

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. Letter	Sedelta Verble to David; RE: Administrative History (partial) (1 page)	1/18/01	P6/b(6)

---

**COLLECTION:**

Clinton Administration History Project

OA/Box Number: [23854]

---

**FOLDER TITLE:**

[History of USDA - Archival Documents - Chapter 11: Weekly Reports, 1994] [1]

ip9

---

**RESTRICTION CODES**

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. Letter	Sedelta Verble to David; RE: Administrative History (partial) (1 page)	1/18/01	P6/b(6)

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

---

**COLLECTION:**

Clinton Administration History Project

OA/Box Number: [23854]

---

**FOLDER TITLE:**

[History of USDA - Archival Documents - Chapter 11: Weekly Reports, 1994] [1]

jp9

---

**RESTRICTION CODES**

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



**SEDELTA VERBLE**  
WASHINGTON, D.C.

1/18/01

Dear David:

Here's the final box for USIA's  
Contribution to the History Project. Enclosed  
please find the weekly reports (2 copies),  
Secretary Dan Glickman's oral history,  
former Chief of Staff and current Ambassador,  
USIA, Greg Frazier's oral history and  
Bound copies of Secretary's speeches and  
the History Report.

I've enjoyed working with you on  
this project and appreciate all your  
assistance.

Best regards,

Sedelta

(720-7408)





January

Through

April 9

Not available

Handwritten text, possibly a signature or name, located in the lower center of the page.



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

April 14, 1994

**MEMORANDUM FOR** MACK MCLARTY, THE WHITE HOUSE  
**FROM:** SECRETARY MIKE ESPY  
**SUBJECT:** Weekly Report for the Week of April 11, 1994

---

**KEY DEPARTMENTAL NEWS**

**USDA Reorganization**

Last night, the Senate passed by a vote of 98 to 1 legislation which will reorganize USDA's 43 agencies into 28, will create a single Farm Service Agency and will establish a food safety agency. Deputy Secretary Richard Rominger led USDA efforts during the Senate consideration of the reorganization bill. The House Committee on Agriculture is scheduled to begin consideration of their version of the USDA reorganization legislation soon.

**Forest Plan**

The Pacific Northwest Forest Plan Record of Decision (ROD) was signed on April 13 by Department of the Interior Secretary Bruce Babbitt and Deputy Secretary of Richard Rominger. USDA and the Department of the Interior will then request that the injunction that prohibits timber sales, which has been in place for several years, be lifted. It may take a month or more for a ruling on the motion if opposition is filed.

As noted in earlier reports, the Federal District Court in Washington, D.C. determined on March 21 that the proceedings of the Forest Ecosystem Management Assessment Team (FEMAT) violated the Federal Advisory Committee Act (FACA), because at least five of the group members were not full-time Federal employees. The court declined to issue an injunction requested by the Northwest Forest Resource Council against the use of reliance upon the FEMAT report, because such an injunction would interfere with the decision-making process of the President. The Northwest Forest Resource Council will likely file an appeal to the ruling following the release of the ROD.

ROD briefings for Congressional and governors' staffs, media, and interest groups are scheduled for today.

In conjunction with the release of the ROD, I implemented a "public interest" exception

to USDA contracting guidelines in Washington, Oregon, and northern California. This exception gives USDA contracting officers greater flexibility in awarding natural resource restoration contracting work to local companies in areas impacted by decreasing harvest levels on public lands. Examples of contracts that can be awarded to local companies to employ impacted timber workers and loggers include restoration and repair of watersheds, road and trail maintenance, and repair of recreation facilities.

A delegation of state representatives from Oregon, Washington, and California will visit Washington, D.C. next week and meet with the Multi-Agency Command (MAC) to discuss the Pacific Northwest Forest Plan Initiative.

The USDA Rural Development Administration approved a loan of \$382,300 and a grant of \$960,400 (total \$1,342,700) was approved for the Public Utilities District #1 in Stevens County, Washington. The proposed project is for a low pressure Septic Tank Effluent Pumping (STEP) sewer system for this small rural community, which has a very low average income. The proposed project area is located in a timber-impacted county and will benefit 162 users.

### **Termination of Alaska Pulp Corporation Contract**

On April 11, I met with the Alaska Senators Ted Stevens and Frank Murkowski to discuss their concerns about potential termination of the Alaska Pulp Corporation (APC) contract with the Forest Service and the impact on Alaska. Extensive review of the contract provisions and alternative actions were taken in consultation with the Department of Justice. A primary objective of the contract was to establish a permanent pulp industry in Alaska that achieved maximum utilization of timber and provided both year-round employment and opportunities for community development. This analysis led the Regional Forester, as the Contracting Officer, to conclude in a decision letter signed today to APC that the 50-year timber sale contract between the Federal government and APC was being terminated as a result of material breach of the contract, except for operations necessary to bring the contract to a logical closure.

APC materially breached the contract by shutting down the pulp mill in 1993 and terminating the mill's work force. The Regional Forester has emphasized Forest Service support for an expanded independent sale program, as well as pledged to explore the option with APC or any other interested party to build or operate a pulping facility, including a potential Medium Density Fiberboard (MDF) plant. The termination letter noted that the Department had authority to prepare a ten-year timber sale package for advertisement and bidding in the event a pulping facility was found to be economically viable. The State is presently financing a feasibility study relative to the construction of a MDF plant in Sitka. In addition, the Department is exploring all possible rural assistance programs throughout the federal government for availability to these communities and employees.

## **Range Reform**

USDA-proposed range regulations are scheduled for release the week of April 25. USDA regulations for range management and grazing fees are similar to rules published by the Department of the Interior (USDI). Both include the same grazing fee and incentive proposal. A dialogue process is being established for all range users and interest groups to comment on regulations proposed by USDI and USDA. Additionally, USDI is planning 54 public hearings throughout the West.

Congressmen Lehman, Thomas, Dooley, and Condit sent letters to Forest Service Chief Jack Thomas and Attorney General Janet Reno regarding a lawsuit recently filed to restrict grazing on the Sierra National Forest due to alleged violations of National Environmental Protection Act (NEPA) in issuing grazing permits. The Congressmen request that grazing on the forest not be suspended while the concerns of the plaintiffs are being addressed.

## **Canada Trade Discussions**

U.S. Trade Representative Mickey Kantor and I continued negotiations with our Canadian counterparts on outstanding agricultural trade issues during the GATT Ministerial this week in Marrakesh. Interest in the status of these negotiations continues from Members of Congress, who are urging immediate action on the dispute over wheat trade. At the same time, pressure mounts from Members of Congress to address poultry and dairy issues, and not to trade off these interests, as well as U.S. peanut and sugar interests, in order to settle the wheat trade dispute.

## **Pesticides**

On April 11, Deputy Secretary Rominger, Assistant Secretary Lyons, and I met with Office of Management and Budget Director Leon Panetta, Environmental Protection Agency Administrator Carol Browner, and Food and Drug Administration Administrator David Kessler to discuss final resolution of issues relating to the Administration's pesticide legislative reform proposal. An agreement was reached on the tolerance expiration provision in Federal Food, Drug, or Cosmetic Act (FFDCA) which, when drafted, paved the way for final clearance of the Administration pesticide legislation.

## **THE WEEK AHEAD**

### **Earth Day Activities Planned**

USDA's Earth Day observances next week will be showcasing a variety of exhibits and activities each day.

USDA has scheduled a "Natural Resource Conservation Day" on April 18 in conjunction

with Earth Day activities. The goals of this day are to highlight current USDA programs and efforts to protect and conserve natural resources, to promote environmental education within USDA, and to offer opportunities for USDA employees to become involved in conservation efforts.

On April 20, USDA has scheduled "Energy Management and Conservation Day". Five types of alternative fuel vehicles will be on display on the lawn area of the Administration Building on Jefferson Drive on the Mall.

The White House Conference on Climate Action will be held at The George Washington University on April 21. Deputy Secretary Richard Rominger will participate in the conference. Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel will chair a session on forestry and agriculture.

### **Urban Resources Partnership**

Assistant Secretary for Natural Resources and Environment Jim Lyons will hold a meeting on the Urban Resources Partnership initiative in Washington, D.C. on April 19. This meeting is to discuss the Partnership with representatives of national organizations which are primary partners of the Forest Service, Soil Conservation Service, Extension Service, National Park Service, Fish and Wildlife Service, and Environmental Protection Agency. The vision of the initiative is that agencies and organizations will pool technical and financial resources to create a public-private partnership with States and communities to help people create more sustainable, safe, and healthy environments in urban areas. Four cities--Seattle, New York, Chicago, and Atlanta--have been chosen to pilot test this concept.

### **Pending Program Announcements**

Pending announcements include: a request for comments on 1994 support prices for wool and mohair; county loan rates for canola, flaxseed, and rapeseed; 1993 payment rates for wool and mohair; burley tobacco no-net-cost assessments for the 1994-crop; revision of the upland cotton user marketing certificate "step 2" program; a request for comments on implementation of a U.S. end-use certificate system for imported commodities; and provisions of the Voluntary Production Limitation Program.

### **Regional Hunger Forum**

Assistant Secretary for Food and Consumer Services Ellen Haas will preside at the final Regional Hunger Forum in Dayton, Ohio on April 22. Congressman Tony Hall will co-chair the hearing. The regional forum will look at local solutions and challenges in the fight against hunger in American communities.

## **Farm Weather Outlook**

The National Weather Service's 6-10 day outlook for April 14-18 calls for mostly above-normal to normal temperatures, except for a band of below-normal averages over the Great Plains. Precipitation is expected to be mostly normal to above normal, except for below-normal totals over the West and desert Southwest States.

## **CONGRESS**

### **Congressional hearings**

- \* On April 18, the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies will hold a hearing on FY95 agriculture appropriations for Science and Education, the Agricultural Research Service, Cooperative State Research Service, the Extension Service, and the Alternative Agricultural Research Center. Under Secretary for Small Community and Rural Development Bob Nash and Acting Assistant Secretary for Science and Education R.D. Plowman will testify.
- \* On April 19, the House Agriculture Subcommittees on Livestock and Department Operations and Nutrition will hold a joint hearing on government and private sector progress in improving the safety of meat and poultry products.
- \* On April 19, the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies will hold a hearing on FY95 agriculture appropriations for the Office of the Secretary, Departmental Administration, and Office of the General Counsel. Assistant Secretary for Administration Wardell Townsend and General Counsel James Gilliland will testify for USDA.
- \* On April 20, I am scheduled to testify before the Senate Agriculture, Nutrition and Forestry Committee hearing on the GATT Treaty.
- \* On April 21, the House Agriculture Subcommittee on Environment, Credit and Rural Development will hold a hearing on the Administration's crop insurance reform proposal.
- \* On April 21, the Senate Agriculture Subcommittee on Agriculture Research, Conservation and Forestry will hold a hearing to introduce the new Chief of the Forest Service. Chief of Forest Service Jack Thomas will testify for USDA.
- \* On April 22, the House Government Operations Subcommittee on Information, Justice, Transportation and Agriculture will hold a field hearing in Casper, Wyoming to examine USDA's management of the Animal Damage Control program.

## **Congressional visits and activities**

The House Agriculture Subcommittee on Livestock began consideration of the dairy self-help legislation introduced by Congressman Harold Volkmer. The subcommittee will continue consideration of the legislation next week.

Federal Crop Insurance Corporation (FCIC) Manager Kenneth Ackerman met with Congressional members and commodity group representatives on April 8 to discuss the crop insurance reform proposal. During the Congressional recess, Ackerman also traveled to five states to discuss the reform legislation with Members of Congress and producers.

Assistant Secretary for Food and Consumer Services Ellen Haas met with Congressmen Major Owens and Jack Reed this week to discuss plans for school meals to meet nutrition objectives.

On April 7, Food and Nutrition Service (FNS) officials met with Senate Committee on Agriculture, Nutrition, and Forestry staff to discuss FNS' implementation plans for the Food Stamp Program Improvements Act of 1994, regarding the new definition of a retail food store for Food Stamp Program participation.

Congressman Tim Holden contacted the Food Safety and Inspection Service Inspection Operations Regional Director in Philadelphia on April 4 regarding Reading Meats, a company in Reading, Pennsylvania. The plant is currently under Stage I of Progressive Enforcement Action (PEA), and the Agency has decided to move the plant up to Stage II because of continued serious problems at the facility.

