until a final decision is made on the Environmental Impact Statement (EIS). The EIS includes seven distinct alternatives that could be implemented by the National Park Service in its management plan for bison in Yellowstone National Park, not all of which include a permanently constructed quarantine facility. The public comment period was open until October 1998. We received over 67,000 comments and are currently analyzing them. A decision by the NPS is not expected until after January 2000.

4. National Plant Germplasm Quarantine Center: Phases I & II, Beltsville, MD - $24,000,000 available in total, from the FY 1991 and FY 1992 appropriations in equal amounts.

APHIS awarded the construction contract associated with the project in June 1998. Construction is 70 percent complete. The estimated construction completion date is May 2000.

5. National Germplasm Quarantine Center: Phase III, Beltsville, MD - $1,000,000 available from FY 1993 appropriation.

We will utilize the funds (design only) for Phase III to support construction contingencies associated with Phases I and II.

6. Plum Island Animal Disease Center Modernization, New York - $1,200,000 available from FY 2000 appropriation.

This modernization project jointly planned between the Agricultural Research Service (ARS) and APHIS continues.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

The mission of the Grain Inspection, Packers and Stockyards Administration (GIPSA) is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA works to accomplish this mission by administering and carrying out varied service and regulatory responsibilities. Approximately sixty-two percent of the funds needed to finance GIPSA activities are derived from mandatory and discretionary user fees. The remaining activities are funded through appropriations.

GIPSA is comprised of two major activities: Grain Inspection and Packers and Stockyards.

GRAIN INSPECTION ACTIVITIES

The Grain Inspection program is comprised of four key activities: (1) Standardization, (2) Compliance, (3) Methods Development, and (4) Grain Inspection and Weighing Services.

1. Standardization:

   Standardization activities are carried out under authority of the United States Grain Standards Act, as amended (USGSA), and the Agricultural Marketing Act of 1946 (AMA), and are funded by appropriations. Standardization includes developing, establishing, and maintaining uniform grain and commodity standards; developing and maintaining quality control, and quality assurance; and, related testing and training. These activities aid in the orderly marketing of grains, oilseeds, rice, and related commodities through the development, promulgation, and application of new and revised standards. The latest inspection techniques and the operation of a nationwide quality control program are employed to ensure the integrity of inspection certificates.

2. Compliance:

   Compliance activities are funded by appropriations and are carried out under authority of the USGSA and AMA. These activities ensure that the operations conform with all requirements and procedures established by statute, regulation, instruction, or directive Enforcement activities include reviews, evaluations, investigations and the assessment of civil penalties. Criminal violations are referred to the Office of the Inspector General for appropriate action.

   Compliance activities also include an international monitoring program which responds to our international customers' complaints regarding the quality and/or quantity of U.S. grain shipped abroad.

3. Methods Development:

   Methods Development activities are carried out under the authority of the

USGSA and the AMA. The activities include applied research or tests that produce new or improved techniques for measuring grain quality. These activities are funded through appropriations under the authority of the USGSA and AMA. Examples of the wide range of methods development activities carried out by GIPSA include research into establishing the framework for real-time grain inspection; developing reference methods to maintain consistency and standardization in the grain inspection system; comparing various techniques for evaluating end-use quality in wheat; developing a new wheat classification system; evaluating prototype wheat hardness meters; and adapting or developing measurement techniques for pesticides, mycotoxins, heavy metals, vitamins, and grain odor.

4. Grain Inspection and Weighing Activities:

This program is authorized under both the USGSA and the AMA. The USGSA requires the mandatory inspection and weighing of grain at export ports by GIPSA or delegated State agency personnel, and the permissive inspection and weighing of grain at domestic locations by designated State and private agency personnel. The USGSA also requires GIPSA to supervise all official inspection and weighing activities. On a request basis, GIPSA performs inspection of rice and related commodities under the AMA. Both statutes require GIPSA to collect user fees to fund the costs of operations including the supervision and administration of Federal grain inspection and weighing activities.

PACKERS AND STOCKYARDS ACTIVITIES

The Packers and Stockyards activities are authorized by the Packers and Stockyards Act of 1921, as amended, and Section 1324 of the Food Security Act of 1985. These activities are funded through appropriations. GIPSA's principal purpose is to ensure the integrity of the livestock, meat, and poultry markets and the marketplace. This includes fostering fair and open competition, and guarding against deceptive and fraudulent practices affecting the movement and price of meat animals and their products. The Agency's work also aims to protect consumers and members of the livestock, meat, and poultry industries from unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish central filing systems to notify buyers, commission merchants, and selling agents of security interests against farm products. It is GIPSA's responsibility to issue regulations for and certify those systems that meet the criteria in the statute.

GIPSA headquarters is located in Washington, D.C. FGIS field activities are located in 13 field offices, 2 Federal/State offices, and 6 suboffices. P&S field activities are located in 3 field offices, 3 suboffices, and resident agent positions in 33 locations across the nation. As of September 30, 1999, employment totaled 702 full-time permanent employees and 86 part-time or intermittent employees. Of the total, 112 full-time employees and 3 part-time or intermittent employees were located in headquarters while the remaining 590 full-time employees and 83 part-time or intermittent employees were assigned to field locations. User-fee supported activities accounted for 57 percent of total Agency spending in FY 1999.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years

1999 Actual and Estimated 2000 and 2001

Item	1999 Actual		2000 Estimated		2001 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	$26,787,000	291	$26,433,000	312	$33,549,000	361
Inspection and Weighing Services	34,993,547	449	42,557,000	453	42,557,000	453
Total, Grain Inspection, Packers and Stockyards Administration .	61,780,547	740	68,990,000	765	76,106,000	814

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary

1999 and Estimated 2000 and 2001

Grade	1999			2000			2001		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
ES-5	2	--	2	2	--	2	2	--	2
ES-3	--	1	1	--	1	1	--	1	1
ES-2	2	--	2	1	--	1	1	--	1
ES-1	--	--	--	1	--	1	1	--	1
GS-15	8	--	8	8	--	8	8	--	8
GS-14	16	7	23	16	7	23	16	7	23
GS-13	44	31	75	44	31	75	44	31	75
GS-12	22	67	89	22	67	89	22	67	89
GS-11	3	101	104	3	101	104	3	101	104
GS-10	2	23	25	2	23	25	2	23	25
GS-9	5	184	189	5	184	189	5	184	189
GS-8	5	1	6	5	1	6	5	1	6
GS-7	6	31	37	6	31	37	6	31	37
GS-6	10	96	106	10	96	106	10	96	106
GS-5	2	83	85	2	83	85	2	83	85
GS-4	1	41	42	1	41	42	1	41	42
GS-3	--	23	23	--	23	23	--	23	23
GS-2	--	3	3	--	3	3	--	3	3
GS-1	--	--	--	--	--	--	--	--	--
Ungraded Positions. . .	3	1	4	3	1	4	3	1	4
Total Permanent Positions. . .	131	693	824	131	693	824	131	693	824
Unfilled Positions end-of-year	-9	-73	-82	-9	-60	-69	-4	-20	-24
Total, Permanent Employment, end-of-year	122	620	742	122	633	755	127	673	800
Staff-Years Ceiling	120	620	740	120	645	765	128	686	814

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and Expenses

CLASSIFICATION BY OBJECTS

1999 and Estimated 2000 and 2001

	1999	2000	2001
Personnel Compensation:			
Washington, DC	$3,860,603	$4,029,000	$4,701,000
Field	11,895,143	12,414,000	14,499,000
11 Total personnel compensation	15,755,746	16,443,000	19,200,000
12 Personnel benefits	3,981,549	3,670,000	4,302,000
13 Benefits for former pers	65,197	79,000	79,000
Total Personnel compensation & benefits	19,802,492	20,192,000	23,581,000
Other Objects:			
21 Travel	1,509,504	1,842,000	2,414,000
22 Transportation of things	304,912	132,000	132,000
23.2 Rental payments to others	116,117	198,000	198,000
23.3 Communications, utilities and misc. charges	572,717	733,000	733,000
24 Printing and reproduction	44,119	69,000	69,000
25.1 Consulting services	0	25,000	25,000
25.2 Other services	1,994,504	1,827,000	3,735,000
26 Supplies and materials	356,560	475,000	580,000
31 Equipment	1,926,116	940,000	2,082,000
Total other objects	6,824,549	6,256,000	9,968,000
Total direct obligations	26,627,041	26,433,000	33,549,000
Position Data:			
Average Salary, ES positions	$120,430	$126,000	$132,000
Average Salary, GS positions	$48,514	$51,000	$53,000
Average Grade, GS positions	11.5	11.5	11.5

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets)

Salaries and Expenses

For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, for the administration of the Packers and Stockyards Act, for certifying procedures used to protect purchasers of farm products, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $25,000 for employment under 5 U.S.C. 3109. [$26,448,000] $33,549,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 2000		$26,448,000
Budget Estimate, 2001		33,549,000
Increase in Appropriation		+7,101,000
Adjustments in 2000:		
Appropriation Act, 2000	26,448,000	
Rescission under P.L. 106-113	-15,000	
Adjusted Base for 2000		26,433,000
Budget Estimate, Current Law, 2001		33,549,000
Increase over adjusted 2000		+7,116,000

SALARIES AND EXPENSES - PROPOSED LEGISLATION

Budget Estimate, Current Law, 2001		$33,549,000
Changes Due to Proposed Legislation:		
Proposed License Fees	-19,348,000	
Proposed Standardization User Fees	-3,728,000	
Proposed Start-up Costs	3,700,000	
Total, Changes due to Proposed Legislation		-19,376,000
Net Request, President's 2001 Budget Request		14,173,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2000 Estimated	Program Changes	Pay Costs	Civil Rights	Info/ Outreach	2001 Estimated
Standardization Activities	3,544,000	- -	+$126,000	+$14,000	+$44,000	$3,728,000
Compliance Activities	4,551,000	+$150,000	+141,000	+17,000	+60,000	4,919,000
Methods Development	3,410,000	+1,980,000	+106,000	+13,000	+45,000	5,554,000
Packers and Stockyards	14,928,000	+3,700,000	+463,000	+56,000	+201,000	19,348,000
Total Available	26,433,000	+5,830,000	+836,000	+100,000	+350,000	33,549,000

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1999 Actual		2000 Estimated		Increase or Decrease	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Standardization Activities	$3,241,285	44	(a) $3,544,000	44	(1) +$184,000	$3,728,000	45
Compliance Activities	4,655,477	63	4,551,000	65	(2) +368,000	4,919,000	67
Methods Development	2,713,862	31	3,410,000	35	(3) +2,144,000	5,554,000	46
Packers and Stockyards	16,016,417	153	14,928,000	168	(4) +4,420,000	19,348,000	203
Unobligated balance	159,959	--	--	--	--	-	
Subtotal, Available or Estimate . .	26,787,000	291	26,433,000	312	+7,116,000	33,549,000	361
Rescission (a) . .			+15,000				
TOTAL, APPROPRIATION	26,787,000	291	26,448,000				

(a) Rescission of $15,000 due to P.L. 106-113

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $184,000 in Standardization Activities ($3,559,000 available in 2000) consisting of

(a) A total increase of $836,000 for pay costs which consists of $126,000 for standardization which includes $35,000 for annualization of the fiscal year 2000 pay raise and $91,000 for the anticipated fiscal year 2001 pay raise.