## **REGULATORY ACTION**

### **Food Stamp Program Regulations in the Federal Register**

USDA's Food Nutrition Service published two regulations in the *Federal Register* on April 11 regarding the Food Stamp Program. The first regulation, a proposed rule entitled "Income Exemption for Homeless Households in Transitional Housing," would require State agencies to exclude from the income of a household residing in transitional housing the full value of any public or general assistance housing payments made to a third party on its behalf. The second regulation, a final rule entitled "Performance Standards for the Employment and Training Program," sets the Employment and Training Program performance standard at 10 percent through FY95. This change is expected to result in more targeted employment and training programs, improved quality of services, and enhanced coordination among Federal employment programs.

## PRESS

### **Press Conferences**

Assistant Secretary for Natural Resources and Environment Jim Lyons conducted a press briefing and availability on April 13 in Seattle, Washington regarding the Forest Plan Record of Decision (ROD). Two more press briefings are scheduled for Portland, Oregon and Washington, D.C.

USDA will host a meeting of the farm broadcasters on April 18. I will participate in the day-long event, along with other USDA officials.

### **Press Contacts with USDA**

*The Washington Post* is still planning an "Inside USDA" story, detailing how USDA is affecting poultry policy. It will focus on changes and impacts of mandatory labeling of frozen and fresh poultry products in California.

*ABC News* is expected to air a program tonight about antibiotics and bacterial resistance in meat and poultry products.

*Knight-Ridder* requested information about the outcome of Food Safety and Inspection Service International Programs representatives' trip to Russia to discuss new Russian requirements for pork products.

A reporter from *ABC's "20/20"* contacted Food Safety and Inspection Service (FSIS) about U.S. exports of horsemeat.

*The New York Times* is writing an article on the Forest Service. They are traveling with Assistant Secretary for Natural Resources and Environment Jim Lyons while he is in Seattle, Washington for the release of the Forest Plan Record of Decision, and at a Forest Service Town Hall meeting. *The Seattle Times* will also interview Assistant Secretary Lyons regarding the Forest Plan ROD.

*CNN* is scheduled to visit the Intermountain Fire Sciences Laboratory in Missoula, Montana. They are interested in the laboratory's origin; research areas, such as fire effects, fire chemistry, and fire behavior; and the application of research results.

*The Grand Junction Sentinel* in Grand Junction, Colorado is expected to run a series of investigative stories about horse investigations, which resulted in disciplinary action against a number of top Forest Service managers several years ago. The story will cover ethics violations related to the Rose Bowl Parade and purchases of Missouri foxtrotters. The story may also be carried by national media.

*Women's Day* magazine is working on a story about E. coli outbreaks and how they have prompted changes in the meat and poultry inspection system.

*National Enquirer* is interested in doing a story about the Farmers Home Administration's delinquent loan problem. It will likely focus on the \$1 million delinquent borrowers in California.

The *Wall Street Journal* will soon publish an editorial about the position transfer of a USDA Equal Employment Opportunity officer in Georgia, who made intolerant remarks about sexual preference.

ABC's "Your Money" has expressed an interest in interviewing Assistant Secretary Jim Lyons about ski area user fees in national forests.

The Republican National Committee requested a list of political appointees through the Freedom of Information Act, as well as financial disclosure forms for USDA employees.

### WEEK IN REVIEW

#### **A. Important Events**

##### **Chinese Minister of Agriculture Attend Science Meeting**

Minister Liu Jiang and eight representatives from the Ministry of Agriculture in China are in the United States, April 9-17, for the U.S.-China Science and Technology (S&T) Joint Commission meeting, organized by The White House Office of Science and Technology Policy and the State Department. Minister Liu is highlighting U.S.-China S&T cooperation as a success story during the Joint Commission meeting. His group is part of a 25-person Chinese delegation representing numerous Chinese ministries, led by Dr. Song Jian, State Counsellor for Science and Technology Policy. Deputy Secretary Richard Rominger represented USDA at the April 12 meeting, and accompanied Dr. Song Jian and the Chinese S&T delegation on a visit to USDA research facilities at Beltsville and the National Arboretum on April 13. I hosted a lunch for the delegation on April 11.

##### **Wetlands Reserve Program**

Agricultural Stabilization and Conservation Service (ASCS) Administrator Grant Buntrock announced that farmers and ranchers in 20 states offered 590,000 acres -- more than seven times the FY94 goal of 75,000 acres -- for enrollment in USDA's Wetlands Reserve Program. USDA pays the landowners' easement costs for acreage accepted in the program, in addition to not more than 75 percent of costs for work to restore the land to approved wetland conditions. Under ASCS supervision, enrolled acreage must be restored and maintained permanently as wetlands.

## **Pesticides Residue Report**

USDA released its 1992 summary of pesticides detected on selected U.S. fruit and vegetables. The 1992 summary, the most current year-long information available to date, is a collection of data from USDA's Pesticide Data Program (PDP). PDP is a multi-agency program with responsibilities divided among USDA, the Environmental Protection Agency, and the Food and Drug Administration. The program was designed for government agencies to respond more effectively to food safety issues. EPA is using this information for dietary risk assessments and reregistration of pesticides. In addition, Agricultural Marketing Service (AMS) Administrator Lon Hatamiya announced that USDA is seeking comments on proposed amendments to record-keeping regulations for federally restricted-use pesticides.

## **Rural Housing Health and Safety Reviews**

Farmers Home Administration (FmHA) has completed special health and safety reviews in Mississippi, Texas, and Alabama. New teams will make reviews in Oklahoma and Illinois, starting on April 18. Reviews have noted serious health and safety problems in about 25 percent of the projects visited in Mississippi. FmHA did not find any pattern of health and safety problems in Texas or Alabama. However, they are finding cases of deferred maintenance related to insufficient rent levels to cover necessary operating expenses. Policies related to tenant subsidies and building policies related to soft markets are being reviewed to correct this problem.

## **USDA Workforce Diversity Conference Held**

Over 600 participants attended USDA's first Workforce Diversity Conference this week. This conference was held for managers and Senior Executive Service employees in the Washington, D.C. area to identify key issues, strategies, skills, and programs to valuing and managing a diverse workforce. Deputy Secretary Rominger opened the conference.

## **Three Title I Reserve Allocations Agreed**

Title I reserve allocations have been agreed to for Angola (\$3 million), the Congo (\$3 million), and Moldova (\$10 million). A \$10 million allocation for Jamaica is under consideration.

## **U.S.-Korea Trade Subgroup Meetings Result in Impasse**

After over two days of discussions with the Government of Korea on a full range of issues, including both agricultural and non-agricultural related topics, little progress was made during a meeting in Washington, D.C. The Koreans continued to refuse to release approximately \$1.3 million worth of U.S. sausages currently being held at the port of Pusan by Korean Customs. Exports of U.S. sausages and other heat-treated meat

products have risen over the past four years to a \$7.5 million market. The Koreans openly admitted that their actions were not related to food safety concerns, but were a result of a Korea not having an appropriate classification for heat-treated sausage and meat products. Deputy Assistant U.S. Trade Representative for Asia and the Pacific Peter Collins warned the Koreans that in this instance, as well as in numerous other cases, they were not living up to their agreements by not having given prior notification of the change in their classification of this product. According to the President's Economic Initiative, which Korea signed with the United States in 1992, the Koreans are required to give prior notification any time they make changes in their classifications of imports.

### **Tornado Damage Relief**

The following States received 1994 Emergency Supplemental Appropriation funds to help restore farmland damaged by tornados: Alabama, \$290,000; and Georgia, \$650,000.

### **Requests for Pathogen Reduction Research Proposals Published**

The Food Safety and Inspection Service (FSIS) published 11 requests for proposals in *The Commerce Business Daily* to support food safety research under the USDA Marketing and Inspection Services' Pathogen Reduction effort. This is the first step in the competitive bidding process. FSIS invited proposals for development of state-of-the-art methods for detection and enumeration of microorganisms and microbial toxins of public health concerns in raw and ready-to-eat meat and poultry products. Emphasis will be on new technologies to detect and enumerate low levels of pathogenic microorganisms and their toxins found in and on food products; more rapid tests with shortened analysis times; and simple, accurate tests with applications for in-plant and basic laboratory use.

### **Food Safety and Food Service Campaign**

USDA Food Safety and Inspection Service and the Food and Drug Administration mailed a food safety educational packet to 9,000 fast-food organizations and constituent groups. The mailing updates restaurant operators on food safety safeguards for restaurant workers, such as the Food Code temperature recommendations for ground beef.

### **Action Regarding "Fresh" Poultry Labeling**

Additional support for the State of California "fresh" poultry law was received from two large consumer groups, three States, and the Commonwealth of Puerto Rico. The California "fresh" law prohibits poultry chilled to temperatures below 26 degrees from being labeled as "fresh." The Consumers Union and the California Home Economics Association indicated their support. Oregon, New York, Maine, and Puerto Rico have also filed legal briefs in support of the law.

On April 8, U.S. District Judge David Levi struck down Section 26661 of the California Food and Agriculture Act. Judge Levi found that the labeling provision in the Section was preempted by Federal law. He found that the California Act's 25-degree rule establishes a "labeling requirement" that is "in addition to, or different than" labeling requirements made under the Poultry Products Inspection Act.

### **Mediterranean Fruit Fly Update**

The Cooperative Medfly Project conducted the fourth aerial treatment in the Corona, California area. There have been no additional medfly detections since late January. On April 6, the Los Angeles City Council unanimously adopted a resolution in opposition to aerial malathion spraying. It also adopted a resolution with a plan to have the agriculture industry share in eradication costs.

The House Agriculture Subcommittee on Department Operations and Nutrition, chaired by Congressman Charlie Stenholm, has scheduled a hearing for April 27 on the California Medfly Eradication Program.

### **Grants for WIC Farmers' Market Nutrition Program Announced**

On April 8, expansion grants for the 11 State agencies participating in the Farmers' Market Nutrition Program (FMNP), and initial grants for the 15 new State agencies that submitted approved State Plans, were announced by the Food and Nutrition Service. The new State agencies are Maine, New Hampshire, Rhode Island, District of Columbia, New Jersey, West Virginia, Kentucky, South Carolina, Indiana, Minnesota, Ohio, Missouri, Oklahoma, New Mexico, and California.

### **EBT Pilot**

The State of Mississippi and Diebold, Inc. announced on April 6 that they have signed an agreement to conduct an Electronic Benefit Transfer (EBT) pilot in Hinds County and eight other counties in Mississippi. The pilot is scheduled to begin this summer, with statewide rollout to begin the end of 1994. The agreement is a sole source award that has not been approved by the Department. It also appears that the State may require retailers to pay equipment expenses. The announcement is prompting calls from several EBT vendors.

### **U.S.-Russian Environmental Agreement**

The Russian Minister of the Environment was in Washington, D.C. this week as a representative for the Gore-Chenomyrdin Environment Committee. The primary objective of these meetings was to finalize the text of the US-Russian Environmental Agreement for signature by the Vice President and the Russian Prime Minister this upcoming June.

## **B. Travel**

I will participate in the historic signing of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in Marrakesh, Morocco this week.

**C. Major Speeches** -- I was in Marrakesh this week for the GATT Ministerial meeting.

**D. Hill Testimony** -- I did not testify before Congress this week.

## **E. Controversies**

### **Medfly Litigation**

A law firm representing the city of Corona, California subpoenaed records on the Medfly Program in California. Because USDA is not a party to the litigation (City of Corona, et al. v. Henry J. Voss, et al.), the subpoena for records is handled as an Freedom of Information Act request. USDA expects the number of responsive records to be in the thousands. The subpoena requested a personal appearance by an Animal and Plant Health Inspection Service employee.

Also, please reference the Administration's Forest Plan ROD release today, and the termination of the Alaska Pulp Corporation contract.

## **SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

### **Health Care Reform**

Assistant Secretary for Food and Consumer Services Ellen Haas met in Chicago on April 11 with 10 health organizations at a roundtable hosted by the American Heart Association to discuss USDA's School Meal Initiative for Healthy Children and the President's Health Security Proposal. Haas focused on the link between prevention and healthy diet. She also spoke to the National Association of Women, Infants, and Children (WIC) directors about the Health Security Act's emphasis on preventative care and good nutrition.

USDA is surveying the health care reform positions of major farm groups. This is in preparation for a joint White House-USDA health care briefing for farm groups on the Health Security Act.