Further reductions in pay will impact on the Agency's ability to perform it's mission. GIPSA programs are personnel intensive with 70 to 80 percent of the Agency's budget supporting salary and benefit costs. Adequate staffing is instrumental to ensure that the Agency has the means to carry out all of its responsibilities and functions

(b) A total increase of $100,000 for Civil Rights activities which consists of $14,000 for standardization

In 1997, the Secretary's Civil Rights Action Team audited civil rights issues facing the Department in both program delivery and employment. Based on the needs of employees and customers, recommendations were grouped into four categories· lack of management commitment to civil rights; program delivery and outreach; workforce diversity and employment practices; and, organizational structure of civil rights. GIPSA strongly supports the implementation of these goals. GIPSA has restructured its Civil Rights staff to emphasize its commitment to treat every employee and customer fairly and equitably, and with dignity and respect It has also committed to resolving the backlog of Equal Employment Opportunity discrimination complaints as one of its highest priorities. In addition to an increased emphasis in these areas, GIPSA needs to pursue proactive outreach efforts throughout the Agency and its special emphasis programs.

(c) A total increase of $350,000 for an Information Staff of which $44,000 and 1 staff year is related to standardization

The livestock, meat, and poultry industries are rapidly changing and have undergone significant fluctuations. Recent events strongly indicate that hog and chicken producers, as well as others in the farm community, need to become better informed about GIPSA's role in the marketplace. Grain farmers, and the grain industry as a whole, are also going through a difficult period Some groups, especially small farmers and socially-disadvantaged farmers, lack information to successfully deal with the increasingly complex business of growing and selling farm products.

The increased funding will allow the Agency: (1) to work with the Extension Service in developing "better business practices" educational programs, especially programs directed toward small and socially-disadvantaged farmers, (2) to build a viable relationship, at the local level, with livestock, poultry, and grain growers; (3) to improve the overall visibility of the Agency and its programs; (4) to work more closely with the Foreign Agricultural Service, Agricultural Marketing Service, Rural Development, cooperators, and others in educating foreign buyers; (5) to ensure a prompt, professional response to all correspondence received by or routed to the Agency; and (6) to craft and present a consistent GIPSA message for internal and external audiences

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

(2) An increase of $368,000 in Compliance Activities ($4,551,000 available in 2000) consisting of:

(a) A total increase of $836,000 for pay costs which consists of $141,000 for compliance which includes $39,000 for annualization of the fiscal year 2000 pay raise and $102,000 for the anticipated fiscal year 2001 pay raise.

Further reductions in pay will impact on the Agency's ability to perform it's mission. GIPSA programs are personnel intensive with 70 to 80 percent of the Agency's budget supporting salary and benefit costs. Adequate staffing is instrumental to ensure that the Agency has the means to carry out all of its responsibilities and functions.

(b) A total increase of $100,000 for Civil Rights activities which consists of $17,000 and 1 staff year for compliance

In 1997, the Secretary's Civil Rights Action Team audited civil rights issues facing the Department in both program delivery and employment. Based on the needs of employees and customers, recommendations were grouped into four categories: lack of management commitment to civil rights; program delivery and outreach; workforce diversity and employment practices; and, organizational structure of civil rights. GIPSA strongly supports the implementation of these goals. GIPSA has restructured its Civil Rights staff to emphasize its commitment to treat every employee and customer fairly and equitably, and with dignity and respect. It has also committed to resolving the backlog of Equal Employment Opportunity discrimination complaints as one of its highest priorities. In addition to an increased emphasis in these areas, GIPSA needs to pursue proactive outreach efforts throughout the Agency and its special emphasis programs. The additional staff year is needed to address these programs and conduct an outreach effort for small and disadvantaged community-based organizations and underserved customers of GIPSA and USDA.

(c) An increase of $150,000 and 1 staff year to support GIPSA's increased role in international trade services and trade activities

GIPSA has become increasingly involved in addressing international grain trade issues - emerging sanitary and phytosanitary (SPS) issues and other technical barriers to trade - involving trade issues with the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA). Compelled to adhere to the requirements of WTO and NAFTA, some grain and oilseed importing countries have created other barriers to limit or restrict unencumbered trade. In addition, the signing of the Agreement on U.S.-China Agricultural cooperation on April 10, 1999 increases GIPSA's role in international trade. All segments of the U.S. grain industry have praised USDA's role in negotiating this historic agreement.

GIPSA works cooperatively with associated agencies to resolve critical issues that limit or restrict trade; assist individual governments and organizations in developing and/or enhancing their grain inspection and weighing capabilities; and to enhance the international market's understanding of the U.S. inspection and weighing system. Immediate response is often essential, frequently requiring international travel on

short notice. Extended details to foreign countries to develop their confidence in U.S. agricultural products are also required. For effective response to both emergency and long term issues, GIPSA must increase allocations for international travel. To address the new global environment, GIPSA will hire an international grain trade specialist to address GIPSA's increasing role in trade services and activities.

(d) A total increase of $350,000 for an Information Staff of which $60,000 is related to compliance.

The livestock, meat, and poultry industries are rapidly changing and have undergone significant fluctuations. Recent events strongly indicate that hog and chicken producers, as well as others in the farm community, need to become better informed about GIPSA's role in the marketplace. Grain farmers, and the grain industry as a whole, are also going through a difficult period. Some groups, especially small farmers and socially-disadvantaged farmers, lack information to successfully deal with the increasingly complex business of growing and selling farm products.

The increased funding will allow the Agency: (1) to work with the Extension Service in developing "better business practices" educational programs, especially programs directed toward small and socially-disadvantaged farmers; (2) to build a viable relationship, at the local level, with livestock, poultry, and grain growers; (3) to improve the overall visibility of the Agency and its programs; (4) to work more closely with the Foreign Agricultural Service, Agricultural Marketing Service, Rural Development, cooperators, and others in educating foreign buyers; (5) to ensure a prompt, professional response to all correspondence received by or routed to the Agency; and (6) to craft and present a consistent GIPSA message for internal and external audiences.

(3) An increase of $2,144,000 in Methods Development ($3,410,000 available in 2000) consisting of:

(a) A total increase of $836,000 for pay costs which consists of $106,000 for methods development which includes $30,000 for annualization of the fiscal year 2000 pay raise and $76,000 for the anticipated fiscal year 2001 pay raise.

Further reductions in pay will impact on the Agency's ability to perform it's mission. GIPSA programs are personnel intensive with 70 to 80 percent of the Agency's budget supporting salary and benefit costs. Adequate staffing is instrumental to ensure that the Agency has the means to carry out all of its responsibilities and functions.

(b) A total increase of $100,000 for Civil Rights activities which consists of $13,000 for methods development.

In 1997, the Secretary's Civil Rights Action Team audited civil rights issues facing the Department in both program delivery and employment. Based on the needs of employees and customers, recommendations were grouped into four categories: lack of management commitment to civil rights; program delivery and outreach; workforce diversity and employment practices; and, organizational structure of civil rights. GIPSA strongly supports the implementation of these goals GIPSA has restructured its Civil Rights staff to emphasize its commitment to treat every employee

and customer fairly and equitably, and with dignity and respect. It has also committed to resolving the backlog of Equal Employment Opportunity discrimination complaints as one of its highest priorities. In addition to an increased emphasis in these areas, GIPSA needs to pursue proactive outreach efforts throughout the Agency and its special emphasis programs

(c) An increase of $1,980,000 and 10 staff years for methods development program activities

GIPSA requires additional resources to effectively address the complex quality information needs emerging as a result of today's biotechnological advances. Biotechnology has accelerated the rate of change in agriculture with new varieties meeting both the agronomic needs of the farmer and the specific quality attributes of the end-user. The value-added products impact the entire infrastructure of agriculture including production, transportation, storage, handling, processing, distribution, and marketing The impact of these changes on agriculture is significant. Some even say revolutionary.

GIPSA must increase its ability to measure enhanced quality attributes and to set testing standards for such attributes so that producers can bring their grain to market and have confidence that the true value of grain will be identified, determined and reflected in the price.

Analytical tests required to assure the presence and/or specific content of a value trait is essential to ensure the supplier (i.e., farmer, cooperative, grain facility) receive the financial benefits derived from producing grain with value-added traits. These quality tests, however, may not adapt well to field analysis and may be too costly for frequent verification analysis.

As an alternative to frequent testing for value traits, GIPSA will facilitate the development of value assurance procedures that would ensure the preservation of a specific quality trait from farm to end-user. Industry participants adhering to the procedures, based on a GIPSA audit, would be certified as meeting the specified quality attributes

The emergence of biotech grains and the need for uniform assessments of those products directly impacts the marketing of U.S. grain and producers' bottom lines. Biotechnology is being applied to produce a new generation of disease and pest resistant grains such as Roundup Ready soybeans and Bt corn. In addition, biotech grains are being developed with value-enhanced traits designed to meet specific market needs.

In response to industry and consumer needs, and in the interest of U.S. producers and grain handlers, (in accordance with the Agency's mission) GIPSA proposes to develop a biotechnology reference facility to provide standardized methodologies and rapid assessments used to test bioengineered grains. These services will help standardize the testing of bioengineered crops throughout the commercial market and help ensure that all involved in the marketing of U.S. grain, from producer to end user, can obtain uniform information procedures and appropriate channels to ensure open markets for U.S. grain.

(d) A total increase of $350,000 for an Information Staff of which $45,000 and 1 staff year is related to methods development.

The livestock, meat, and poultry industries are rapidly changing and have undergone significant fluctuations. Recent events strongly indicate that hog and chicken producers, as well as others in the farm community, need to become better informed about GIPSA's role in the marketplace. Grain farmers, and the grain industry as a whole, are also going through a difficult period. Some groups, especially small farmers and socially-disadvantaged farmers, lack information to successfully deal with the increasingly complex business of growing and selling farm products.

The increased funding will allow the Agency: (1) to work with the Extension Service in developing "better business practices" educational programs, especially programs directed toward small and socially-disadvantaged farmers; (2) to build a viable relationship, at the local level, with livestock, poultry, and grain growers; (3) to improve the overall visibility of the Agency and its programs; (4) to work more closely with the Foreign Agricultural Service, Agricultural Marketing Service, Rural Development, cooperators, and others in educating foreign buyers; (5) to ensure a prompt, professional response to all correspondence received by or routed to the Agency; and (6) to craft and present a consistent GIPSA message for internal and external audiences.

(4) An increase of $4,420,000 for administration of the Packers and Stockyards Act ($14,928,000 available in 2000) consisting of:

(a) A total increase of $836,000 for pay costs which consists of $463,000 for packers and stockyards which includes $130,000 for annualization of the fiscal year 2000 pay raise and $333,000 for the anticipated fiscal year 2001 pay raise.

Further reductions in pay will impact on the Agency's ability to perform it's mission. GIPSA programs are personnel intensive with 70 to 80 percent of the Agency's budget supporting salary and benefit costs. Adequate staffing is instrumental to ensure that the Agency has the means to carry out all of its responsibilities and functions.

(b) A total increase of $100,000 for Civil Rights activities which consists of $56,000 for packers and stockyards.

In 1997, the Secretary's Civil Rights Action Team audited civil rights issues facing the Department in both program delivery and employment. Based on the needs of employees and customers, recommendations were grouped into four categories: lack of management commitment to civil rights; program delivery and outreach; workforce diversity and employment practices; and, organizational structure of civil rights. GIPSA strongly supports the implementation of these goals. GIPSA has restructured its Civil Rights staff to emphasize its commitment to treat every employee and customer fairly and equitably, and with dignity and respect. It has also committed to resolving the backlog of Equal Employment Opportunity discrimination complaints as one of its highest priorities. In addition to an increased emphasis in these areas, GIPSA needs to pursue proactive outreach efforts throughout the Agency and its special emphasis programs.

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(c) An increase of $1,200,000 and 5 staff years to develop sophisticated models to help identify anti-competitive behavior, and examine causes and competitive implications of contract livestock production.

Many forces affect the market behavior of firms. Potential anti-competitive behavior and its effects need to be identified and separated from other legitimate economic behavior of the firms. Sophisticated analyses and appropriate supporting data are critical to this effort For example, a packer may pay different prices for livestock obtained from different producers. Before concluding that the packer is discriminating in its pricing, one must determine that the price differences are not associated with differences in livestock quality, acquisition costs, operating costs, or other legitimate terms of trade. Complex econometric models are required to sort out the independent effects of various factors, including costs and productivity, that may affect livestock prices. Some complex models are required merely to identify situations that warrant followup investigation. For example, models need to be developed to examine large amounts of procurement data to identify pricing patterns that may suggest collusion among packers and, thus, trigger more detailed followup investigations.

The percentage of hogs produced through various production and marketing contracts has increased sharply in recent years and now accounts for about 65 percent of all slaughter hogs. The percentage of cattle fed by packers or sold through forward contracts and marketing agreements has remained relatively constant at about 20 percent for several years. Producers and others have raised major concerns about the effects of forward sales arrangements on livestock prices, the structure of agriculture, and the role of family farms. The trends in use of forward contracting arrangements have been documented but relatively little is known about the costs and benefits of contracting to the parties, or about the competitive impacts of contracts.

The requested increase in funds and staff years will be used to:

A. Develop econometric models to help identify collusion, predatory behavior, price leadership, market allocation, failure to compete, price and non-price discrimination and other restraints in the procurement of cattle, hogs and lambs by meatpackers; and

B. Examine economic variables (e.g., production, marketing and transportation costs; size economies; risk transfer; prices; profits; animal quality; location of production; price discovery) associated with production and marketing contracts for livestock, the effects of contracting on the structure of livestock production and slaughter, and the effects on competition in meatpacking and processing.

The initiative addresses complex issues that are important to examining competitiveness of firms and markets in the meatpacking industry. An ongoing effort will be needed to develop methodology, databases and analyses to effectively monitor competitive behavior and the competitive effects of structural changes in the meatpacking industry. Much of the work for this project will be conducted in cooperation with universities and other institutions.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

(d) An increase of $800,000 and 3 staff years to examine the competitive structure of the poultry industry

This project will assess the characteristics of markets for poultry grower services. Over 95 percent of broilers are grown under contract, so there is no market for the birds. But there is a market, with supply and demand functions, for grower services. We know that integrators offer contracts for grower services and we know the general terms of those contracts. We also know that many growers complain about being unable to negotiate the terms of their contract, about insufficient information about contract terms, about early termination of contractual arrangements, and about contract settlements. However, we know very little about the supply of grower services at various levels of compensation; grower costs and returns; why integrators offer contracts in some areas but not others, how integrators compete with each other for growers, how contract terms vary with the number of competing integrators in an area; and other information relating to the structure and competitive behavior of this industry.

This project will develop basic information about the structure and competitive conditions associated with the market for grower services. It will examine geographic distributions of growers around integrators' facilities, production and transportation costs; entry and exit conditions; contract terms (e.g., length of contracts, integrator and grower responsibilities; supervision provided, method of determining compensation); general grower-integrator relationships (e g., distance between growers and integrators, number of integrators growers have contracted with, and length of tenures, waiting lists, efforts to find new growers), and how contract terms are implemented; such as which chicks are assigned to which growers, feed weighing arrangements, and measurement of factors used in settlements (e.g., specification and application of objective versus subjective standards, methods for grouping growers for settlements, uniformity of services provided by integrators).

This project will provide fundamental information about the relevant markets for grower services and address questions such as whether treatment of growers varies among integrators and among growers of a particular integrator. We have long focused our attention on contract disputes. This project will begin to examine underlying competitive conditions in the market for grower services

Due to limited data and institutional support, little has been done to examine the competitive structure of the poultry industry. A sustained effort will be needed to develop a solid base of knowledge to assess competitive conditions in the industry. Much of the work for this project will be conducted in cooperation with universities and other institutions.

(e) An increase of $1,300,000 and 12 staff years for Rapid Response Teams within GIPSA

To enhance Grain Inspection, Packers and Stockyards Administration's (GIPSA's) effectiveness in addressing major investigative issues of immediate, and often national, concern regarding anticompetitive financial and trade practice issues, Special Investigation Rapid Response

Teams are being designated in each of the three regional offices. These teams are being activated for complex, high priority investigations with time sensitive issues that require expeditious examination and analysis to protect constituent interests and to prevent or minimize major competitive or financial harm caused by on-going violations of the Packers and Stockyards Act. The Rapid Response Team will have priority status for any Packers and Stockyards (P&S) resources required. Full utilization of the team is anticipated in the respective region, however, multi-teams will be used for investigations when required by the circumstances.

The Rapid Response Team will be made up of an economist/marketing specialist, legal specialist, auditor, and a computer specialist who are experts in their endeavor and experienced in P&S investigations. Other specialists will be drawn from the regional offices to assist as the circumstances require. The 12 GIPSA investigators are required on an ongoing basis to ensure these time-sensitive, high priority cases are investigated promptly and are expedited through the adjudication process.

(f) An increase of $350,000 for an Information Staff of which $201,000 and 1 staff year is related to packers and stockyards.

The livestock, meat, and poultry industries are rapidly changing and have undergone significant fluctuations. Recent events strongly indicate that hog and chicken producers, as well as others in the farm community, need to become better informed about GIPSA's role in the marketplace. Grain farmers, and the grain industry as a whole, are also going through a difficult period. Some groups, especially small farmers and socially-disadvantaged farmers, lack information to successfully deal with the increasingly complex business of growing and selling farm products.

The increased funding will allow the Agency: (1) to work with the Extension Service in developing "better business practices" educational programs, especially programs directed toward small and socially-disadvantaged farmers; (2) to build a viable relationship, at the local level, with livestock, poultry, and grain growers; (3) to improve the overall visibility of the Agency and its programs; (4) to work more closely with the Foreign Agricultural Service, Agricultural Marketing Service, Rural Development, cooperators, and others in educating foreign buyers; (5) to ensure a prompt, professional response to all correspondence received by or routed to the Agency; and (6) to craft and present a consistent GIPSA message for internal and external audiences.

(g) An increase of $400,000 to establish a swine contract library.

Section 222 of the FY 2000 Agriculture Appropriation Bill mandates that the Grain Inspection, Packers and Stockyards Administration (GIPSA) implement a "library or catalog of each type of contract offered by packers to swine producers." In addition, GIPSA is required to collect, compile, and publish a monthly report on the estimated number of swine expected to be delivered within the 6-month and 12-month periods following the date of the report. This mandate is "subject to the availability of appropriations to carry out this section." GIPSA was not provided funding in the FY 2000 appropriation for developing and maintaining the required library or catalog.

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Additional staff will be required to collect swine contracts on an ongoing basis from all packers slaughtering over 100,000 head of swine yearly. Contracts must be reviewed and all proprietary information redacted from the contracts. The contracts would be assembled and cataloged by contract type in a format yet to be determined. We anticipate that the library or catalog to be accessible by the general public through the Internet. Additional staff will be required to collect, compile, and write a monthly report on the estimated number of swine expected to be delivered within the 6-month and 12-month periods following the date of the report. We also anticipate spending resources on enforcing the information collection provisions of the amendment and in verifying information collected.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	FY 2001 Current Law	Program Changes	President's Request
Standardization Activities	$ 3,728,000	-$3,728,000	--
Compliance Activities	4,919,000	--	$4,919,000
Methods Development	5,554,000	-	5,554,000
Packers and Stockyards	19,348,000	-19,348,000	-
Start-up Costs	--	+3,700,000	3,700,000
Total Available	33,549,000	-19,376,000	14,173,000

Explanation of Proposed Legislation

Standardization Activities - The Grain Inspection, Packers and Stockyards Administration develops, reviews, and maintains official U.S. grain standards used by the entire grain industry. This proposal would initiate user fees for this service.

License Fees - This proposal would amend the Packers and Stockyards Act (P&S Act) to provide authority to collect license fees to cover the cost of the program. Converting to license fees is consistent with the overall effort to shift funding for programs, which benefit identifiable groups, to user fees. The primary beneficiaries of the programs and activities administered under the provisions of the P&S Act are livestock producers and poultry growers. Consumers also benefit because they are protected from the adverse effects of anticompetitive and unfair business practices in meat and poultry marketing and distribution.

Currently, the law provides registration requirements for market agencies and dealers, but there is no authority for licensing fees. All packers, live poultry dealers, stockyard owners, market agencies and dealers, as defined in the P&S Act, would be required to have a valid license and be subject to the license fees. There are currently 6,434 market agencies and dealers registered that would be subject to the licensing requirements. The license could be suspended, which would have the same effect as the suspension of a registration under current law.

In addition, there are 1,287 stockyards, 6,000 slaughtering and processing packers, 205 poultry processors, and 6,800 meat distributors, brokers, and dealers subject to the P&S Act that would be subject to the licensing requirements, but would not be subject to having their license suspended. This would be consistent with current law which does not provide for registration of these operations which are not, therefore, subject to suspension.

Start-Up Costs - Provides a one-time start-up of $3,700,000 to convert to new user fees and license fee status and to maintain an adequate reserve. It is anticipated that $3,000,000 would be used for Packers and Stockyards activities while $700,000 would be used for standardization activities.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1999 AND ESTIMATED 2000 AND 2001
SALARIES AND EXPENSES

	FY 1999		FY 2000		FY 2001	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Arkansas	$111,008	2	$111,000	2	$111,000	2
California	717,196	1	717,000	1	717,000	1
Colorado	3,324,420	38	3,324,000	45	4,524,000	54
District of Columbia	9,994,150	83	9,849,000	83	11,385,000	93
Georgia	3,024,352	39	3,024,000	46	4,224,000	55
Idaho	118,772	2	119,000	2	119,000	2
Indiana	11,316	--	--	--	--	--
Iowa	2,864,399	39	2,864,000	46	4,064,000	55
Kansas	246,847	5	247,000	5	247,000	5
Louisiana	750,249	13	750,000	13	750,000	13
Maryland	220,086	3	220,000	3	220,000	3
Minnesota	315,607	5	316,000	5	316,000	5
Missouri	3,991,488	50	3,991,000	50	5,971,000	62
Nebraska	11,483	--	--	--	--	--
North Dakota	110,829	2	111,000	2	111,000	2
Ohio	203,086	4	203,000	4	203,000	4
Oregon	109,141	2	109,000	2	109,000	2
Pennsylvania	5,339	--	--	--	--	--
Tennessee	10,231	--	--	--	--	--
Texas	398,361	2	398,000	2	398,000	2
Virginia	8,630	--	--	--	--	--
Washington	80,051	1	80,000	1	80,000	1
Subtotal, Available or Estimate	26,627,041	291	26,433,000	312	33,549,000	361
Unobligated Balance	159,959	--	--	--	--	--
Total, Available or Estimate	26,787,000	291	26,433,000	312	33,549,000	361

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

STATUS OF PROGRAM

Federal Grain Inspection

Current activities, examples of recent progress, and programs for standardization and quality assurance activities, methods development, and compliance activities are outlined below:

STANDARDIZATION AND QUALITY ASSURANCE ACTIVITIES

Goal 2: Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

Objective: 2.2 - Enhance the uniformity of grain quantity and quality measurements to promote a more standardized framework for trade in the U.S. grain marketing system.