The Extension Service has joined with The Department of Health and Human Service's Office of Disease Prevention and Health Promotion, in sponsoring a demonstration by the National Health Information Center. The demonstration will be on how interactive communication technology can provide health information to more people.

Nearly 300 applications are now being reviewed by the Rural Electrification Administration and independent reviewers for Distance Learning and Medical Link Grants. The total amount requested from all applications submitted under the January 31 deadline is approximately \$88.3 million; funding for the program in FY94 is \$10 million.

## **Flood Activities**

Localized flooding occurred across Missouri and much of the upper Midwest. From April 10 to 13, thundershowers resulted in 1 to 10 inches of rain from the Great Plains to the East Coast. Because of high moisture, most of the water ran off rapidly into rivers causing flooding from eastern Kansas and Oklahoma into eastern Tennessee, Kentucky, Ohio and Indiana. The heaviest totals fell from southeast Kansas and northwest Oklahoma across southern and central Missouri. Flood water on the Missouri River at Jefferson City are forecast to crest about three feet below last year's flood peak. This will flood lowlands where levees have not been repaired.

Field staff in Illinois continue to monitor progress on the planning of Valmeyer, debris removal issues, clean-up assistance from the Soil Conservation Service, and levee assistance. Liaisons report progress on the Kaskaskia Island levee; funding has been approved and construction begun. Because of the rain, work has been interrupted on the Kaskaskia and other levees and drainage is a potential problem as drains are shut down for construction. The Corps of Engineers anticipates no major problems with levee construction as a result of the rain, though drainage may be a problem because of ground saturation.

Field staff in Missouri continue to monitor property buyout procedures and meet with local officials about levee repair and other issues. One dispute is over the Goser levee that protects several acres of land, as well as 70 homes and summer homes. This levee divides the Osage and Missouri Rivers. Iowa liaisons are following disputes between local farmers and the Federal Emergency Management Agency and Corps of Engineers about levee repairs. They are working with local officials to find funding for projects.

USDA field staff continue to work with officials to improve coordination of community planning and recovery efforts. The city of Cherokee, with the Siouxland Interstate Metropolitan Council in Iowa, has formed a management team that will coordinate and plan the city's buyout plan. Randolph County in Illinois also has plans for such a group to meet to coordinate emergency services. Also in Illinois, communities have formed an Unmet Needs Committee, involving local officials, staff from the congressional offices, and other officials, to identify and resolve unmet needs.

The flood office is compiling data to monitor the administration of flood programs to help Federal agencies better ensure the timely administration of funds.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

I will address the Independent Bankers Association of America on April 18.

I will speak to the Canadian Institute of International Affairs' 1994 Briefing Tour Group on April 19.

On April 21, I will give the keynote address at Senator Dave Boren's Leadership Oklahoma Annual Washington Forum.

### **SECRETARY'S SCHEDULE FOR NEXT MONTH**

There are no changes in my monthly schedule.

### **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

On April 18, Deputy Secretary Rominger will address the National Association of Farm Broadcasters in Washington, D.C. He also will meet with representatives of the California Prune Board and address the California Farm Bureau Federation.

On April 19, the Deputy Secretary will meet with representatives of the Society of American Florists.

On April 20, the Deputy Secretary will address the Commodity Club Luncheon in Washington, D.C.

On April 21, the Deputy Secretary will participate in The White House Conference on Climate Action in Washington, D.C.



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

April 28, 1994

**MEMORANDUM FOR** MACK MCLARTY, THE WHITE HOUSE  
**FROM:** SECRETARY MIKE ESPY  
**SUBJECT:** Weekly Report for the Week of April 25, 1994

---

### KEY DEPARTMENTAL NEWS

#### **Food Safety Campaign**

As part of USDA's continuing aggressive efforts on food safety, on May 3 we will launch a joint national food safety campaign with the National Association of School Nurses to release a postcard featuring safe handling and cooking methods for hamburger. Media events will be in Atlanta, Seattle, and New York. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will unveil the safe cooking and handling postcard in Atlanta at a cookout. In Seattle and New York, parents of children who died from exposure to the deadly bacteria E. coli 0157:H7 will announce this educational effort, which is targeted at school children and parents. The campaign involves distributing over 2.2 million postcards to children and parents across the country to spread the important message concerning proper handling of cooking hamburgers. The National Association of School Nurses and USDA Food and Nutrition Service and Extension Service will join in distributing the postcards nationwide.

#### **Section 22 Wheat Investigation**

U.S. Trade Representative Mickey Kantor and I announced on April 22 that the United States notified other GATT members of the U.S. intention to take action on grain imports pursuant to Article XXVIII of the GATT. This allows the United States to impose higher tariffs or tariff-rate quotas on any commodities for which the Department has price and/or income support programs, if a negotiated solution is not reached with Canada during an established 90-day period. There has been continued media interest in evolving negotiations with Canada to try and reach a fair solution to the conflict. USDA Chief Economist Keith Collins testified today before the U.S. International Trade Commission on the Section 22 wheat investigation. USDA argued that Canadian wheat imports have materially interfered with U.S. wheat price and income support programs.

## GATT Update

Ranking Republican House Agriculture Committee Member Pat Roberts announced the Administration will lose 44 House Republican votes currently in favor of the General Agreement on Tariffs and Trade (GATT) if agriculture is forced to bear the burden of recouping losses in revenue once GATT is implemented, rather than spreading the cost of GATT among all Government agencies and programs.

Ralph Nader's Public Citizen released a report on April 12, entitled "Trading Away U.S. Food Safety." It discusses how the Uruguay Round could undermine existing U.S. Federal and State pesticide and food safety standards, as well as other consumer and environmental protections. The report claims that many U.S. food safety laws may be vulnerable under the trade rules. The report also is critical of the Codex standard-setting process and calls for the reform of Codex.

## Range Reform

USDA-proposed rules for rangeland management and grazing fees on National forests and grasslands were made public by Assistant Secretary for Natural Resources and Environment Jim Lyons and published in today's *Federal Register*. Briefings on the proposed rules were held on April 25 for Congressional and State governors' staffs, industry and interest groups, grazing permittees, State agencies, and the media. USDA's proposed rules include a planning and decision-making framework to facilitate an ecosystem approach to management, placing greater emphasis on stewardship. The new rules propose changes in the way livestock grazing permits are administered, providing more consistency between regulations of the Forest Service and the Bureau of Land Management. A dialogue process is being established for range users and interest groups to comment on the fee incentive proposal. Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel will speak at the Strategic Planning Session on Range Managers on May 3 regarding the future of range management.

## Pesticides

The Administration's pesticide legislative reform package was unveiled at a press conference on April 26. USDA Deputy Secretary Richard Rominger, Environmental Protection Agency (EPA) Administrator Carol Browner, and Food and Drug Administration (FDA) Commissioner David Kessler were joined at the conference with Senators Edward Kennedy and Patrick Leahy. The legislative package is being introduced by House Agriculture Committee Chairman Kika de la Garza, Senate Agriculture Committee Chairman Leahy, Senator Kennedy and Congressman Waxman.

The reform proposals focus on reducing risks pesticides pose for human health and the environment. The proposals would require amendments to both the Federal Insecticide, Fungicide, and Rodenticide Act and the Federal Food, Drug, and Cosmetic Act. Media coverage of the announcement and constituent response to proposed changes was received by the Department.

## THE WEEK AHEAD

### **Farm Weather Outlook and Update**

The National Weather Service's 6-10 day outlook for April 28-May 2 calls for near- to below-normal temperatures over the western two-thirds of the country and above-normal temperatures over the eastern United States. Near- to above-normal precipitation is expected over most of the nation, except for California and Texas, where mostly dry weather is expected. Last weekend, a powerful storm system over the West Coast brought widespread late-season rain to California. Heavy snow blanketed the Sierra Nevada mountains, increasing snowpack. A cooling trend accompanied by rain in the northern Great Plains interrupted spring wheat planting. Showers and thunderstorms continued to bring some relief to dry areas in west Texas. Sunny, mild weather covered much of the eastern two-thirds of the nation, allowing rapid progress of fieldwork.

### **Forest Plan**

The first announcement of a \$4.3 million grant and \$2.2 million loan in USDA economic development grants in northern California will be made on April 29. The Forest Service also will announce approximately \$1.8 million in forestry projects at the same session.

### **Forest Legacy Program Up for Approval in Three States**

New York, New Jersey, and Connecticut will submit Forest Legacy Assessment of Need documents and decision memorandums in May for approval by the Forest Service. Approval of these assessments will establish the Forest Legacy Program in Connecticut and allow it to continue in New York and New Jersey. Legacy programs for Massachusetts, Vermont, Rhode Island, New Hampshire, and Maine already have been approved. Washington's program awaits a decision. The goal of the Forest Legacy Program is the purchase of perpetual conservation easements to prevent environmentally important forest land from being converted to other uses.

## **Pending Program Releases**

Pending announcements include: Provisions of the Voluntary Production Limitation Program; an announcement of dairy refunds; the final rule on domestic tobacco content for cigarettes; reopening of the Tree Assistance Program; a request for comments on 1994 support prices for wool and mohair; and program differentials for 1994-crop cotton.

## **USDA Starts Early Crop Report Test**

USDA will release its May 10 crop reports at 8:30 a.m., instead of 3 p.m., beginning a one-year test of the new time. The Department will maintain strict security measures, preparing the report overnight in a secured corridor. Staff admitted to the locked area must remain until the doors open at 8:30 a.m. When Midwestern commodity exchanges open two hours later, they will focus on the first projections of U.S. and world crop production contained in the World Agricultural Supply and Demand Estimates report.

## **Israel Seeks to Reduce Grain Import Commitment**

Israel requested meetings with the United States on its commitment to buy 1.6 million metric tons of grains and oilseeds per year. The obligation dates back to 1979, when the United States converted donations under the Commodity Import Program to a cash transfer under the Economic Support Fund. It has been renewed by letter each year. Since the Palestinians are seeking independent import authority, Israel wants to reduce its commitment based on consumption. The main concern is that their country will import subsidized wheat, which could find its way into the Israeli market and undermine unsubsidized prices there. Consultations are to take place in Tel Aviv on May 9.

## **CONGRESS**

### **Congressional hearings**

On May 3, the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies will hold a hearing on FY95 Agriculture Appropriations for Food and Consumer Services, Food and Nutrition Service, and Human and Nutrition Information Service. Assistant Secretary for Food and Consumer Services Ellen Haas will testify for USDA.

On May 4, the House Education and Labor Subcommittee on Elementary, Secondary and Vocational Education will mark up H.R. 8, a bill to reauthorize child nutrition programs.

On May 4, the House Agriculture Subcommittee on Environment, Credit and Rural Development will hold a hearing on H.R. 3790, the Rural Consumer Protection Act of 1994, which deals with the service territory issue facing rural electric cooperatives. Rural Electrification Association Administrator Wally Beyer will testify for USDA.

On May 4, the House Agriculture Committee and the House Merchant Marine and Fisheries Committee will hold a joint hearing on H.R. 2638, the Northern Rockies Ecosystem Protection Act. Mark Riemers, Deputy Chief of the Forest Service, will testify for USDA.

On May 4, the House Committee on Science, Space and Technology will hold a hearing to examine the overall Federal environmental research and development enterprise.

On May 5, the House Agriculture Subcommittee on Department Operations and Nutrition will hold a hearing to review the status of the medfly eradication program underway in California. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify for USDA.

On May 5, the House Committee on Science, Space and Technology Subcommittee on Technology, Environment and Aviation will hold a hearing on the role of modern technology in the food inspection process. Acting Assistant Secretary Jensen will testify for USDA.

On May 5, the Senate Energy and Natural Resources Subcommittee on Public Lands, National Parks and Forests will hold a hearing on S. 528, a bill to provide for the transfer of certain U.S. Forest Service lands in Lincoln County, Montana, to Lincoln County.

On May 5, the House Government Operations Subcommittee on Legislation and National Security will hold an oversight hearing on the accountability for U.S. donations to the World Food Program.

### **Congressional visits and activities**

The Food Safety and Inspection Service (FSIS) has been in contact with the offices of Representatives Kika de la Garza and Charles Stenholm, as well as Senator Kay Bailey Hutchison, regarding B3R Country Meats, Inc. in Childress, Texas. The plant produces specialty meats, such as hormone-free meat and meat with no added chemicals and artificial ingredients. The plant did not have an acceptable partial quality control (PQC) program for the labeling of their products. FSIS officials met with plant management on April 18 and gave the plant an extension until April 20 for developing an acceptable PQC. FSIS officials approved the plant's PQC program on April 20.

Numerous Members of Congress have inquired on behalf of the Greek Orthodox community to request that FSIS permit the sale of lamb intestines and lungs during the Greek Orthodox Easter season. FSIS has denied these requests due to significant food safety concerns.

Animal and Plant Health Inspection Service and Forest Service officials met with staff of Senators Leahy and Tom Daschle on efforts and procedures to exclude and/or control exotic pests on forest lands.

On April 18, Senator Bob Kerry's office inquired about the number of aircraft USDA owns and how they are used. The response was that three USDA agencies (Agricultural Research Service, Animal and Plant Health Inspection Service, and Forest Service) own 356 aircraft that are primarily used for fire detection and suppression, research, animal damage control, and plant and insect disease control.

### REGULATORY ACTION

#### **Forest Service Publishes Grazing Policies**

Today's Federal Register contains Forest Service proposed rules regarding grazing policies in national forests and grasslands.

#### **Upland Cotton User Marketing Certificate Program**

On April 19, USDA announced revisions to the upland cotton user marketing certificate "Step 2" program. The changes are to reduce surges in export sales registrations and minimize resultant market disruptions. The announced changes take effect immediately and affect only forward sales, such as sales for shipment after September 30 of the next crop year.

### PRESS

#### **Press Conferences**

USDA Deputy Secretary Rominger, EPA Administrator Browner, and FDA Commissioner Kessler held a press conference with Senators Kennedy and Leahy on April 26 regarding the Administration's legislative proposals for pesticide policy reform.

Deputy Secretary Rominger, Acting Assistant Secretary for Economics Keith Collins, Soil Conservation Service Chief Paul Johnson, and principal economic adviser Joe Glauber participated in panel discussions with agricultural journalists assembled in Washington, April 24-26, for the annual meeting of the National Association of Agricultural Journalists.

## **Press Contacts with USDA**

I met with *USA Today's* editorial board on April 27 to discuss reorganization, nutrition, and other priority initiatives for USDA.

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen may be interviewed on *ABC's "Good Morning America"* on May 3 when USDA's food safety campaign is announced.

*CNN* is developing a story which compares meat and poultry inspection in the United States and Europe. USDA expects *CNN* to present the story in a negative light for U.S. inspection.

*Associated Press* is following the audit of Forest Service meetings and consultations with the Natural Resources Defense Council (NRDC). The audit was prompted by timber industry allegations that NRDC has had "veto power" over timber sales.

During a demonstration by Animal and Plant Health Inspection Service's Dulles Airport canine team at the Beagle Brigade Earth Week exhibit, a reporter from *National Geographic's* children's magazine, *World*, requested information for a possible article.

*The Des Moines Register* was provided records under the Freedom of Information Act on registered research facilities in Iowa, a copy of the Animal Welfare Act, and implementing regulations. This was a partial response to the paper's request. Documents on Iowa Class B dealers and investigative files are still under review to determine what can be released.

## **WEEK IN REVIEW**

### **A. Important Events**

#### **Korea Trade Update**

Although in direct violation of the U.S.-Korean Beef Agreement and the Uruguay Round Record of Understanding, Korea continues to place restrictions on boxed beef imported by the Korean Meat Industries Association (KMIA). Since the U.S.-Korea Quarterly Beef Consultations began in October 1993, Korea has placed obstacles on KMIA's

ability to sell boxed beef by adding processing, weight, and/or packaging restrictions. The KMIA issue was on the agenda of the U.S.-Korea Quarterly Beef Consultations on April 26, when the United States continued to seek Korean commitment to conform to the earlier agreements without success.

### **Special Initiatives for the Newly Independent States**

USDA's Commodity Credit Corporation on April 22 issued an invitation for over \$20 million of commodities for CARE to distribute to the former Russian republics of Armenia, Georgia, Azerbaijan, and Tajikistan. The program is a supplemental feeding program targeted to vulnerable groups, such as children, infants, and pregnant and lactating women. The funding for commodity procurement and discharge surveys was advanced by the Agency for International Development (AID), with AID paying for ocean and inland freight. The total program cost for FY94 is \$38 million.

### **Russian Private Sector Grain Team Visits**

Deputy Under Secretary for International Affairs and Commodity Programs Dallas Smith met with members of a Russia Private Sector Grain Marketing Team on April 21. The key topic of discussion was the assurance that the United States would continue to be a reliable supplier of grains for export to Russia.

### **Economic Development Initiative for Native Americans**

Under Secretary for Small Community and Rural Development Bob Nash, co-chair of the Subcommittee to the President's Community Enterprise Board, held the first session of the committee on April 20. The group will coordinate and integrate Federal Native American economic development policies and programs and work to facilitate access to those programs by tribes and members, identify successful economic development efforts that are currently operating in Native American territory, and look for ways to build on and expand those efforts. The group also wants to find ways to empower tribal governments and their members to formulate and successfully implement their own, locally determined strategic economic development plans.

### **Asian Gypsy Moth Threat from Germany**

Representatives of the Animal and Plant Health Inspection Service (APHIS), the Foreign Agricultural Service, German Federal and State plant quarantine and forestry agencies, and Agriculture Canada met on April 6 in Bonn, Germany to discuss the Asian Gypsy Moth outbreak in southern Germany and the threat this represents of introducing this pest in the United States on commercial and U.S. military cargo and personal property.

German officials were advised that the United States would perform more intensive inspections of German commercial cargo arriving at U.S. ports-of-entry to preclude introduction of the pest. German officials were equally concerned about the problem and agreed to provide APHIS and Agriculture Canada with a proposed plan of action by early June.

### **E. coli Outbreak Reported, Rapid Testing Sought**

The USDA Food Safety and Inspection Service was informed by the Centers for Disease Control that the Nebraska State Department of Health reported a confirmed case of E. coli 0157:H7 on April 20. Five Boy Scouts in the state became ill after eating undercooked hamburgers on a camping trip. Two of the boys were hospitalized, but only one tested positive for the problem. The Nebraska State Epidemiologist is following up on the incident. The upcoming postcard education campaign is aimed at educating the public about such health risks.

### **Virginia Peach Crop Destroyed**

The Extension Service estimates that Virginia's peach crop was destroyed from earlier freezes. The extent of damage has not been determined. However, in 1993, 944 acres of peaches in the State were insured with a liability of \$568,712.

### **Buyout Update**

The number of USDA employees who have elected to take the buyout incentive is up to 3,300. This represents a significant step toward creating a leaner and more efficient Department. USDA has reduced its employee rolls to date by 1,166 and expects an additional reduction of 2,164 by mid-May.

### **1890s Task Force Meeting**

USDA's 1890s Task Force met at the University of Maryland Eastern Shore, April 24-26, to discuss the group's status. The Task Force consists of five USDA employees and five of the 17 presidents of Land-Grant universities and Tuskegee Institute. The Task Force has implemented several programs to enhance USDA's partnership with these institutions. The group also is planning a USDA/1890s Symposium in September, which will be used to continue improving existing programs and discuss new ways that the partnership can be developed. Increasing funding levels for various programs, such as scholarships and capacity building grants, is at the top of the symposium agenda.

### **B. Travel**

On April 26, I traveled to Pascagoula, Mississippi to speak to the Merchants and Marine Bank Economic Symposium.

### **C. Major Speeches**

I addressed the Merchants and Marine Bank Economic Symposium in Pascagoula, Mississippi on April 26. While in Mississippi, I went to Biloxi to do a profile interview with WLOX-TV, the local NBC affiliate.

**D. Hill Testimony** -- I did not testify before Congress this week.

## **SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

### **Health Care Reform**

Today, Secretary for Small Community and Rural Development Bob Nash and Bob Van Hook, a rural health care expert from the Department of Health and Human Services, led a health care briefing for farming and rural constituency groups. Other USDA senior officials participated.

On April 26, I discussed how health care reform will benefit businesses during my speech to the Regional Economic Symposium for Marine Merchants Bank in Pascagoula, Mississippi.

The Department, along with the Department of Health and Human Services (HHS) and The White House Press Office, held a rural health care briefing for agricultural journalists on April 26. USDA/White House Liaison Marion Berry and Bob Van Hook of HHS spoke to the journalists.

Thousands of leaders from rural electric systems across the United States will be in Washington, D.C. next week, participating in NRECA's Annual Legislative Conference. Managers and directors of rural electric cooperatives will be here to discuss rural concerns, including health care. Under Secretary Nash will give the keynote address to the conference on April 30, where he will discuss health care proposals.

Assistant Secretary Pat Jensen will travel to Detroit, April 29-30, to address the North Central Council of Food Inspection Locals' spring labor convention. She will then travel to Atlanta, Georgia on May 3 to launch the food safety education campaign, targeting children and parents with 2.2 million postcards emphasizing safe handling and cooking of hamburger meat.

Assistant Secretary for Food and Consumer Services Ellen Haas met with MTV executives and Scholastic Magazine today to discuss plans for a multi-media nutrition education campaign. Haas will speak to the American Dietetic Association on Long Island, New York on April 29. While at a USDA regional hunger forum in Dayton, Ohio on April 22, Haas was interviewed by various television, radio, and newspaper reporters.

USDA's Economic Research Service issued information reviewing survey information, showing that most people understand the link between diet and health, but that the knowledge is not translated into effective behavior.

On April 22, officials from Rural Electrification Administration and Rural Development Administration met with Under Secretary Nash and me to plan the framework for the Goals 2000--Safe Drinking Water project. A task force will be formed in Nash's mission area, charged with planning a national Safe Drinking Water Summit to kick off the Goals 2000 project.

### **Early Warning Radio System**

Plans to extend the National Oceanic and Atmospheric Administration Weather Radio System Coverage into unserved areas has already begun. Rural Electrification Administration (REA) representatives met on April 21 with Federal Emergency Management Agency (FEMA), National Weather Service (NWS), and Federal Communications Commission officials to coordinate efforts on the Vice Presidential initiative to extend the existing Weather Radio system and to enhance it functionally. REA will coordinate private sector assistance for the project. REA-financed electric cooperatives and telephone companies and cooperatives in Alabama have already committed financial support and have offered facilities, such as towers. REA officials also met with NWS radio specialists to gather details of specific requirements.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

On April 30, I will address the National Conference of Black Mayors in Washington, D.C.

On May 1, I will participate in two events in Chicago, Illinois. Events include: ribbon-cutting ceremonies at the National Association of State Departments of Agriculture's 1994 U.S. Food Export Showcase; and the Food Marketing Institute's Supermarket Industry Convention and Educational Exposition.

On May 2, I will be the keynote speaker at the Millers' National Federation Annual Convention in Phoenix, Arizona.

## **SECRETARY'S SCHEDULE FOR NEXT MONTH**

On May 5-7, I will participate in USDA's Senior Policy Retreat in Easton, Maryland.

On May 20, I will address the annual meeting of the Delta Council in Cleveland, Mississippi.

On May 28, I will travel to Columbus, Mississippi, where I will give the Mississippi School for Math and Science commencement address.

## **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

Today, Deputy Secretary Richard Rominger will speak to the North American Commercial Opportunities Market in Sacramento, California.

On April 29, Deputy Secretary Rominger will address the Pacific Egg and Poultry Association in Fresno, California. He also will visit several farms in the area.

On May 3, Deputy Secretary Rominger will address the Georgia Agri-Business Council in Washington, D.C.

On May 5-7, Deputy Secretary Rominger will participate in USDA's Senior Policy Retreat in Easton, Maryland.



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

May 5, 1994

**MEMORANDUM FOR** MACK MCLARTY, THE WHITE HOUSE  
**FROM:** SECRETARY MIKE ESPY  
**SUBJECT:** Weekly Report for the Week of May 2, 1994

---

**KEY DEPARTMENTAL NEWS**

**Crop Insurance Funding Agreed Upon**

The Budget Resolution Conference Committee agreed on May 3 to fund the Administration's crop insurance reform bill at a \$1 billion level, adding that amount to the budget baseline per year. This baseline adjustment helps pave the way for a more rational program of disaster relief for farmers and allows full funding of USDA's crop insurance reform legislation.