Current Activities: The Agency compiles data for developing new and updating existing grading standards, and evaluates new methodology and equipment for determining grain classification and quality. The Agency provides reference standards for official grading procedures.

Selected Examples of Recent Progress:

1. Standardization. (Oats; Sorghum; and Wheat)

Oats Standards. GIPSA prepared a proposal to revise the definition of oats in the standards to include hulless oats. This change will benefit the oat industry, and especially the segment involved in hulless oat production and/or processing. GIPSA plans to publish this proposal in FY 2000.

Sorghum Standards. GIPSA initiated a review to determine if the United States Standards for Sorghum are current with respect to sorghum classification, definition of broken kernels and foreign material, and the definition of damaged kernels, and to evaluate the need for change. During a 60-day comment period, GIPSA received several comments proposing to simplify the sorghum classification system and to establish specification for food grade sorghum. Based on these suggestions and other information, GIPSA is preparing a proposal for comments to amend the sorghum standards.

Wheat Standards.

Garlic. To gather needed data about the potential economic impact of a GIPSA proposal to eliminate the differentiation between dry, partly dry, and green bulblets (as well as elimination of the current 3:1 ratio), the Agency conducted an in-depth field study during FY 1999 to compare current and proposed procedures. Samples were collected at first point-of-sale facilities, upon load-out onto barges or railcars, and at export terminals. This analysis will help determine the potential economic impact, if any, of changing the current garlic procedures. Publication of a proposed rule in the *Federal Register* will remain pending until completion of this analysis.

Hard White Wheat. In FY 1999, GIPSA worked with the grain industry to set a new color line to facilitate the development of a new and promising U.S. wheat market. To facilitate the marketing of wheat varieties that are not visually distinguishable from other types of wheat, GIPSA

established a minimum color line for Hard White wheat (HDWH) to give breeders a "target" color. The new color line was adopted effective May 1, 1999.

2. Biotechnology Reference Facility. Scientists are developing new varieties of grains that are more productive, adapted to specific growing climates, resistant to insults (plant, insect, microbial, etc.), and designed for specific end uses. These new varieties are being developed through both traditional and non-traditional (genetic manipulation) breeding programs. Concern has been expressed with the introduction of biotechnology-derived grains, and rapid tests have been developed to specifically identify, both qualitatively and quantitatively, the presence of biotechnology-derived grains. In FY 1999, GIPSA reviewed technologies such as lateral flow strips, Enzyme Linked Immunosorbent Assays (ELISA) test kits, and polymerase chain reaction (PCR). While GIPSA does not provide testing for biotechnology-derived products, it is consistent with our mission to provide standardization in the grain industry. In FY 2000, GIPSA will establish a biotechnology facility to formally evaluate the performance of various tests related to the identification of biotechnology-derived grains. This facility will be located at GIPSA's Technical Center in Kansas City, Missouri, and is expected to be fully operational by August 2000.

3. ISO 9002 Certification of Analytical Processes. The International Organization for Standardization (ISO) was founded in 1946 and standards issued by this organization are quickly becoming accepted in manufacturing, trade, and communications. The American Society of Quality Control, the European Standards Institutes, and the Japanese Industrial Standards have endorsed ISO 9000 standards. GIPSA provides analytical services to the grain industry, both domestic and foreign, and it is very important that GIPSA maintain credibility as a provider of quality analytical services.

In FY 1997, GIPSA personnel received training in concepts of Managing Total Quality and initiated implementation of quality systems to meet ISO 9002 standards. In FY 1998, two GIPSA laboratories, the Moisture Reference Laboratory and the Protein Reference Laboratory, successfully met ISO 9002 standards and received ISO 9002 certification. In FY 1999, GIPSA maintained ISO certification of these two laboratory operations and initiated ISO certification for two additional laboratories--the Oil Reference Laboratory and the Pesticide Reference Laboratory. In FY 2000, GIPSA plans to receive ISO certification for these two laboratories

4. Standardizing Commercial Grain Inspection Equipment. In FY 1999, GIPSA continued to participate in the cooperative effort among GIPSA, the National Institute for Standards and Technology (NIST), and the National Conference on Weights and Measures (NCWM) to standardize commercial grain inspection equipment. GIPSA serves as the sole evaluation laboratory for grain inspection equipment under NCWM's National Type Evaluation Program (NTEP). The data GIPSA collected during fiscal years 1995, 1996, 1997, and 1998 was used as the basis for numerous improvements in calibrations for commercial grain moisture meters. GIPSA evaluated and recommended NTEP certification of engineering enhancements for two commercial moisture meter models and conducted testing to extend the allowed operating temperature range for another model.

In FY 2000, GIPSA plans to conduct evaluations for at least two new or revised grain moisture meter models and offer NTEP evaluation services for near infrared spectroscopy instruments for constituents other than moisture. GIPSA will continue to provide technical support to NCWM as specifications and tolerances for commercial test weight apparatuses are developed.

METHODS DEVELOPMENT

Goal 2: Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

Objective : 2.1 - Increase the efficiency of U.S. grain marketing by harnessing technology to streamline grain inspection and weighing processes and providing objective measures of grain quality, quantity, and end-use value.

Current Activities: The Agency conducts applied research while fulfilling its mandate to administer the Nation's grain inspection and weighing system. Identifying, evaluating, and implementing anew or improved techniques for measuring grain quality are the goals of the methods development activities.

1. Wheat Dockage. GIPSA has worked with the Agricultural Research Service (ARS) and the Kansas State University (KSU) since fiscal year 1996 to develop a new wheat dockage procedure that could be applied uniformly regardless of the types of dockage present. In FY 2000, GIPSA plans to further evaluate procedures suggested by KSU researchers to determine if results from the KSU proposed Uniform Dockage Procedure are significantly different than those obtained from current official procedures. Especially important is a comparison of the proposed Uniform Dockage Procedure to the special dockage procedure required when action levels of the following special dockage materials are present: chess or similar seeds; buckwheat or similar seeds; cobjoint or chaff; and flaxseed, canola, or rapeseed. A uniform procedure may improve the consistency of results, which may, in turn, reduce the marketing risk to buyer and seller, thereby promoting fairness and increased efficiency in the market.

2. Elemental Analyses. The presence of trace elements in grains, especially toxic elements (lead, cadmium, mercury, arsenic, selenium, etc.), is becoming a factor in the movement of grains and food commodities in both domestic and foreign markets. Many elements are naturally present in soils, but they can also be introduced through other means. It has been demonstrated that elements can be absorbed through the roots, ending up in the grain, and subsequently in processed food commodities. Recognizing this health concern, the World Health Organization has established guidelines for select elements in grains.

   In FY 1999, GIPSA expanded the ongoing wheat survey to include lead and cadmium analyses. As with other data generated through this survey program, lead and cadmium data were shared with industry and showed that wheat grown in the U.S. contains very low levels of lead and cadmium.

   In FY 1999, GIPSA participated in a formal study with the Farm Service Agency of USDA to evaluate micronutrient levels, including zinc and iron, in corn-soy blends and wheat-soy blends. As a result of this study, iron was identified as an appropriate marker to be used in evaluating the acceptability of the commodity.

   In FY 2000, GIPSA will expand analytical services to include iron analysis for specified commodities. This analysis will provide assurance that commodities are properly fortified and manufactured to meet contractual specifications.

3. Type Evaluation of Mycotoxin Test Kits and Adoption of Reference Methods. Mycotoxins are toxic substances produced by a variety of molds and fungi. The Agency has been asked by farmers, grain dealers, and foreign buyers to quantitatively measure the level of mycotoxins in various grains. Using an evaluation protocol developed by the Agency, mycotoxin test kits for aflatoxin and vomitoxin have been evaluated and approved for use in the Official Inspection System. The Agency-approved instruments and specifications are generally adopted by the grain

industry and, under a memorandum of understanding, the Agency performance specifications are used by the Association of Official Analytical Chemists (AOAC) Research Institute to verify the performance of mycotoxin test kits submitted to the Institute for evaluation.

Implementation of test kits into the Official Inspection System has enabled the Agency to provide analytical results rapidly and reduce the resources required to conduct the analyses. Through a routine monitoring program, the analytical capability of each mycotoxin test site is assessed on a regular basis. Naturally-contaminated grain samples, previously analyzed using the reference method, are submitted for analysis to each mycotoxin test site. The results obtained are compared to actual levels of the particular mycotoxin and appropriate action is taken when discrepancies are observed.

GIPSA accomplished the following in FY 1999:

A new test kit for deoxynivalenol was approved for use in the Official Inspection System. Approval of this test kit increases the number of test kits available to the Official Inspection System.

A new instrument to be used in conjunction with an approved mycotoxin test kit was approved for use in the Official Inspection System. This instrument provides the Official Inspection System alternative equipment at approximately half the cost of the original equipment.

GIPSA plans to accomplish the following in FY 2000:

At least one new test kit for deoxynivalenol will be evaluated for use in the Official Inspection System. Approval of this test kit would increase the number of test kits available to the Official Inspection System.

A reference method for fumonisins will be developed and used to evaluate fumonisins test kits for use in the Official Inspection System.

At least one test kit for fumonisins will be approved for use in the Official Inspection System. The U.S. Food and Drug Administration is expected to establish formal advisory levels for fumonisins in FY 2000, and with approved test kits, GIPSA will be prepared to respond to the demand for fumonisins testing.

GIPSA will implement a formal process to periodically review the performance of test kits approved for use in the Official Inspection System. This will ensure that test kits continue to meet GIPSA performance standards.

4. Pesticide Residue Analytical Methods Development. In FY 1999, GIPSA continued to participate in the USDA Pesticide Data Program (PDP). GIPSA accomplished the following in FY 1999:

- One hundred and ninety soybean samples were analyzed for pesticide residues.
- A method to analyze oat samples for pesticide residues was validated.
- Development of a method to analyze peanut butter for pesticides residues was initiated.

GIPSA plans to accomplish the following in FY 2000:

- Approximately 300 oat samples will be analyzed for pesticide residues.

- A method to analyze peanut butter for pesticide residues will be developed and validated.
- Analysis of peanut butter samples for pesticide residues will be initiated and will continue into FY 2001.

5. New Official Moisture Meter. In FY 1999, GIPSA continued implementation of its new official moisture meter by developing and implementing official calibrations for wheat, rough rice (except Short Grain), sorghum, barley, oats, canola, rapeseed, rye, high-oil corn, and four types of edible beans. In addition, GIPSA developed improved calibration methods and a rapid grain conditioning procedure for improving moisture measurement accuracy at temperature extremes. In FY 2000, GIPSA will continue the implementation process by developing calibrations for several additional grain types.

6. NIRT Calibration Updates. In FY 1999, GIPSA implemented an improved Hard Red Spring wheat protein calibration for official near-infrared transmittance (NIRT) instruments. GIPSA routinely monitors the performance of its NIRT calibrations and periodically updates them to maintain the "robustness" of the calibration and to ensure reliable official determinations. Calibrations are designed to achieve optimum agreement between the NIRT instrument results and GIPSA's standard chemical reference methods. In FY 2000, GIPSA plans to evaluate the accuracy of each official NIRT calibration and update as necessary. Also, GIPSA will work with researchers from academia to assess the feasibility of measuring the amount of extractable starch in corn.

7. NIRT Standardization. In FY 1999, GIPSA cooperated with groups from Canada, Australia, and several countries in Europe to develop and test a "global" Near Infrared Transmission (NIRT) calibration for wheat protein testing. The calibration, based on tests of about 30,000 separate samples of wheat, uses artificial neural network technology to achieve excellent accuracy for very diverse wheat types. The tests also demonstrated very good agreement among the wheat protein chemical reference methods used by the participating countries. In FY 2000, GIPSA will continue to work with these groups to refine and test such global calibrations for possible implementation in the official inspection system.

8. Sprout Damage. Pre-harvest sprouting of wheat is of significant concern to the grain industry. Alpha-amylase is an enzyme that is produced as seeds begin the process of sprouting. In crops such as Soft Red Winter wheat, high levels of this enzyme will decrease the quality of products of soft wheat flour. Current methods, for example the Falling Number technique and visual examination of the grain for sprouting, indirectly assess the presence of the enzyme alpha-amylase.

   In FY 1998, GIPSA investigated a rapid test for determining sprout damage using lateral flow strip technology. The rapid test was easy to use and amenable to a field environment, but required a subjective evaluation. GIPSA recommended the manufacturer develop additional equipment to improve the accuracy and precision of the test. In FY 1999, the manufacturer was unable to develop the additional equipment, and GIPSA did no further evaluation of this technology. In FY 2000, GIPSA will encourage the manufacturer for further developments.

9. Vitamin Analytical Methods Development for Processed Commodities. Vitamins are vital to the proper growth and development of children and for the maintenance of good health in adults. Ingredients used in preparing processed foods are often fortified with vitamins to improve the nutritive value of the final product.

   In FY 1999, GIPSA developed a method to analyze fortified vegetable oil for Vitamin A and corn-soy and wheat-soy blends for Vitamin A. In FY 1999, GIPSA participated in a study to determine levels of micronutrients, including Niacin and Vitamin A, in corn-soy and wheat-soy blends. As a

result of this study, Vitamin A was identified as an appropriate marker to be used in evaluating the acceptability of the commodity. In FY 2000, GIPSA will develop methods to analyze additional commodities for Vitamin A and expand analytical services to include Vitamin A analysis for these commodities. These analyses will provide assurance that commodities are properly fortified and manufactured to meet contractual specifications.

10. Wheat Protein Quality. Wheat protein quality is of high interest to millers and bakers. In FY 1999, GIPSA and ARS coordinated a meeting at which industry representatives indicated they would like a rapid measure of protein quality to replace more extensive and time consuming analysis methods. In FY 2000, GIPSA will collaborate with researchers from academia and the Agricultural Research Service to work toward a definition of wheat protein quality and to develop practical, rapid methods for assessing wheat protein quality in marketing channels. GIPSA is exploring the use of NIRT technology to determine if this is a feasible alternative. Developing a rapid wheat protein quality test will enable the wheat market to identify the potential performance of wheat and may result in premiums paid for higher quality wheat.

11. Pulsed NMR for Sunflower Oil Measurements. In FY 1999, GIPSA developed specifications for, evaluated, and approved three models of Pulsed Nuclear Magnetic Resonance (P-NMR) instruments for official determination of oil content in sunflower seeds. Approving these instrument types provides official inspection agencies with options for replacing the obsolete Continuous Wave NMR (CW-NMR) instruments currently in use. Preliminary technical tests indicate that the P-NMR instruments will improve the accuracy and repeatability of official sunflower oil measurements.

In FY 2000, GIPSA will investigate ways of simplifying sunflower seed oil measurements using the P-NMR instruments' advanced capabilities. The P-NMR instruments are designed to measure oil content in many types of oilseeds. GIPSA will explore opportunities for using the P-NMR instruments for official oil determinations in grain types besides sunflower.

Traditionally, sunflowers grown for oil have been high-linoleic (polyunsaturated) varieties. NuSun is the name that has been given to the mid-range oleic (mono-unsaturated) sunflower oil now being produced for the domestic vegetable oil market. Oil from NuSun varieties is lower in saturated fat content and more acceptable than high-linoleic oil for deep-fat frying operations. Eventually, the majority of oil sunflower acreage is expected to shift from high-linoleic to mid-oleic varieties. GIPSA will continue to work with the National Sunflower Association (NSA) to make needed short- and long-term adjustments to the current high-linoleic-based NMR calibration to ensure the instruments accurately predict the oil content of NuSun (midoleic) varieties.

Implementation of the P-NMR will further enhance GIPSA's ability to make efficient calibration adjustments for high-linoleic and mid-oleic oil sunflowers. GIPSA will continue to collaborate with the NSA to ensure that accurate sunflower seed oil calibrations are available to facilitate the marketing of traditional and emerging sunflower seed varieties.

12. Computer Imaging. Computer imaging shows great potential for enhancing the accuracy, consistency, and objectivity of grain inspection and grading. In FY 1999, GIPSA conducted a pilot program with the State of California to use the method for certifying the percentage of broken kernels in milled rice. That study proved highly successful. GIPSA extended the study by placing a second instrument in Arkansas to verify accuracy for rice grown in the southern region. GIPSA also collaborated with the Agricultural Research Service in developing preliminary calibrations for measuring the vitreousness of Hard Red Spring wheat. In FY 2000, GIPSA will continue to refine and test the method for measuring broken kernels with the intent of approving it for general use in official inspection. GIPSA will work closely with the Agricultural Research Service to refine and test the method for wheat vitreousness and other inspection parameters.

13. Wheat Dockage. GIPSA has worked with the Agricultural Research Service (ARS) and the Kansas State University (KSU) since fiscal year 1996 to develop a new wheat dockage procedure that could be applied uniformly regardless of the types of dockage present. In FY 1999, GIPSA tested that procedure further and discovered unacceptable weaknesses in quantifying certain types of special dockage and shrunken and broken wheat kernels. In FY 2000, GIPSA plans to further evaluate and refine suggested procedures by KSU as part of its grain inspection automation initiative.

COMPLIANCE ACTIVITIES

Goal 2: Promote and protect the integrity of the domestic and global marketing U.S. grain for the benefit of American agriculture.

Objective: 2.4 - Protect the integrity of U.S. grain marketing by regulating grain weighing and handling practices, and regulating the providers of official grain inspection and weighing services.

Current Activities: The compliance program is designed to ensure the accurate and uniform application of the USGSA and applicable provisions of the AMA. The compliance program functions include: (1) evaluating alleged violations, initiating preliminary investigations, and initiating enforcement/administrative actions for violations; (2) conducting technical reviews of FGIS' operations and monitoring appropriate corrective action; (3) administering the program for delegating State agencies and designating State and private agencies to perform official functions and monitoring their performance; (4) establishing cooperative or reimbursable agreements with States under the AMA to provide miscellaneous processed commodity, graded commodity, or rice services; (5) identifying, monitoring, and exempting, where appropriate, official agency and licensee conflicts of interest; (6) licensing personnel of delegated States and designated agencies; (7) registering persons/firms engaged in buying grain for sale in foreign commerce and engaged in handling, weighing, and transporting of grain for sale in foreign commerce; and (8) maintaining an international monitoring program which interacts with foreign governments and trade teams to exchange information and respond to complaints concerning quality and quantity grain shipments.

Selected Examples of Recent Progress:

1. Compliance Reviews. Compliance reviews are independent third-party reviews of GIPSA field office circuits. During FY 1999, IPSA personnel conducted compliance reviews of 6 FGIS field offices and 1 suboffice, and 19 States and private agencies (official agencies) delegated to provide export services or designated to provide domestic services. Review teams evaluated customer satisfaction (including potential service delivery discrimination), management effectiveness, and procedural compliance. GIPSA found no instances of service delivery discrimination; but did find various noncompliance and procedural problems within the national inspection and weighing system. All identified noncompliances/ problems were subsequently corrected. None of these findings affected the overall integrity of GIPSA's programs, the inspection system, or GIPSA's mission. Overall, field offices and official agencies are performing satisfactorily, thus meeting GIPSA's mission.

2. Delegation and Designation Program. There are 59 State and private agencies (official agencies) designated under the U.S. Grain Standards Act, as amended, to provide permissive official inspection and/or weighing services at domestic locations. Of these, eight are States which are also delegated to provide mandatory official inspection and weighing services at export locations. Delegations are permanent unless GIPSA or the State decides to terminate the agreement.

   Under the triennial renewal process, 17 official agency designations automatically terminated in FY 1999. GIPSA renewed all 17 for full 3-year terms after reviewing their performance.

Three official agencies voluntarily canceled their designations this year. One agency operating with a discretionary conflict-of-interest waiver requested cancellation, and its area is being served by another official agency.

Two other private agencies had their corporate stock purchased and operations merged with another single private agency in order to provide better service to customers of the official system.

3. Pilot Program. In FY 1999, GIPSA continued three established pilot programs to provide the Agency with information on the effect of allowing more than one designated official agency to inspect or weigh grain in a single area. These programs will continue until September 30, 2000, when they will become established under regulations.

The first pilot program addresses improving the timeliness of service provided by official agencies to facilities. The program allows official agencies to provide service to facilities located outside of their assigned area on a case-by-case basis, when official service cannot otherwise be provided within established timeframes. During FY 1999, 2 facilities received 27 inspections; all were for barge or railcar movement.

The second pilot allows an "open season" during which official agencies can offer their service to facilities outside their assigned area if no official service has been provided during the previous 3 months. During FY 1999, 53 facilities received 15,669 inspections; of these 1,420 were barges and 14,249 were railcars.

The third program allows customers shipping grain in barges to select any official agency to probe-sample and inspect the grain. During FY 1999, 10 facilities received 54 barge inspections.

4. Conflicts of Interest. At the beginning of FY 1999, there were four designated official agencies operating with discretionary conflict-of-interest waivers. One of the agencies had experienced severe financial problems and problems in carrying out the technical aspects of FGIS' programs. As a result, they voluntarily canceled their designation this year. As of the end of FY 1999, three agencies remain with conflicts.

5. Alleged Violations and Case Activity. At the beginning of FY 1999, 14 cases involving alleged violations of the USGSA and the AMA were pending further action. During FY 1999, GIPSA personnel opened 16 cases (13 alleged violations and 3 inquiries) and closed 20 cases, leaving 10 cases pending. Some examples of alleged violations included: false weighing, deceptive loading and grain handling practices, altering official certificates, issuing false official certificates, exporting grain without official inspection, performing official duties improperly, and employee misconduct.

To address the 16 cases opened during FY 1999, FGIS personnel conducted 5 onsite investigations and addressed the remaining cases by reviewing information received from field personnel. In addition, GIPSA completed an onsite employee misconduct investigation for another USDA agency.

Of the 20 cases closed during FY 1999, the Agency issued 12 cautionary letters to various grain firms, official agencies, and licensed personnel thus closing 9 cases. Another 10 cases were closed because there was insufficient evidence to prove a violation. Also during FY 1999, GIPSA assisted the Office of Inspector General (OIG) and the Justice Department in two criminal investigations involving false certification and weights of grain. In one of these cases, a U.S. District Judge dismissed a pending indictment of an individual because officials in Colorado incarcerated the subject on pending State charges. The court also handed down indictments against four other individuals involved in this matter. These individuals pled guilty to misdemeanor violations and received various fines and sentences. This concluded the criminal

action and GIPSA closed its case. In the second case, two subjects signed plea agreements with the court; and indictments are pending for several other individuals. This case remains open awaiting further court action.

6. Registration Program. During calendar year 1999, GIPSA issued 78 Certificates of Registration to individuals and firms involved in foreign commerce grain business.