The USDA crop insurance reform package grew directly out of President Clinton's visits to the Midwest during last summer's devastating flood emergency. It combines two redundant Federal programs, crop insurance and off-budget ad hoc disaster aid, into a single on-budget system. The result is more certainty both for farmers and for taxpayers alike. Hearings on the underlying legislation continue on May 11 in the Senate Agriculture Committee, with a markup scheduled for early June. The House Agriculture Subcommittee has already held hearings and USDA will be working closely with Congress to encourage prompt action on this Presidential initiative.

**USDA Policy Retreat**

USDA senior officials and I will discuss the reorganization of USDA, customer service, and developing the Department's varied programs and policies as we prepare for the 21st Century during a two-day policy retreat. Discussions will revolve around rural development, USDA reorganization, the 1995 Farm Bill, USDA customers, and international trade. The USDA Senior Policy Retreat, scheduled for May 5-7 in Easton, Maryland, will be attended by about 90 Department officials.

## **USDA Strategic Plan**

Today, Assistant Secretary for Administration Wardell Townsend addressed employees in the USDA Patio about the Department's Strategic Plan. This plan reflects several months of work and scores of meetings to formulate a mission statement, goals, and a dynamic vision of where USDA is headed. USDA employees will be able to review and comment on the plan.

## **Shortage of Available Funds for Farm/Housing Programs**

USDA projects that FY94 appropriations for direct and subsidized guaranteed farm operating loans, and direct and guaranteed farm ownership loans, will be exhausted by May 31. This shortage is caused by higher demand in flood States. The Farmers Home Administration (FmHA) uses these farm programs to complement disaster assistance. There are sufficient funds to meet emergency loan requirements and unsubsidized guaranteed farm operating loans. FY94 appropriations for the single family guaranteed rural housing (502) loan program also are expected to be exhausted by mid-August.

## **Algerian and Russian Rescheduling**

Representatives of the Agricultural Stabilization and Conservation Service (ASCS) and the Foreign Agricultural Service (FAS) met on April 27 with Algeria's Ambassador to the United States to discuss Algeria's anticipated Paris Club debt rescheduling request. By mid-May, the International Monetary Fund is expected to approve an arrangement that would qualify Algeria for a Paris Club rescheduling which would include delinquent Commodity Credit Corporation (CCC) debts. Russia's rescheduling arrangement expired on April 30. The Paris Club will consider another rescheduling arrangement. Russia had been current on its payments under the expired arrangement. The Paris Club will meet the last week of May.

## **THE WEEK AHEAD**

### **Farm Weather Outlook and Update**

The 30-day and 90-day weather outlooks suggest delays in planting in the Corn Belt and northern Great Plains, with slower-than-normal crop development due to cool temperatures, particularly in the western Corn Belt and northern Great Plains. The National Weather Service's May outlook calls for temperatures to be mostly above normal east of the Rockies and below normal west of the Rockies. Precipitation is expected to be mostly above normal to normal, except below normal in a pocket over the desert Southwest. During the past week, lack of moisture stressed small grains in the lower Great Plains and Pacific Northwest. Field conditions in the Tennessee and Ohio

Valleys improved steadily as the first full week of fair weather dried fields and allowed fieldwork to resume. Where dry fields permitted, the Nation's corn planting surged for the week. Warm weather in the Great Lakes region allowed some spring planting of row crops to begin, but some soil temperatures remained too cool for corn.

### **Pending Program Releases**

USDA will issue a report on May 9 regarding food costs from farm to retail in 1993. In the Economic Research Service (ERS) report, retail food prices in 1993 as measured by the Consumer Price Index (CPI) averaged 2.2 percent above those in 1992. This increase, followed by 1992's 15-year record low growth of 1.2 percent, was still modest compared with the 3-percent advance in the CPI for all goods and services in 1993. Another ERS report on May 9, Economic and Environmental Effects of Nitrogen Testing for Fertilizer Management, will focus on how new technologies and farming practices can reduce pollution and enhance environmental quality. This report assesses the potential of information technology (soil and tissue nitrogen testing) to improve nitrogen fertilizer management and reduce nitrogen losses to the environment.

The Department's Crop Production report on May 10 will contain the first winter wheat production forecast for 1994. Updated 1993-94 citrus forecasts will also be released along with the end-of-season 1993 cotton summary.

### **Water Issues**

Assistant Secretary Lyons will address a conference on "Drought Management in a Changing West: New Directions for Water Policy" on May 12. The conference will explore how to make drought management an integral part of water management. It also seeks to provide substantive input to the comprehensive review of Federal activities in the 19 Western States that affect the allocation and use of water resources called for in the Western Water Policy Review Act of 1992.

### **USDA Creates Rural Jobs Through Economic Development Projects**

USDA has created about 9,000 jobs in manufacturing, high technology, and service industries across rural America through the Rural Electrification Administration's (REA) Rural Economic Development Loan and Grant Program (REDLGP). This program was established through the Omnibus Budget Reconciliation Act of 1987 and REA began making zero-interest loans to its electric and telephone borrowers in May 1989. The agency has funded a variety of projects, ranging from business start-ups, expansions, and incubators to community development and water and sewer projects. A final rule amending the REDLGP was published in *The Federal Register* on March 14 to establish procedures for administering grants for rural development projects. REA is now accepting applications for the May 1-14 application submission period for grants under the program.

## CONGRESS

### **Congressional hearings**

A Medfly hearing, scheduled before the House Agriculture Committee Subcommittee on Government Operations and Nutrition was postponed from April 27 and rescheduled for today. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen testified.

Today, the House Subcommittee on Technology, Environment and Aviation held a hearing on the role of modern technology in the food inspection process. Acting Assistant Secretary Jensen testified.

Today, Mary Chambliss, Director of Program Analysis for FAS, testified before the Government Operations Subcommittee on Legislation and National Security to address a General Accounting Office report on U.S. donations to the World Food Programme.

Today, the Senate Energy and Natural Resources Subcommittee on Public Lands, National Parks and Forests held a hearing regarding S. 528, which proposes to transfer 340 acres of land from the Kootenai National Forest to Lincoln County in Montana.

Today, the House Natural Resource Subcommittee on National Parks, Forests and Public Lands held a hearing regarding H.R. 1164. The Forest Biodiversity and Clearcutting Prohibition Act of 1993 proposes to ban clear-cutting and similar logging practices on Federal lands and also requires the native diversity of plant and animal life in the forests to be retained.

On May 9, the House Small Business Subcommittee on Regulation, Business Opportunities and Technology will hold a field hearing in Portland, Oregon regarding backlogs in reforestation.

On May 11, the House Natural Resources Committee will markup H.R. 2866, a bill to provide for sound management and protection of redwood forest areas in Humboldt County, California, by adding certain lands and waters to the Six Rivers National Forest and by including a portion of such lands in the National wilderness preservation system.

On May 11, the House Judiciary Subcommittee on International Law, Immigration and Refugees will hold a hearing on H.R. 3594 and Title IV of H.R. 3860, with emphasis on the Systematic Alien Verification for Entitlements (SAVE) program. Bill Ludwig, Administrator of the Food and Nutrition Service, will testify for USDA.

On May 12, the Senate Small Business Subcommittee on Export Expansion and Agricultural Development will hold a hearing on export assistance efforts for small business. The hearing will focus on issues of export financing and promotion.

## **Congressional visits and activities**

The Animal and Plant Health Inspection Service (APHIS) plans to schedule a meeting with Congressman Mac Collins concerning a horse import quarantine facility in Atlanta, Georgia. The agency approved a temporary facility for use in the 1996 summer Olympics in Atlanta, but the owners want to convert the facility into a permanent facility after the games. APHIS currently has no regulations concerning standards for private facilities (other than for commercial bird shipments). The American Horse Council objected to a proposal for private facilities several years ago. The Department has received numerous letters from Members of Congress regarding this issue.

On April 26, USDA officials met with staff from the offices of Senator Mitch McConnell and Congressman Harold Rogers and employees of Sunshine Valley Farms in Baxter, Kentucky. The meeting was to clarify inspection requirements the plant must meet to continue producing a sausage biscuit product. All product recently produced at the plant without Federal inspection has been detained by Food Safety and Inspection Service (FSIS) compliance officers.

Assistant Secretary for Food and Consumer Services Ellen Haas met with Congressman Bill Emerson to discuss USDA's School Meals Initiative for Healthy Kids.

Congressman Earl Pomeroy and 20 colleagues have written to House Agriculture Appropriations Subcommittee Chairman Richard Durbin requesting that funding for the FmHA Home Mediation Program be restored to \$3 million for FY95, the same level as for FY93 and FY94. Funding for the program is eliminated in the Administration's budget. The Department has received numerous requests from Members of Congress and anti-hunger advocates urging the Administration to maintain funding for The Emergency Food Assistance Program (TEFAP).

## **REGULATORY ACTION**

### **Misrepresented Apple Exports**

USDA received authorization from the Department of Justice to proceed with a pending administrative action against Chief Wenatchee, a large produce cooperative, and two other respondents in connection with a scheme to export New Zealand apples to Taiwan misbranded as Washington State apples. New Zealand "Gala" apples command a large premium on Taiwan, and the export scheme was designed to evade import restrictions on New Zealand apples. A motion was filed on May 2 to set the case for hearing, and revocation of the firm's licenses will be sought.

## **Helping Farmers With Cash-Flow**

FmHA is preparing a regulation to provide for a deferral program for farm borrowers affected by 1993 disasters. The new regulation will defer now-due payments and add currently due payments to the last payment on the term note. This would give borrowers cash-flow relief and the opportunity to recover financially.

## **Empowering USDA Employees**

Keeping with the spirit of USDA employee empowerment and streamlining, REA has delegated downward certain agency responsibilities and authorities. This action delegates additional loan-signing authority and other approval authorities downward, which should speed up processing of REA loans and improve USDA's service to its customers. This final rule was published on April 26 in *The Federal Register*. A similar regulation is being proposed by FmHA.

## **PRESS**

### **Press Conferences**

Press conferences were held on May 3 in Atlanta, New York, and Seattle to launch the USDA/National Association of School Nurses food safety education campaign targeted towards children and parents nationwide. There has been media interest in USDA's unveiling of the safe cooking and handling postcard, which will be distributed in schools from coast to coast. *The Wall Street Journal* covered the kickoff. *CBS Evening News* covered the Atlanta event.

On May 11, Assistant Secretary Lyons will attend the National Fish and Wildlife Foundation press conference to announce a corporate partnership to save endangered and native fish and their habitats. The establishment of an interagency partnership, which includes the USDA Forest Service, will also be announced.

### **Press Contacts with USDA**

*NBC's "Dateline"* continues to work on a story about FmHA's large delinquent loans. The story will likely focus on California borrowers.

*CBS' "48 Hours"* is working on a story about U.S. strawberry exports to Canada, which have shown high levels of pesticide residues. The Environmental Protection Agency and the Food and Drug Administration are handling the issue.

*Reuters, Associated Press, and Futures World News* have expressed interest in upcoming meetings between Russia and USDA on export issues.

ASCS responded to a request from *Banker Magazine* for information relating to Japanese investment in U.S. agricultural land.

*Popular Science Magazine* will publish a biography of Forest Service Chief Jack Thomas in its June issue. The article will also focus on the Pacific Northwest and ecosystem management as a new direction for the Agency.

On May 16, *Good Morning America* will begin a week-long broadcast from Alaska. Most of the location cutaways will be of National forests in the Alaska Region. The show will include an interview with John Dorio, District Ranger for the Glacier Ranger District, Chugach National Forest.

Chicago's *Register Star* asked APHIS for information on the care and treatment of circus animals and the number of cases resolved against exhibitors over the past three years. Inspection reports on Ringling Brothers, Great American, and Tarzan Zerbini circuses were provided.

Atlanta's *Journal Constitution* reported that more than 200 dogs have been missing in northern Georgia counties over the past few months. In response to suggestions that missing pets may end up at USDA-licensed research facilities and could have been stolen by USDA-licensed animal dealers, APHIS provided information on its animal care program, inspections, and investigations.

*Ag Alert News*, a California publication, asked about FY95 funding for whitefly research. APHIS has been allocated \$500,000, enough to cover the Agency's biological control of the pest.

*Smithsonian Magazine* requested information about hybrid wolves. APHIS provided general information about the Animal Welfare Act and procedures for licensing individuals who breed hybrid wolves.

The Fayetteville, North Carolina *Observer* asked how many swine herds infected or exposed to brucellosis have been depopulated and when remaining infected or exposed herds will be destroyed. APHIS replied that 10 of the 34 infected/exposed herds in the area have been depopulated. Action plans are in effect in each State to encourage depopulation of the remaining herds by July 1.