International Monitoring

International Monitoring program functions include: (1) traveling to other countries to explain the Agency's inspection and weighing procedures; (2) briefing visiting trade and governmental teams and others on the grain marketing system, the Agency, and grain quality issues; (3) monitoring grain shipments at destination ports to compare origin and destination quality; (4) investigating discrepancies in quality and weight reported by importing countries and end users; and (5) assisting USDA cooperator organizations with international market development projects, such as installing diverter-type samplers, establishing grain inspection laboratories, testing and evaluating grain inspection accuracy, and providing grain inspection training to local inspectors.

In FY 1999, GIPSA received 20 quality and 2 quantity complaints from importers on grains inspected under the U.S. Grain Standards Act, as amended. Complaints involved 47 lots loaded aboard 37 vessels.

Importer complaints in FY 1999 involved approximately 1,517,176 metric tons, or about 1.4 percent by weight of the total amount of grain exported during the year. The 14 quality and 1 quantity complaints GIPSA received in FY 1998 represented approximately 0.4 percent of grain exports by weight. (In FY 1999, one complaint involving 12 large corn shipments accounted for the increase in the percentage of grain exports involved in complaints.)

In 1999, GIPSA representatives met with 89 teams from 51 countries to explain the role of the Agency in the U.S. grain marketing system. Briefings were tailored to address each group's interests and concerns.

PACKERS AND STOCKYARDS PROGRAMS

Packers and Stockyards:

Current activities, examples of recent progress, and programs under the provisions of the Packers and Stockyards Act and the clear title provisions of the Food Security Act 1985.

Goal 1: Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.

Objective(s): 1.1 - Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are engaging in any practice with the intent or with the effect of limiting or restricting competition. Initiate appropriate corrective action if evidence of anti-competitive practices is disclosed.

1.2 - Identify and correct unfair, deceptive, or discriminatory trade practices in the livestock, meat, and poultry industries.

1.3 - Provide financial protection to livestock and poultry producers by ensuring subject firms and individuals comply with the payment, custodial, trust, bonding, and financial provisions of the P&S Act.

Current Activities: The Packers and Stockyards (P&S) Act of 1921 (7 U.S.C. 181-229) is administered to assure free and open competition, fair trade practices, and financial protection to the livestock, meat, and poultry industries. The objectives of the P&S Act are to protect producers, consumers and competitors against unfair, deceptive, or discriminatory practices as well as those that are predatory or monopolistic in nature. The Agency also carries out the Secretary's responsibilities under Section 1324 of the Food

Security Act of 1985 covering central filing systems established by States for prenotification of security interests against farm products. Specific areas to which efforts are now being directed are:

- Surveillance of meat packer procurement practices and geographic markets to foster and maintain fair and effective competition and avoid conflicts of interests.
- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.
- Investigating packer meat merchandising and chain store buying in order to maintain prices established by fair and competitive marketing practices.
- Investigating the financial condition and payment practices of market agencies, dealers, packers, and live poultry dealers subject to the Act to determine if they are financially sound and capable of meeting their obligations.
- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry.
- Obtaining adequate surety bonds from auction operators, commission firms, dealers, and packers (purchasing more than $500 of livestock annually) to assure payment for livestock purchased.
- Investigating poultry marketing practices to identify and correct those which are injurious to producers and operators in the industry.
- Checkweighing at auction markets, terminal stockyards, and at packer and dealer buying stations to foster and maintain integrity in the weights of subject transactions.

Selected Examples of Recent Progress:

1. Market Highlights: Fiscal year 1999 was an eventful one in the livestock and poultry industries. The industries have been stressed by record production levels. Beef production was at a record level, up almost 2 percent due to record animal weights. The overall number of cattle slaughtered actually decreased slightly in 1999. Pork and poultry production also set records. Hog production and slaughter began the year at record levels. Pork packers had closed several older plants in 1997-98 and lacked sufficient capacity to process all of the hogs produced in December 1998 and January 1999. Contributing to the shortage, one of the Nation's largest hog slaughterers, Thorn Apple Valley, closed its doors in July 1998, and filed for bankruptcy Packers ran plants at or above normal full capacity. Weekly hog slaughter was above 2 million head for each week between the beginning of October 1998, and the end of January 1999, except holiday weeks. Hog prices fell precipitously during the period, dropping below $10/cwt at times, levels not seen since the 1940s. Record steer and heifer weights in 1999 pushed beef production to an all-time high. This, combined with record pork and poultry production, continued to put downward pressure on live cattle prices, although strong consumer demand and increased exports provided a balancing force. Fed cattle prices rose slowly much of the year, and the normal summer slump in prices was much smaller than usual. U.S. poultry production continued to grow to record levels. Broiler production was 7 percent above 1998, and turkey production was up marginally.

   Responding to concerns of livestock producers, several midwestern States, including South Dakota, Nebraska, and Missouri, enacted laws designed to prevent livestock purchasers from using discriminatory pricing methods in their procurement of slaughter animals. The South Dakota law had the unforeseen effect of nearly shutting down live spot market purchases. As a result of a lawsuit, a U.S. District Court ruled that the portion of South Dakota's law regarding pricing restrictions was unenforceable.

In international markets, despite a World Trade Organization order to lift its ban, the European Union continued to ban imports of U.S. hormone-treated beef. The United States retaliated with tariffs on a wide range of European goods. In February 1999, the U.S. International Trade Commission ruled that an increase in imported lamb meat since 1997 posed a threat of serious injury to all segments of the domestic lamb industry. In July 1999, the President imposed a 3-year tariff-rate quota program and monetary assistance for the industry. Poultry exports were hit hard by the devaluation of the Russian ruble, and declined about 15 percent in 1999 compared to 1998.

2. P&S Programs Restructured: Packers and Stockyards completed their reorganization in 1999. Packers and Stockyards Programs went from 11 regional offices to 3 (Atlanta, Ga; Denver, Colorado; and Des Moines , Iowa) with all personnel in place by July of 1999.

3. Recruitment: The transition from 11 field offices to 3 regional offices created a major challenge for the P&S Programs to fulfill its staffing needs. Approximately 35 employees chose to retire or resign rather than relocate. GIPSA actively sought the expertise necessary to conduct investigations of anticompetitive practices. Recruiting staff with economic and legal expertise was a high priority in FY 1999. A recruiting team was established to help meet hiring goals and to ensure that those hired reflect the diverse cultures represented in the United States. As a result of these efforts, economists and legal specialists have been hired in each regional office and Washington headquarters to help with investigations of anticompetitive behavior. Recruitment to meet additional staffing needs will continue to be a high priority in FY 2000.

4. Issued Orders and Assessed Penalties: Over the past 4 years, 133 decisions and orders have been issued against 205 individuals and firms for violating the P&S Act. The orders included more than $444,435 in civil penalties and 332 cease and desist provisions involving unfair trade practices or anticompetitive activities. During FY 1999, 14 Administrative and Justice complaints were issued in order to bring subject firms into compliance with the P&S Act. In addition, USDA issued 29 decisions and order against 41 individuals and firms for violating the P&S Act.

5. Clear Title: Nineteen States have central filing systems that have been certified by the U.S. Department of Agriculture as meeting the requirements of Section 1324 of the Food Security Act of 1985. Fifteen of those States received certification in 1986 and 1987. Minnesota was the most recent State to receive certification--in 1993. A few States request that additional products be added to their list of approved farm products from time to time. States establish central filing systems to enable buyers to learn about lien notices against farm products.

6. Anticompetitive Arrangements: GIPSA places a high priority on investigating all complaints and further developing information received about the failure of livestock dealers, market agencies, or packers to compete for the purchase of livestock. During FY 1999, GIPSA conducted investigations involving livestock dealers, market agencies, packer buyers, and slaughtering packers regarding potential anticompetitive practices in the purchase of livestock.

GIPSA is conducting a broad investigation of fed steer and heifer procurement in the Texas Panhandle. Descriptive and graphical analyses have been completed and portions were reported to the public in February 1998. Purchase and slaughter patterns were examined to identify potential occurrences of aberrant or unusual procurement practices. USDA's publicly reported Market News prices have been assessed to examine whether they accurately reflect packer procurement transactions.

Researchers at Iowa State University and the University of Nebraska have been conducting econometric and statistical analyses of the Texas Panhandle data to identify relationships between spot market prices and non-spot purchases. Preliminary analysis was completed in the fall of 1998, and a peer review of the investigation was conducted. The researchers are incorporating the suggestions of the peer reviewers into their final report, which is expected in November 1999.

7. Concentration and Industry Structure: GIPSA entered into cooperative research agreements with Texas A&M University and the University of California at Davis (U.C.-Davis) to examine the effects of meatpacking concentration on prices paid for fed cattle. Final research results for the U.C.–Davis research were presented at the American Economics Association's annual meeting in January 1999, and at a conference "Consolidation in the Meat Sector," cosponsored by GIPSA, USDA's Economic Research Service, and the NE-165 Research Project "Private Strategies, Public Policies, and Food System Performance," in February 1999. Preliminary results of the Texas A&M research were presented at the "Consolidation in the Meat Sector" conference, and final results are expected by the end of 1999.

   Concentration in cattle and hog slaughter has increased a great deal since 1985. For steers and heifers, four-firm concentration rose 31 percentage points to 81 percent in 1998. Concentration has remained fairly constant since 1994. Four-firm concentration in hog procurement has risen more than 24 percentage points since 1985, to 56 percent in 1998, increasing steadily over the period. Four-firm concentration in sheep and lamb slaughter rose rapidly in the mid 1980s, from 51 percent in 1985 to 77 percent in 1988, but has fallen over the last decade to 68 percent in 1998. The number of plants and number of head slaughtered by the top four firms, both in absolute number and as a percentage of total slaughter, has fallen between 1988 and 1998.

8. Livestock Procurement Practices: A major case alleging that IBP, inc., entered into a marketing agreement and paid preferential prices to an exclusive group of feedlots in Kansas was dismissed by the Chief Administrative Law Judge (ALJ) in September 1997. The Agency filed an appeal in November 1997, with USDA's Judicial Officer, who has been delegated authority to issue the final decision for USDA in cases arising under the P&S Act. The Judicial Officer upheld most of the Chief ALJ's initial decision dismissing the complaint, but disagreed with the Chief ALJ's conclusion that IBP did not violate the Act. He ruled that one of the terms of the agreement, the right of first refusal, has the effect or potential effect of reducing competition. In August 1998, IBP appealed the Judicial Officer's decision to the Eighth Circuit Court of Appeals (Docket Number 98-3104) in St. Louis, MO. IBP also filed a motion for a stay of the Judicial Officer's decision pending the outcome of its appeal. In August 1999, the Court reversed the Judicial Officer's cease and desist order. It ruled that it was not a violation of the P&S Act for IBP to employ a right of first refusal in that case as long as the seller could return to the processor's competitors and offer the competitors the opportunity to increase their bids for the livestock.

9. Procurement Data: GIPSA obtains special procurement information from the Nation's top 15 steer and heifer slaughter firms annually. This information concerns livestock purchased through contracts, packer feeding arrangements, or marketing agreement/formula-priced type transactions on a monthly basis. The Agency closely monitors the overall percentage and use of these cattle by the Nation's meat packers.

   Procurement of cattle through forward contracts, marketing agreements, and from packer feeding has held steady through the 1990s. Use of these methods by the top 4 and top 15 beef packers accounted for about 20 percent of their total procurement in 1997. Use of forward contracts and marketing agreements by the top 15 packers increased from 14 percent in 1990 to 19 percent in 1996, and fell to 15 percent in 1997. Use of forward contracts and marketing agreements by the top 4 packers followed a similar pattern. Packer feeding declined as a percentage of cattle slaughtered for the top 4 and top 15 beef packers over the 1990-97 period, and accounted for 3.5 percent of total steer and heifer slaughter by all packers in 1997.

10. Unfair Practices: One of GIPSA's major objectives under the P&S Act is to maintain fair business practices in the marketing and procurement of livestock, meat, and poultry. To ensure fair business practices and determine if unfair or deceptive practices are occurring, P&S continually conducts trade practice investigations of auction markets, livestock dealers and order buyers, slaughtering packers, poultry processors and dealers, and dealers, brokers, and distributors.

GIPSA's enforcement efforts in this area are directed at monitoring scale tests, and detecting improper and fraudulent use of subject's scales. In most cases, the scales are tested by State and private testing agencies following standards developed in cooperation with the National Conference on Weights and Measures (NCWM). GIPSA conducts training schools for test agencies with NCWM National Training Program-certified instructors.

Test reports are analyzed and tests are periodically supervised to ensure that they accurately reflect the performance of the scales under normal use conditions. Since 1988, 25 training schools provided technical instruction to 428 officials from 43 States and the Navajo Nation. Informal instruction is routinely provided upon request to State and private test agencies. Of the scales tested, 93.7 percent complied with performance requirements. Equipment not found in compliance was adjusted, repaired, replaced, or removed from service.

11. Dialogue with Industry: GIPSA maintains an active dialogue with industry participants to sustain current knowledge of issues of concern. Lines of communication are open from the grassroots to the industry association and policy-making levels. During the course of investigations, GIPSA personnel make formal and informal contacts with people in all segments of the livestock, poultry and meat industries. This allows for a sharing of perspectives about specific complaints as well as general concerns. GIPSA has a toll-free number (1-800-988-3447) as another avenue for producers and the public to voice their concerns and record their complaints about competitive, trade practice, or financial issues that may warrant investigation. GIPSA personnel regularly attend and participate in meetings of industry associations, at both the national and State levels.

These forums provide an opportunity for GIPSA to inform the public about its programs and for the Agency to keep abreast of changes in the industry. When appropriate, GIPSA also seeks comment from interested parties through requests for comments published in the *Federal Register*. For example, comments were sought on a petition submitted by the Western Organization of Resource Councils (WORC) requesting that GIPSA initiate rulemaking to restrict certain fed cattle procurement practices. The petition has stimulated valuable discussion of economic and legal issues related to forward contracting and packer feeding of cattle and contractual arrangements for production and sale of other species as well.

12. Peer Review of Investigations: GIPSA has committed to conducting peer reviews of major investigations to evaluate whether GIPSA asked the right questions, collected the right data, and conducted sound analyses using appropriate models. The goal is to improve and enhance (1) procedures for conducting investigations of competitive practices in slaughter livestock and poultry markets, (2) procedures for internal quality control to use in future investigations of competitive issues, and (3) identification and development of staff who work on competition investigations. Reviewers from outside USDA will be selected who have the credentials needed to conduct sound, objective, and constructive reviews. The professional peer reviews will provide information that will assist in developing operating procedures and staff capabilities for designing, implementing, and reviewing future major competitive investigations.

The first investigation to be peer reviewed was GIPSA's investigation of fed cattle procurement in the Texas Panhandle. A panel of seven distinguished outside peer reviewers was assembled in January 1999, and reported their findings to GIPSA in May 1999. Their comments are being used by the analysts in the preparation of their final report.

13. Rapid Response Teams: Rapid response teams from the Department were in South Dakota in July 1999, and in Missouri in September 1999, to respond to growing concerns of cattle and hog producers that packers were allegedly violating the P&S Act since enactment of new mandatory livestock price reporting laws in those states. The teams were designed to deal with high-priority

investigations that required expeditious examination and analysis to prevent or minimize major competitive or financial harm caused by ongoing violations of the P&S Act. The teams were comprised of both GIPSA officials and attorneys from USDA's Office of the General Counsel.

14. Failure to Notify Hog Producers: GIPSA filed a complaint against Excel Corp., Wichita, Kansas, alleging that Excel violated section 202 of the P&S Act which prohibits, among other things, unfair and deceptive practices by packers. It is alleged that Excel failed to disclose to producers a change in the calculation of lean percent to hogs purchased on a carcass merit basis. The complaint further alleges that as a result of this change in formula, Excel paid lower prices for the majority of hogs purchased on a carcass merit basis.

15. Failure to Bid on or Purchase Cattle: GIPSA filed a complaint against Farmland National Beef Packing Company, L.P., Liberal, Kansas, alleging that the company changed its bidding and buying practices at Callicrate Cattle Company Feedyard, St. Francis, Kansas. The complaint says Farmland failed to make bids on or purchase cattle from Callicrate Feedyard after an article critical of Farmland written by Callicrate Feedyard's sales manager was published in a livestock journal. According to the complaint, Farmland failed to make bids on or purchase cattle from Callicrate Feedyard, while routinely making bids on and purchasing cattle from other similarly situated feedyards located in the same geographic area as Callicrate Feedyard.

16. Great Nebraska Formula/Grid Out Investigation: The Great Nebraska Formula/Grid Out was organized by cattle feeders in Nebraska concerned about competitiveness in fed cattle markets. It was held from August 31, 1998, to September 16, 1998. To participate, cattle feeders were asked to sign a petition agreeing to sell cattle on a cash basis only during that time. GIPSA's Denver office launched an investigation in November 1998, to determine the effect of the Grid Out on the industry. The investigation focused on three major areas: (1) analysis of market data around the time period of the grid out, (2) review of industry monitoring and analysis reports, and (3) interviews of industry participants. The investigation showed that the percentage of cattle procured on a non-cash basis declined in the region in the weeks following the Grid Out. Interviews with producers and packers revealed that the Grid Out raised awareness of industry participants about the concerns of the Grid Out organizers. Producers, packers, and industry analysts identified many factors that affect fed cattle prices, highlighting the difficulty of determining the potential effects of the Grid Out on prices.

17. Hog Investigation Briefings: Hog Investigation Briefings Meetings to communicate the results of a major Western Cornbelt Hog Investigation, and to provide information about changes in the Agricultural Marketing Service's price reports and how producers can better use price reporting information were conducted by personnel from GIPSA, the Agricultural Marketing Service, and Rural Business-Cooperative Services. In all, more than 3,000 participants attended 26 meetings held between December 1998 and March 1999.

18. Contract Poultry Arrangements: During FY 1999, GIPSA investigated the operations of 99 live poultry dealers. Nearly 45 percent of these investigations were the result of complaints received from contract growers. GIPSA is conducting investigations of the various payment terms incorporated into poultry growing arrangements. These investigations are designed to determine whether the contract settlement terms of several live poultry dealers throughout the United States are deceptive or unfair to the growers who grow poultry under these agreements.

Continuing investigations of large tare weight variations have prompted procedural changes by several poultry firms to ensure accurate tare weights of poultry live haul vehicles. Weighing practices were investigated through unannounced checkweighings at 182 poultry complexes in FY 1999.

19. Livestock Marketing: Fraudulent marketing practices, such as weight and price manipulation, and misrepresentation of livestock's origin and health continue to be concerns within the industry. Emphasis is given to investigating these practices when complaints are received or when such practices are identified during other investigations. During FY 1999, GIPSA issued an administrative complaint alleging a dealer falsified records concerning disposition of livestock that he resold at an auction market and falsified the weights and price of livestock. During FY 1999, GIPSA issued an administrative complaint alleging a dealer falsified records concerning the disposition of livestock which he resold at an auction market and falsified the weights and prices of livestock. During FY 1999, three administrative orders were issued against firms or individuals for buying back their own livestock to fill orders and arbitrarily increasing the prices on livestock sold to customers. Those charged were ordered to cease and desist from such practices.

20. Custodial: Payment protection for the sellers of livestock is an integral part of the P&S Act and extremely important to GIPSA. To ensure compliance with the financial and payment protection provisions of the Act, GIPSA routinely reviews financial reports and conducts payment practice audits and investigations. Market agencies that sell livestock on a commission basis are required to establish and maintain a separate bank account for the benefit of livestock sellers called a Custodial Account for Shipper's Proceeds. GIPSA has an ongoing compliance surveillance program designed to regularly audit each of these accounts. During FY 1999, the compliance audits conducted on 233 custodial accounts disclosed that 69 markets had shortages totaling $3.8 million in their accounts. The audit program resulted in restoring $2.7 million for the benefit of livestock sellers.

21. Solvency: Livestock dealers, market agencies, and packers are required to meet solvency requirements, a critical component of payment protection under the P&S Act. In the past 5 fiscal years, 1,276 dealers and market agencies found to be insolvent either corrected or reduced their insolvency, in the aggregate, over $75.2 million as a result of GIPSA compliance activities. Of the 1,276 dealers and market agencies, 665 completely corrected their insolvency. During FY 1999, 169 insolvent dealers and market agencies corrected or reduced their insolvency by $4.5 million. During FY 1999, insolvent packers corrected or reduced their insolvency by $4.6 million.

22. Carcass Merit Purchasing: During FY 1999, the Agency continued to implement its compliance review procedures to monitor the use of electronic evaluation devices used by hog slaughterers to purchase hogs on a carcass merit basis. The program ensures that the electronic measuring is accurate, properly applied and the producer receives accurate accounting for the sale. The Agency began this program approximately 6 years ago.

23. Packer Trust: It is important that producers receive timely and full payment for the livestock they market. Payment protection is provided by statutory requirements of full and prompt payment, packer bonding, and packer trust. Packers also are required to file annual reports of their operations with GIPSA and to maintain a solvent financial condition. The prompt payment provision is a significant element of the financial protection afforded producers under the P&S Act and is an integral part of the packer trust which provides protection to producers who fail to receive payment from meat packers. Since the 1976 amendments to the P&S Act, livestock sellers have been paid $53.8 million under the statutory trust provisions

24. Live Poultry Trust: In February 1988, the P&S Act was amended to include a statutory trust provision similar to the packer trust giving payment protection to live poultry growers and sellers. Since the 1988 amendments, live poultry producers have been paid $7.3 million under the statutory trust provisions. In 1998 and 1999, no poultry trust complaints were received by GIPSA, and no trust payouts for prior pending cases were made.

26. Packer Bonding: All packers purchasing in excess of $500,000 worth of livestock annually must be bonded.

Packer Bonding	FY 1998	FY 1999
Value of bonds ($ in millions)	$304.0	$302.0
Number of packers bonded 9/30	409	377
Number of packers bonds called on	7	8
Value of packers bonds call on ($ in millions)	10.0	79.8

27. Registration: The Act and Regulations require that each market agency and dealer operating in commerce be registered. To comply, a firm must file an application simultaneously with a surety bond or its equivalent.