*Fox Network's "Encounters"* asked if USDA compiled information about cattle mutilations, such as organs and blood removed from cattle in Colorado and Alabama. APHIS replied that the Department does not have reporting requirements for these incidents.

*Glamour Magazine* asked why USDA lists immune-compromised groups in FSIS literature when the Food and Drug Administration (FDA) does not. The Department's cooperation with the Centers for Disease Control and the Department of Health and Human Services was noted.

Reporters from *The Commercial Appeal* in Memphis, Tennessee and *The Austin Statesman American* in Texas asked FSIS about voluntary and mandatory nutrition labeling of meat and poultry products.

*Feedstuffs Magazine* called the FSIS Dallas office to inquire about significant cattle deaths in Texas and Kansas. FDA is investigating whether there is a connection between the deaths and animal feed that was manufactured from byproducts from a drug laboratory and an ethanol producer. Stories about the animal deaths also have appeared in the *Kansas City Star*.

A reporter with the *Minneapolis Star Tribune* contacted the National Agricultural Library for information on the differences in Food and Drug Administration and USDA food labeling requirements.

Assistant Secretary Haas was interviewed today on *CNN* about President Clinton's commitment to full funding for the Women, Infants, and Children (WIC) program and the role of WIC as a key component of prevention in the President's Health Security Plan.

## WEEK IN REVIEW

### **A. Important Events**

#### **Food Safety Education Campaign Launched**

USDA announced its nationwide hamburger food safety education campaign on May 3. This program targets parents of school-age and younger children, addressing the importance of cooking meat until well done to prevent food-borne illness. Acting Assistant Secretary Pat Jensen announced the program, which is also supported by the National School Nurses Association.

## **Collecting Delinquent Food Stamp Claims**

Representatives of 20 States attended a training workshop in Arlington, Virginia, May 4-5, which focused on collecting delinquent food stamp claims by offsetting the debtor's tax refund. Currently, 21 States participate in the Food Stamp Program's test of this collection method and collections in 1994 have exceeded \$26 million. In addition to the State representatives, USDA Food and Nutrition Service (FNS) regional office representatives were on hand.

## **Cattle Feedlot Deaths**

APHIS is investigating large death losses in several Kansas feedlots. One feedlot lost 500 of its 1,000 animals. FSIS has expressed interest in the situation due to possible toxic residues that may result. Erythromycin and clarithromycin were discovered in the dead animals' feed.

## **Summer of Safety Program**

On April 29, Attorney General Janet Reno, Corporation for National Service CEO Eli Segal, and I announced a grant for the "Summer of Safety" program, which will combine urban greening/gardening and public safety work in two neighborhoods in Chicago that suffer from disabling levels of violent crime. The program will be run by a non-profit foundation, which has worked closely with the Chicago High School of Agricultural Science. USDA and the Department of Justice will provide technical and staff support for the projects, which will include community service activities, such as creating urban gardens, tree planting, playground renovations, and patrolling those areas to create safe havens with reduced crime. Participants in the program will earn a small living allowance and a \$1,000 educational award for community service.

## **Bilateral Trade Consultations**

USDA released a statement on April 28 concerning the Fifth Round of the Australia/United States Bilateral Trade Consultations, which took place in Canberra, Australia on April 27. The U.S. delegation was led by Joe O'Mara, Counsel to the Secretary for International Affairs. David Hawes, Deputy Secretary of the Department of Foreign Affairs and Trade led the Australian delegation. The delegations continued dialogue on bilateral and multilateral issues. In addition, they addressed the potential for further cooperation in the transition to the post Uruguay Round era. The countries agreed to continue close consultation on farm policy issues, including Australian concerns about dairy, sugar, cotton, and beef, and U.S. concerns regarding poultry, pork, and horticultural products.

## **Sausage Issue Discussed in U.S.-Korea Meetings**

The issue of \$1.3 million of U.S. sausages stranded at the Korean port of Pusan since mid-February was the major topic on the agenda at the U.S.-Korea Food Safety meetings in Seoul, Korea, May 4 and today. No agreements have been announced.

### **B. Travel**

On May 1, I made brief remarks at a ribbon-cutting ceremony of the National Association of State Departments of Agriculture's (NASDA) 1994 U.S. Food Export Showcase, held in conjunction with the Food Marketing Institute's Supermarket Industry Convention and Educational Exposition in Chicago, Illinois.

On May 2, I delivered the opening address at the general session of the 92nd Annual Meeting of the Millers' National Federation in Phoenix, Arizona.

### **C. Major Speeches**

On April 30, I participated in the National Conference of Black Mayors roundtable in Washington, D.C. My remarks focused on several programs and initiatives, including Empowerment Zones/Enterprise Communities, USDA national service projects, and the Women, Infants, and Children program.

On May 1, I made brief remarks at the ribbon-cutting ceremony of NASDA's U.S. Food Export Showcase in Chicago, Illinois.

On May 2, I addressed the Millers' National Federation in Phoenix, Arizona.

**D. Hill Testimony** -- I did not testify before Congress this week.

### **E. Controversies**

Mike Dunn, FmHA Administrator, traveled to Puerto Rico on May 2 to inform a private contractor of Under Secretary for Small Community and Rural Development Bob Nash's decision not to continue an agreement to service the Puerto Rico housing portfolio. The contract was for \$4.2 million annually with Great Atlantic Mortgage of Puerto Rico to provide service for about 32,000 accounts, collecting \$75 million or more annually in payments. Cancellation was based on reorganization, the new escrow system, and insufficient funding in the 1995 budget. There may be political issues raised with the cancellation.

Mr. Robert Steele announced at a press conference on April 26 that he is filing a claim with the U.S. Claims Court against the Forest Service. A draft environmental impact statement was prepared and released in March 1992 after the Uinta National Forest received a proposal from Steele to mine gypsum from existing mining claims within the Mount Nebo Wilderness. He has had prior contact with Congressman Jim Hansen. This could involve additional congressional offices and media, and could be elevated to a regional or National level.

## SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

### **Health Care Reform**

On April 30, Under Secretary Bob Nash addressed the National Congress for Community Economic Development on rural development issues.

The Decisions for Health Management Team, formed by USDA's Extension Service, published a health reform question and answer paper for distribution among state Extension offices. In North Carolina, Extension agents are using the information in small study groups for members of the community and to educate Extension homemakers. The demand for the questionnaire has been tremendous, and an additional 50,000 are being printed for distribution within the State.

"Advances in Human Energy Metabolism: Balancing Energy Requirements and Energy Intake" is the theme of the 1994 Beltsville Symposium, May 8-11, sponsored by the ARS Beltsville Agricultural Research Center in Beltsville, Maryland. Experts in human nutrition worldwide will attend, and *CNN* has indicated interest in filming some of the speakers.

FmHA is preparing to meet with HHS to conduct further discussions on its proposal to turn vacant housing units to community health clinics. Sharron Longino, FmHA Assistant Administrator, will draft a memo to HHS officials addressing joint funding options and the possible inclusion of additional HHS agencies in the project.

The Department held a briefing on health care reform on April 28 and provided briefing materials. Over 20 people attended, including representatives of the National Farmers Union, American Agricultural Movement, Farm Aid, National Association of Counties, the National Association of State Departments of Agriculture, and the League of Cities. USDA is currently engaged in follow-up activities for last week's briefing. It also is scheduling a second briefing for those who were unable to attend the April 28 meeting.

## **Native American Activities**

The National Association of Food Distribution Programs on Indian Reservations (NAFDPIR) will hold its annual conference in Bloomington, Minnesota, May 7-14. The conference will bring together members of Native American tribal organizations, State agencies, and USDA representatives to discuss issues affecting distribution of food on reservations.

The first USDA Native American Working Group (NAWG) meeting took place on April 20 under chairmanship of Woody Patawa, USDA's new Director of the Native American Division of Intergovernmental Affairs. In related matters, Patawa attended a special Navajo Nation meeting at Window Rock, Arizona, April 26-28, to help plan Navajo projects. The group was headed by Deputy Under Secretary for Small Community and Rural Development Karl Stauber. Patawa also traveled to Albuquerque, New Mexico, May 5-6, for the National American Indian Listening Conference, called by Attorney General Reno and Interior Secretary Babbitt.

## **Customer Service Initiative**

USDA is becoming customer driven and plans are to make the Department more accountable to its customers. On May 3, USDA sub-cabinet members were briefed by representatives of the USDA Customer Service Working Group on proposed customer service activities. In the presentation, the team defined customer service (treating customers the way they want to be treated, giving them the results they expect); identified customers (both internal and external); and outlined customer service (listen, act, and learn). The team concluded its briefing by noting the importance of integrating customer service with performance agreements and standards, strategic planning, resource allocation, and the National Performance Review. On the same subject, FmHA conducted a two-day pilot training program on "Achieving Extraordinary Customer Relations." A small group of National Office and field office representatives participated in the program to test it for possible agency-wide use.

## **Early Warning Radio System**

REA representatives met on May 4 at National Weather Service offices in Silver Spring, Maryland to discuss engineering details of the Weather Radio System, and to receive initial site selection information for use in contacting REA-financed projects to seek support and sponsorship of new sites.

## **Flood Recovery Activities**

As of April 29, USDA has provided over \$2.6 billion in direct emergency assistance to the nine Midwest Flood States. The USDA flood office is compiling data to monitor the administration of flood programs to help Federal agencies better ensure the timely release of funds.

This is the beginning of the Spring rainy season in the Midwest and USDA expects problems to continue for some time due to heavy rains, high soil saturation, and un-repaired levees. The Midwest region received more rain over the weekend, along with near-freezing temperatures that halted field and repair work. The outlook calls for more above-normal precipitation that may result in planting delays and slower than normal crop development.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

On May 9-15, I will be in South Africa for the inauguration of President Mandella.

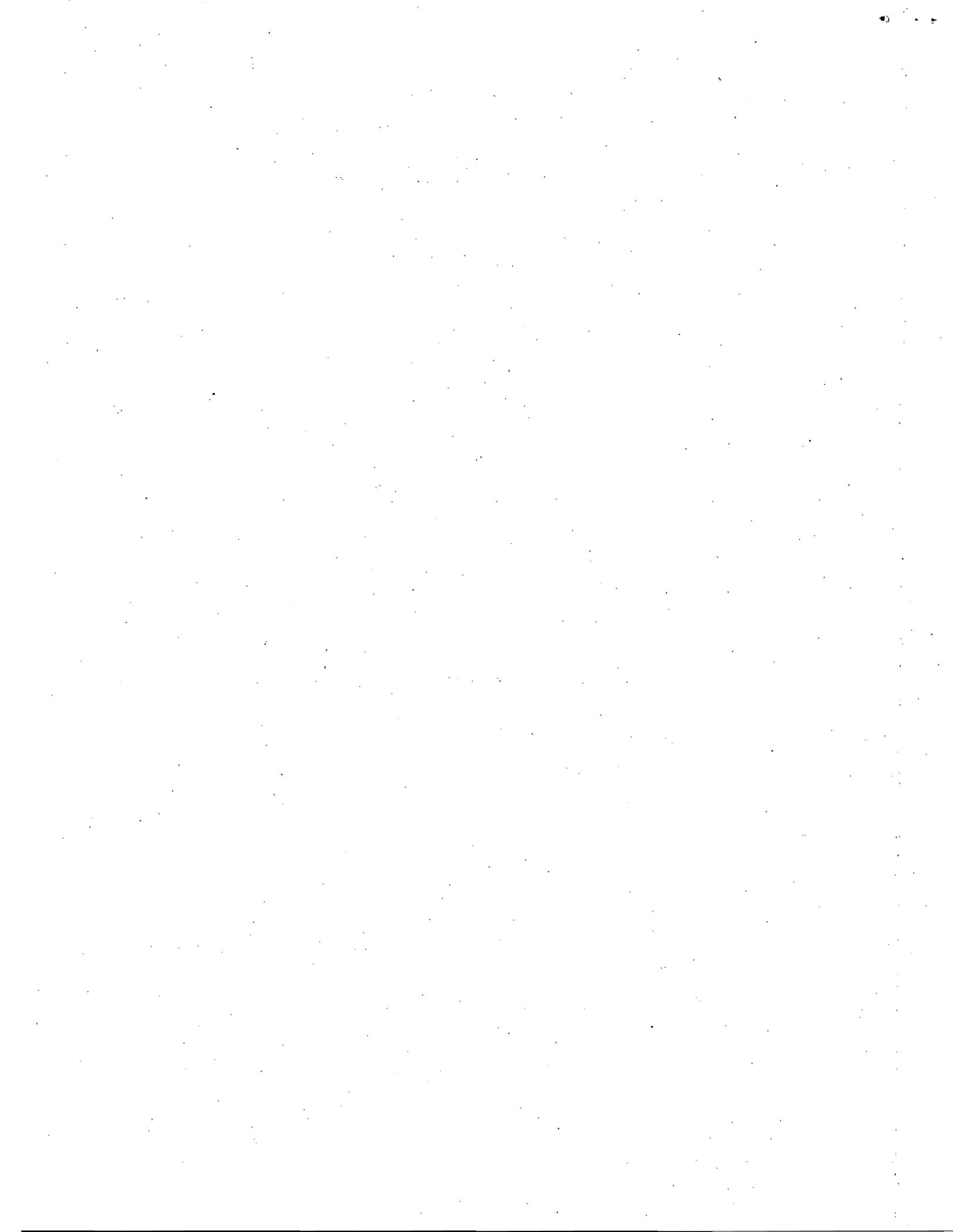
### **SECRETARY'S SCHEDULE FOR NEXT MONTH**

There are no major changes from last week's report.