Registration/ Bonding Activity	FY 1998	FY 1999
Market agencies/dealers registered and bonded	6,391	6,434
Value of registrant's bonds ($ in millions)	248.9	250.0
Packer buyers - registered only	1,988	2,045

28. Reparations: Any person harmed when a market agency or dealer violates the P&S Act may file a complaint seeking monetary damages. At the beginning of FY 1999, there were 25 docketed reparation actions pending in which the complainants were seeking reparations in the amount of $361,086. During FY 1999, 3 additional actions were docketed or re-opened in which the complainants sought reparation in the amount of $320,858. Eight dockets were closed, in which 8 complainants received or were awarded $6,313. At the end of FY 1999, 20 dockets, in which complainants are seeking $498,694 in reparations, were pending.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Limitation on Inspection and Weighing Services Expenses:

Not to exceed $42,557,000 (from fees collected) shall be obligated during the current fiscal year for inspection and weighing services: Provided, That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percent with notification to the Appropriations Committees.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

INSPECTION AND WEIGHING SERVICES

Obligations, 2000	$42,557,000
Budget Estimate, 2001	42,557,000
Change in Obligations	--

LIMITATION ON INSPECTION AND WEIGHING EXPENSES

Appropriation Act, 2000	$42,557,000
Change in Limitation	--
Budget Estimates, 2001	42,557,000

PROJECT STATEMENT

Project	1999 Actual		2000 Estimated		Increase or Decrease	2001 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Insp. & Weighing Activities	$34,993,547	449	$42,557,000	453	--	$42,557,000	453
Unobligated balance avail. start of period	-4,116,363	--	-5,838,318	--	--	-5,838,318	--
Unobligated balance avail. end of period	5,838,318	--	5,838,318	--	--	5,838,318	--
Collections	36,715,502	449	42,557,000	453	-	42,557,000	453

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1999 AND ESTIMATED 2000 AND 2001
INSPECTION AND WEIGHING

	FY 1999		FY 2000		FY 2001	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Arkansas	$2,363,088	40	$2,874,000	40	$2,874,000	40
California	82,281	1	100,000	1	100,000	1
District of Columbia	7,582,478	43	9,221,000	43	9,221,000	43
Idaho	273,090	5	332,000	5	332,000	5
Iowa	355,660	3	433,000	3	433,000	3
Kansas	730,160	7	888,000	7	888,000	7
Louisiana	11,179,585	174	13,594,000	178	13,594,000	178
Maryland	814,689	11	991,000	11	991,000	11
Minnesota	279,216	2	340,000	2	340,000	2
Missouri	2,315,265	29	2,816,000	29	2,816,000	29
North Dakota	497,926	9	606,000	9	606,000	9
Ohio	1,183,887	19	1,440,000	19	1,440,000	19
Oregon	2,775,697	44	3,376,000	44	3,376,000	44
Texas	4,250,659	60	5,169,000	60	5,169,000	60
Washington	59,783	1	73,000	1	73,000	1
Subtotal, Available or Estimate	34,743,464	448	42,253,000	452	42,253,000	452
Canada	250,083	1	304,000	1	304,000	1
Total, Available or Estimate	34,993,547	449	42,557,000	453	42,557,000	453

INSPECTION AND WEIGHING SERVICES:

Goal 2: Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

Objective: 2.3 - Provide all segments of American agriculture with cost-effective and responsive official grain inspection and weighing services.

Current Activities: The official grain inspection and weighing system--a unique mix of Federal, State, and private inspection agencies--served the industry by providing over 2 million inspections in 1999, representing an estimated 229 million metric tons of grains and oilseeds.

The Agency will continue to develop new inspection and weighing services while seeking additional ways of reducing costs.

Selected Examples of Recent Progress: (Inspection and Weighing)

1. Inspection and Weighing Fees. Effective February 1, 1999, GIPSA increased by approximately 3.6 percent its hourly rates and certain unit rates on tests performed at other than an applicant's facility for user fees charged for official inspection and weighing of grain (63 *Federal Register* 70990). The increase was designed to generate additional revenue required to recover operational costs created by mandated cost-of-living increases to Federal salaries.

2. Rice Inspection Fees. Effective March 1, 1999, GIPSA increased its fees for Federal rice inspection services (64 *Federal Register* 7057). This fee increase was intended to cover the projected operating costs and to generate sufficient revenues to maintain an appropriate operating reserve.

3. Automation Initiatives. Over the past several years, GIPSA has been pursuing initiatives to automate inspection and weighing operations and to enhance information management systems and capabilities. These initiatives, outlined below, are improving the quality and delivery of our service, enhancing exporters' efficiency, and lowering costs for the Agency and our customers.

   Cu-Sum Plan. Export facilities are installing and utilizing computer technologies to control grain handling activities within the elevator. Further, export grain companies rely on electronic transfer of information and data to monitor grain quality and to facilitate their inventory control. GIPSA identified a need to integrate our export inspection process with the export industry's technological advances. For this reason, GIPSA is automating the export inspection statistical ship loading plan, also known as Cu-Sum Plan.

   The system, which is still being developed, has been installed at nine export elevators in the New Orleans Field Office circuit. GIPSA plans to install similar equipment at the export facilities in the League City Field Office and the Portland Field Office circuit during the first quarter of FY 2000.

   Implementing the automated Cu-Sum system benefits both our export grain customers and GIPSA. Our customers will receive information regarding the quality of loaded sublots through direct data sharing. This information can be merged into the local grain company's database and/or transferred to their off-site database at a main office. Consequently, the grain elevator will not have to manually enter grain quality and ship loading information into their database. This will improve their efficiency and reduce their administrative costs. GIPSA will eliminate hand-written inspection logs and improve the efficiency and accuracy of certificated results. The automated Cu-Sum system will also provide GIPSA the basis for further automating the Export Grain Information System because data could be downloaded into the database instead of the current manual entry

process.

Official Agency Network. GIPSA established an electronic Official Agency (OA) telecommunication network that links all of the Federal, State, and private partners that comprise the official grain inspection and weighing system. The network will enhance communication within the official grain inspection and weighing system by allowing electronic mail, bulletin board functions, and bi-weekly data sharing between the official agencies and GIPSA through the Internet. Official agencies are required to use a local service provider to allow them to access a GIPSA-provided Intranet or FTP file server for the e-mail, bulletin board, and file transfer functions. The FTP file service is functional and is used on a daily basis. The FTP file service is implemented, and official agencies are currently accessing the FGIS mail system. The e-mail system was set up to allow mail to and from the official agencies to reside on the same FGIS file server, thus guaranteeing instant delivery.

National Quality Database (NQDB) Pilot. GIPSA has successfully completed a pilot with representatives of the official agencies to electronically obtain bi-weekly official sample lot and submitted sample lot certificate data using the Internet. This data will be combined with GIPSA's data to provide a comprehensive database that will serve as a basis for such functions as countrywide dynamic trend analysis of particular grains and maintaining and improving statistical baseline ratios used in other GIPSA statistical applications. The NQDB will improve the official inspection system's ability to maintain the accuracy and consistency of results between markets by enabling the matching and comparison of origin and destination inspection results across offices, agencies, and marketing areas. Supervising field offices will use statistical algorithms to review fewer but more challenging samples from the official agencies, which will allow faster responses to potential problems.

The foundation of the data transfer is in a standard formatted file (described in FGIS Directive 9290.16, promulgated in March 1997). At the present time, over 50 percent of official agencies are sending in data. The thrust of the project now is to make sure the data is correct and accurate. GIPSA hopes to have all official agencies sending in data by the beginning of 2000.

Automated Grain Weighing and Material Handling Systems. GIPSA continues to work closely with export elevators that are automating their scales and material systems to official requirements. Upon approval, and after a 6-month test, these elevators can reduce official oversight personnel, which produces a considerable cost savings. Five export elevators have been approved, two elevators are in process of completing their 6-month test, three elevators have completed installation and are being tested, and one elevator is under installation. These automated systems provide superior supervision and greatly improved efficiency.

Grain Inspection Automation at Export Elevator. GIPSA, working with the North American Export Grain Association (NAEGA), has charged a team of automation and grain inspection experts with the task of developing an automated grain inspection system for use at export elevators. When completed and approved, the system will provide export elevators with constantly updated grain inspection information five times faster than present manual methods. Automated systems may reduce costs to the industry and enhance GIPSA's efficiency. A prototype system is being installed at an export elevator in Destrehan, Louisiana.

4. Biotechnology. In FY 1999, to address the immediate concerns of international importers of U.S. grain, GIPSA issued a letterhead statement that no transgenic varieties of wheat or barley are available in U.S. commerce at this time. The statement reads, simply: "There are no transgenic (wheat or barley) varieties for sale or in commercial production in the United States at this time." Any applicant for official services can request that GIPSA issue the statement. Should transgenic wheat or barley varieties be released for commercial production in the future, GIPSA will

discontinue providing this service.

5. Railroad Track Scale Testing Program. GIPSA's railroad track scale testing program, which was implemented in 1978 as part of the USGSA-mandated equipment testing requirements, continues to grow. The Agency continues to receive numerous requests for service, and meet those needs as completely as possible with the limited amount of Agency-owned testing equipment. While GIPSA's priority is testing grain industry railroad track scales, the Agency also provides service to the Association of American Railroads, (AAR), the National Institute of Standards and Technology (NIST), and railroad companies on a time available/cost recovery basis. The testing program now has five test cars and is considering the addition of two more.

6. Review Inspections. In FY 1999, GIPSA drafted rulemaking that proposes to revise the regulations under the U. S. Grain Standards Act to allow interested persons to stipulate the quality factor(s) that would be re-determined during a reinspection or appeal inspection for grade. Currently, reinspections and appeal inspections for grade must include a review of all official factors that: (1) may determine the grade; (2) are reported on the original certificate, or (3) are required to be shown. GIPSA has determined that mandating that all quality factors be reexamined during a review inspection is inefficient, time consuming, and costly. Further, such a complete review of the preceding inspection service is usually not needed to confirm the true quality of the grain. This proposed action will allow interested parties to specify which official factor(s) should be re-determined during the reinspection or appeal inspection service. However, to safeguard against inadvertent misgrading, official personnel may determine other factors, when deemed necessary.

7. Year 2000 Outreach. GIPSA held numerous Year 2000 (Y2K) outreach discussions with key industry groups last year. GIPSA, which has been addressing its own Year 2000 status for some time, is committed to helping American agriculture successfully achieve Year 2000 readiness. To this end, GIPSA felt it was imperative to initiate discussions with key industry groups to share what the Department and GIPSA have learned about this issue.

8. Customer Outreach. GIPSA is committed to providing market-oriented inspection and weighing services. Last year, a nationwide program was initiated to encourage GIPSA field office managers and State and private official agency managers to contact local industry groups and individual customers, identify local industry needs, and work to address these needs. Since initiating the outreach program, official agencies have seen a 4.26-percent increase in business--2,498 customers are now routinely receiving official services from these agencies. These customers include groups from all segments of the grain distribution system--from the farm gate to end users.

9. Deoxynivalenol. During the 1998/1999 marketing year, barley producers voiced concerns about the analysis of deoxynivalenol (DON) and discounts based on this analysis. In response, GIPSA quickly initiated a multifaceted program. Hands-on training was provided to the technicians who perform official DON testing in North Dakota to ensure that official testing is consistent and accurate within the limits of the current technology. GIPSA representatives participated in several meetings with producers and industry to provide information on the DON testing technology used by GIPSA and sources of variability in test results.

The Agency also coordinated a comprehensive study on the effects of sample collection procedures and sample size on the accuracy of DON test results in barley in cooperation with the North Dakota Barley Council, North Dakota State University, and test kit manufacturers. The study found that increasing the sample size does not appear to significantly decrease sampling variability and recommended continued use of the sample size required by GIPSA directive, which is a minimum of 200 grams and preferably larger. Sample selection methods were not found to generally cause greater variability among DON measurements; however, good sampling practices provide representative samples, regardless of the uniformity of the lot and the constituent being

measured.

Overall, no single source of variation was identified that would significantly reduce variability of DON measurements easily and cost-effectively. The observed variability could be generally attributed to the general state of the limited-DON testing technology, which is continually being improved. The market demands for highly repeatable results may not be achievable with the current technology. As with any measurement system, adherence to correct and consistent operating procedures will likely decrease the variability of a system. To minimize variability in DON testing, GIPSA implemented a comprehensive training program for official inspection personnel, and offers the same training to the commercial market.

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