### **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

Deputy Secretary Richard Rominger will travel to Mexico on May 9-10 for the U.S.-Mexico Binational Commission meeting.

On May 11, Deputy Secretary Rominger will travel to Miami, Florida to participate in the Regional Conference of USDA Agricultural Counselors, Attaches, and Trade Officers.





THE SECRETARY OF AGRICULTURE

WASHINGTON, D. C.

20250-0100

May 12, 1994

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: SECRETARY MIKE ESPY  
SUBJECT: Weekly Report for the Week of May 9, 1994

---

### KEY DEPARTMENTAL NEWS

#### Dioxin

The Environmental Protection Agency (EPA) is completing a three-year reassessment of dioxin through cooperation between USDA, the Department of Health and Human Services (HHS), and the Food and Drug Administration (FDA). A draft risk assessment was distributed to Government scientists for peer review. Plans were to publish the entire assessment for public comment following this process. Because this information has not been through peer review, it is inappropriate to draw conclusions.

*The New York Times* obtained a copy of the draft report earlier this week and was prepared to run a story. Government concern was that the story would create a food scare. A conference call was held between The White House, EPA, USDA, and HHS regarding the Administration's response. The call participants met the next day to discuss media strategy and the long-term interagency process for reviewing the risk assessment chapter, as well as the entire draft reassessment study.

A joint EPA, FDA, and USDA press release was developed. In response to press inquiries, each agency will be able to release the joint statement and discuss its own activities relative to the issue. However, requests for further information on the reassessment will be referred to EPA.

USDA and EPA initiated a national study to estimate dioxin levels in the U.S. meat supply. USDA is also investigating animal feed sources to help decrease dioxin in livestock. EPA and FDA are taking action to reduce human exposure to dioxin. A meeting to discuss the next steps in the peer review process will be on June 1.

*The New York Times*, *The Wall Street Journal*, and *Associated Press* ran stories on the draft reassessment. *The Washington Post* ran an article today. USDA and EPA officials provided a briefing today for House Agriculture Committee staff.

## **USDA Policy Retreat Update**

Last weekend, USDA held its Senior Staff Retreat, "2020 Vision: Beyond Reorganization," in Easton, Maryland. The retreat was to discuss ideas for the 1995 Farm Bill, rural development, international trade, reorganization, and other issues facing the Department. The program also consisted of presentations by Under and Assistant Secretaries, as well as outside challenge speakers.

## **Market Promotion Program Allocations Announced**

On May 6, USDA announced \$100 million in Market Promotion Program (MPP) allocations for FY94. These funds go to 59 commodity groups and regional trade organizations. The MPP is a program of USDA Foreign Agricultural Service to help promote U.S. agricultural products in foreign markets.

## **Russia and Algeria Debt Rescheduling**

The current rescheduling of debts for the Former Soviet Union and Russia expired the end of April. Official creditors will consider extending the rescheduling at the Paris Club meeting, scheduled for the week of May 30. Official Notices of Default from four U.S. banks totaling \$2.5 million have been filed. If the same terms of the original rescheduling are extended in May, these defaulted payments will be rescheduled.

On May 4, representatives of Russian importers met with USDA officials to discuss further GSM programming. The Russians were notified that additional programming would not be considered by USDA Commodity Credit Corporation (CCC) until all payments are made current.

Algeria has suspended its payments to creditors pending the Paris Club meeting. Official Notices of Default worth \$46 million from eight U.S. banks have been filed. Representatives of the Central Bank of Algeria advised CCC that their 1994 financing gap is \$6.5 billion-\$6.9 billion. The USDA General Sales Manager (GSM) program is currently closed for Algeria.

## **Washington Apples to Japan and China**

Three Japanese plant quarantine officials recently traveled throughout Washington's apple-growing region with USDA Animal and Plant Health Inspection Service (APHIS) representatives and State survey personnel to certify techniques used to survey blossoms for fire blight. The survey was the last technical event needed before a meeting can be scheduled in Tokyo for the Japanese public to air their views on the importation of U.S. apples. A decision on the enterability of U.S. apples is scheduled to follow the conclusion of the public meeting.

APHIS and the Washington apple industry have also accomplished one more step toward the opening of China to U.S. agricultural products. Two Chinese plant quarantine officials were accompanied by APHIS and industry representatives during a recent review of apple-production areas in Washington. The review focused on orchard practices and the ability of packing and storage facilities to provide a quality, pest-free product. A decision on the enterability of U.S. apples to China is expected soon.

### **South and Northeast Still Feeling Affects of Winter Freeze**

Reports are still coming in on February's winter ice storm that swept across portions of the South and Northeast. One Rural Electrification Administration (REA) borrower in Mississippi, Delta Electric Power Association, will be cleaning up for another three months. All customers of the company were finally restored service 32 days after the storm hit, with irrigation loads in service two weeks later. There were over 12,000 poles and 1,800 transformers replaced. Over 1,500 miles of line were completely destroyed. After 10 weeks, the first Federal Emergency Management Agency assistance arrived in the amount of \$900,000. A second payment arrived on May 3 for \$8.9 million. The latest estimate of damage on this one system is \$20 million (net utility plant of \$52 million), with \$16 million expended to date.

### **USDA Reorganization Moving Closer**

Reorganization legislation continues to move forward. The bi-partisan leadership of the House Agriculture Committee and the House Agriculture Appropriations Subcommittee met this week to discuss the reorganization legislation pending before the Committee. This bill passed in the Senate and is scheduled for markup in the House Agriculture Committee next week. The reorganization is extensive and the Department is ready to move forward in concert with our efforts to implement the National Performance Review.

On May 23, as part of USDA reorganization efforts, the Forest Service reinvention team will hold a meeting with public interest groups, Congressional staffers, and industry to identify areas of consensus, strategies for reform, potential obstacles, and issues needing further study under the Forest Service reinvention effort.

### **Crop Insurance Update**

With a \$1 billion baseline adjustment for crop insurance reform approved in the Congressional budget, the Senate is moving rapidly on the Administration's crop insurance reform bill. The Senate Agriculture Committee held hearings on the proposed legislation on May 11. Senate and House markup is expected in June.

## Range Reform Update

The Department of the Interior and the Forest Service will conduct 45 field hearings on June 8 to gather testimony regarding the agencies' proposed regulations for range reform and grazing fees.

## THE WEEK AHEAD

### Northwest Forest Litigation

In the major spotted owl case, Seattle Audubon Society v. Lyons, the Government filed a motion to dismiss the injunction against logging old growth owl habitat based on its formulation of a new Record of Decision supported by a comprehensive Environmental Impact Statement. All parties have stated they would not oppose the motion. However, one party, the Native Forest Council, argued against lifting the injunction. There is a possibility that Judge Dwyer could lift the injunction, which has tied up the Pacific Northwest timber sale program, when he reviews the matter on May 13. However, the deadline for parties to amend their pleadings to challenge the Record of Decision or to file new challenges and to seek a preliminary injunction is May 19. Even if the injunction is lifted, other groups have indicated they will file additional challenges to the Pacific Northwest Forest Plan.

The timber industry has been distributing a document around the Hill entitled "President Clinton's Forest Plan: Illegal and Unbalanced." They charge that the Administration has bought into the notion that "man is the problem" and that environmental problems can only be addressed by eliminating the presence of man.

### Federal Ecosystem Management Assessment Team Case

In the Federal Ecosystem Management Assessment Team/Federal Advisory Committee Act case, Northwest Forest Resource Council v. Espy, a status conference is scheduled for May 13. The Northwest Forest Resource Council is expected to file a challenge to the Administration's plan this week in Washington, D.C.

### Timber Industry Files Lawsuits

On May 11, the timber industry filed the first lawsuits against the Record of Decision adopting the forest management portion of the President's Northwest Forest Plan. Northwest Forest Resource Council v. Thomas was filed against the Forest Service and a parallel companion lawsuit, Northwest Forest Resource Council v. Dombeck was filed

against the Bureau of Land Management. The complaints allege violations of the Federal Advisory Committee Act and environmental laws, challenge the legality of the Forest Service "viability regulation," and ask the court to order the Government to offer timber sales and to issue a new decision by December 30, 1994.

### **Report to Focus on Salmon Recovery**

On May 17, the Economic Research Service will publish a summary of agricultural and other economic effects of salmon recovery in the Pacific Northwest.

### **Recycling Symposium and Exhibition**

The Recycled Fiber Committee of the Technical Association of the Pulp and Paper Industry and the USDA Forest Service will sponsor the 1994 Recycling Symposium and Exhibition in Boston, Massachusetts, May 15-18. Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel will address the Symposium. The objective is to bring together developers and users of recycling technology to discuss recycling issues.

### **Farm Weather Outlook and Update**

The National Weather Service's 6-10 day outlook for today through May 16 calls for temperatures to be mostly above normal to normal, except much above normal over the Pacific Northwest. Precipitation is expected to be mostly normal, except for above-normal totals in a band over the western Great Plains and below normal from New Mexico into California. The snow and rain limited the number of days suitable for fieldwork to three or less across the upper Great Plains and Mississippi Valley. The middle Mississippi and Ohio Valleys continued to report surplus soil moisture, but despite the wet field conditions, producers planted at a brisk pace. Heavy rains and saturated soils caused reports of flooding in parts of Kansas and Kentucky.

Unseasonably warm weather approaching 90 degrees over the Pacific Northwest accelerated crop development and depleted already short soil-moisture supplies. Beneficial rain fell on recently planted fields east of the Rockies and over areas with deficient winter precipitation from California into Nevada. Spring planting was slowed by the wet soils across the Corn Belt, mid-Atlantic, and Northeastern States. Cool temperatures slowed germination in the Corn Belt until warming began after midweek.

### **U.S.-Russia Policy Level Working Group Meeting**

Today and May 13, Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel will represent USDA at the U.S.-Russia Policy Level Working Group meeting in Washington, D.C. This is in preparation for the June 21-22 U.S.-Russia Commission meeting on Economic and Scientific Technological Cooperation between

Vice President Gore and Russian Prime Minister Chernomydrin. The group will identify broad new areas for science and technology cooperation, a charge given by the Vice President and the Russian Prime Minister that will build a new partnership between the two countries. After the meeting, Backiel and Forest Service Chief Jack Thomas will sign a Memorandum of Understanding between USDA Forest Service and Russia's Federal Forest Service.

## CONGRESS

### Congressional hearings

Today, the Senate Energy and Natural Resources Committee held a hearing on EPA's proposed renewable oxygenate standards. John McClelland, USDA ethanol expert, was present to answer questions.

Today, the Senate Small Business Subcommittee on Export Expansion and Agricultural Development held a hearing on export assistance efforts for small business. The hearing focused on issues of export financing and export promotion. General Sales Manager Chris Goldthwait testified for USDA.

The Senate Energy and Natural Resources Committee will hold a field hearing on May 14 in Albuquerque, New Mexico regarding range reform.

On May 17, the House Natural Resources Committee will hold a hearing on H.R. 1716, which proposes to provide protection for lands along the North St. Vrain Creek in Rocky Mountain National Park. About 594 acres from the Roosevelt National Forest would be exchanged for 475 acres of land held by the city of Longmont, Colorado.

On May 18, the House Agriculture Committee on Specialty Crops and Natural Resources will hold a hearing on H.R. 3905 to provide for the establishment and management of the Opal Creek Forest Preserve on the Willamette National Forest in Oregon. The proposed bill would require the Forest Service to acquire 6,000 acres of premiere old-growth habitat in Oregon, owned by the Plexis Mining Company. This bill raises controversy, because the company's mining claims were patented by the Mining Law of 1872 at \$2.50 per acre. The land value has increased significantly and will present a windfall for the company at the Government's expense.

On May 18, the Senate Agriculture, Nutrition and Forestry Committee will hold a hearing on S. 1614, a bill to amend the Child Nutrition Act of 1966 and the National School Lunch Act to promote healthy eating habits for children and to extend certain authorities contained in such acts through FY98.

## **Congressional visits and activities**

Deputy Under Secretary for International Affairs and Commodity Programs Dallas Smith participated in a meeting on May 10 with staff of Congressman Charlie Rose to discuss the peanut title of the 1990 Farm Bill and how program features may relate to proposals for reforming the peanut program into a no net cost program. The discussion centered on issues that may be raised by opponents of the program in FY95 appropriations hearings and in the upcoming Farm Bill debate.

Anne Kennedy of the Federal Crop Insurance Corporation (FCIC) and Dan Sheldon, FCIC Regional Service Director for Spokane, Washington, met with the staff of Speaker Tom Foley. There was concern that the Administration had not appointed FCIC's Board.

Economic Research Service (ERS) staff will brief the House and Senate Agriculture Committees on May 13 on the agricultural situation in the People's Republic of China. This is the second of several scheduled technical information briefings on current issues that ERS is providing.

Senate Agriculture Chairman Patrick Leahy wrote to express support for USDA sponsorship of the AmeriCorps program related to anti-hunger, rural development, and natural resource conservation activities.

Several Members of Congress wrote to request that USDA look favorably on the allocation of funding to the Cherry Marketing Institute for the MPP in FY94.

House Agriculture Committee Chairman Kika de la Garza wrote to apprise USDA that a Russian delegation will be visiting the Department to request additional credit guarantees to purchase U.S. wheat. He requests that the appropriate procedures be in place to consider this request.

Congressman Tim Penny wrote to alert USDA to legislation that he will be proposing in anticipation of the 1995 Farm Bill to restructure P.L. 480, Title I, which aims to improve trade between the U.S. agribusiness sector and its counterparts in developing countries.

Congresswoman Barbara Boxer wrote USDA regarding confusion surrounding the definitions of "fresh" and "frozen" poultry. She urges USDA to reconsider this policy and requests to be advised of the reasons for any decisions reached concerning this matter.

On May 3, Animal and Plant Health Inspection Service (APHIS) officials met with staff from Congressman Ken Calvert's office to discuss the nature of the Congressman's questioning at the May 5 Medfly hearing. Staffers requested information on port staffing and budget levels. Coincidentally, as the APHIS officials arrived, Chancellor Orrback

of the University of California at Riverside was leaving Calvert's office, where he discussed the feasibility of a fruit fly research laboratory at the Riverside campus. The APHIS officials met with Orrback briefly, indicating support for the concept, but cautioning that the facility would need to have the highest biosecurity possible.

I sent a letter on May 5 to Congressman Robert Torricelli to express concerns about his criticisms of the USDA safe-cooking campaign. I provided a list of pathogen-reduction activities completed by the Department. The letter also stated that USDA is uniquely qualified to address food safety activities from inspection through research.

USDA received inquiries from Congressman de la Garza's staff about dioxin. All agencies involved in the issue are cooperating in this scientific report.

Assistant Secretary for Marketing and Inspection Services Pat Jensen will meet with Senator Tom Daschle's staff on May 12 to discuss food safety issues.

On May 3, USDA Rural Development Administration (RDA) officials met with staff from the offices of Senators George Mitchell and William Cohen to discuss funding possibilities for cranberry bogs and the legislative language required to allow rural development funds to be used for agricultural production. The Senators are interested in the Intermediary Relending Program (IRP) as a source of funding for cranberry production.

## REGULATORY ACTION

### **Product Recall**

On May 5, FSIS announced that Koegel Meats, Inc., a Flint, Michigan food processing firm, is voluntarily recalling about 2,700 packages of its sliced ham because of possible *Listeria* contamination. "Koegel's Cooked Ham with Natural Juices" was distributed to retail food stores in Michigan. The problem was discovered through the Agency's routine monitoring program for *Listeria monocytogenes*.

### **Compliance/Enforcement Actions**

On April 25, the U.S. District Court in Washington, D.C. fined Happy Valley Foods, Inc. and the firm's president \$7,500 for contaminating poultry by handling and storing the food products in a building infested with rodents. The firm has a long history of failing to comply with Federal and District of Columbia public health requirements. The firm and its president were placed on a three-year conditional probation.

### **Intermediary Relending Program (IRP)**

The Interim Rule for the IRP cleared the Office of Management and Budget (OMB) on May 2. It was published in *The Federal Register* on May 11. This raises the loan limit from \$2 to \$4 million.

### **Rural Business Enterprise Grant Program (RBEG)**

The Interim Rule for the RBEG Program cleared OMB on May 2 and will be published in *The Federal Register* in the near future. The interim rule implements P.L. 102-552, which provides that grants may also be made to create, expand, and operate rural distance learning networks and rural learning programs that provide educational instruction.

## **PRESS**

### **Press Conferences**

In a press release, I highlighted how USDA has made major changes in the past year to end discrimination, specifically to assist African-American and other socially disadvantaged farmers. The initiatives include reversing past trends of inadequate services to minority farmers. For example, FmHA's inventory property regulations have been revised to give priority to socially disadvantaged applicants when selling inventory property.

USDA Food Safety and Inspection Service and the Food and Drug Administration released a joint statement on May 4 concerning new labeling rules for processed foods. To qualify for the label description "healthy," food products must be low in fat and saturated fat. USDA participated in releasing this regulation to carry out its mission to ensure that meat and poultry products are safe. Both the USDA and FDA rules are expected to be published in *The Federal Register* this week.

USDA produced a public service announcement on National Service Recruitment.

### **Press Contacts with USDA**

"*Inside Edition*" is working on a story regarding meat and poultry.

NBC's "*Dateline*" continues to work on FmHA's delinquent loans.

Media calls have developed regarding Russia's interest in purchasing U.S. wheat.

USDA anticipates requests regarding Judge Dwyer's ruling to lift the injunction on cutting timber in the Pacific Northwest forest.

*CNN* wants to do a positive piece on a new timber removal technique that has minimal impact on soil.

*CBS* wants to interview a representative of the Forest Service on wild and scenic river issues.

Assistant Secretary for Food and Consumer Services Ellen Haas was interviewed on by *Milling and Baking News*, *The National Journal*, and *Self Magazine* about nutrition issues.

Agricultural Stabilization and Conservation Service Economist Robert Miller was interviewed by *KCOX-TV*, Myrtle Beach, South Carolina, and by *Tobacco Radio Network* regarding tobacco issues.

*KSTP-TV*, Minneapolis, Minnesota, requested data on 1993-94 violations of the Animal Welfare Act by airlines. APHIS reported three closed cases in 1994, 19 closed cases from 1993, four open cases in 1994, and 16 open cases from 1993. *KSTP* also asked about specific charges behind a fine of \$3,000 levied on Burlington Air Express in August 1993. APHIS replied that the airline was charged with having air cargo spaces not designed to protect the health and safety of animals and with failing to observe whether the animals had adequate ventilation and ambient temperature. The station aired its program last week.

The *Western Livestock Journal* asked why USDA allowed importation of a potentially hazardous substance (fetal bovine serum) into the United States. APHIS replied that regulations proposed on February 25 include strict conditions that would minimize the risk of disease introduction. APHIS provided a copy of this proposal.

The *Boston Globe* stated that the American Vivisection League intends to set up a 1-900 number to facilitate pet owners who want to donate their animals to research facilities. APHIS replied that the animal care staff will contact this organization to get further information about how it intends to operate this service. If the donation service generates revenue, the organization may have to apply for a license.

The *Omaha World Herald* inquired about USDA action at the plant identified by the Nebraska State Health Department as the producer of meat linked to an outbreak of 16 cases of *E. coli* O157:H7. No deaths have been reported.

*Newsday Magazine* asked for confirmation of information on USDA's safe-cooking campaign.

The *Wichita Eagle* inquired about FSIS action in aftermath of about 650 cattle deaths linked to antibiotics. FDA is investigating the cause of the deaths, and FSIS is notifying producers who used the suspect cattle feed that animals presented for slaughter will be tested and retained pending test results. Congressional attention to this issue is likely.

The USDA Alternative Agricultural Research and Commercialization Center (AARC) has been contacted by *Business Week*, *The Olsson Agribusiness Report* and the magazine of the American Oil Chemists' Society regarding stories on AARC-funded projects.

*The Wall Street Journal* is preparing a story about a community in Orange County, New York, founded in the late 1970s by Hasidic Jews. The story apparently is that residency in the community is limited to Hasidic Jews, yet services to the community are funded by Federal agencies. FmHA has provided almost \$1.25 million in loans and grants for a water system and loans for a rural rental housing project and 47 single-family homes in the community. No complaints have ever been received concerning discriminatory practices.

## WEEK IN REVIEW

### **A. Important Events**

#### **Binational Commission Meeting**

Deputy Secretary Richard Rominger led a delegation of USDA officials to the Binational Commission Meeting on May 9 in Mexico City. The commission is a bilateral exchange between the United States and Mexico at the secretarial level. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen and Acting Assistant Secretary for Science and Education R. D. Plowman also participated. The meeting was to focus on a broad range of U.S.-Mexico relations.

#### **Forest Service Addresses Allegations on Birth Defects**

The Forest Service alerted the USDA Safety and Health Management Division, so they will begin to address allegations that birth defects and problem pregnancies may have resulted from the use of tree-marking paint by female employees. The National Institute of Occupational Safety and Health was contacted for assistance. (*See Controversies.*)

## **Exxon Valdez**

Acting as the lead agency on behalf of the Exxon Valdez Oil Spill Trustee Council, the Forest Service brokered an agreement with the Eyak Native Corporation to purchase commercial timber rights on over 2,000 acres of land. The Eyak Corporation intended to harvest timber, which would have threatened the recovery of species injured by the oil spill. The agreement allows the Trustee Council to negotiate with the Eyak Corporation for conservation easements or fee title purchase on the remainder of Eyak lands injured by the oil spill. The Forest Service represents USDA as one of six trustees to the Exxon Valdez oil spill settlement.

## **Protecting Children Against E. coli 0157:H7**

In conjunction with the hamburger education campaign, FSIS developed a feature article entitled, "Protecting Your Children: What You Should Know About E. coli 0157:H7." The article provides several basic safe cooking and handling instructions that can help parents protect their families from the bacteria.

## **School Meals Initiative for Healthy Kids Update**

USDA-proposed rulemaking, which would require schools participating in the National School Lunch Program to serve meals that meet the Dietary Guidelines for Americans, has received Departmental clearance, except for the completion of required economic analysis. The proposed rule was forwarded to OMB for review and the economic analysis is expected to be completed soon. A preliminary briefing for OMB staff has been provided and USDA anticipates further discussions with that staff before official OMB clearance is received.

## **Alaska Pulp Corporation Update**

About 400 employees lost their jobs when the Alaska Pulp Corporation (APC) closed their Sitka, Alaska pulp mill facility last September. APC's decision to close the mill constituted a material breach to their 50-year timber contract on the Tongass National Forest, forcing the Forest Service to terminate the contract. In an effort to alleviate the adverse economic impacts created by this situation, Under Secretary Nash and other USDA personnel are developing a rural community assistance strategy and package for the town of Sitka. Additionally, APC and members of the Alaska Congressional delegation met on May 10 with Forest Service Chief Jack Thomas regarding the future expanded independent timber sale program on the Tongass National Forest and potential 10 year contracts.

## **Alternative Energy**

In the past week, USDA Office of Energy, Soil Conservation Service, and Forest Service participated in several meetings on biomass for electricity, one of which was held with The White House Office of Science and Technology Policy and the Council of Economic Advisors. USDA is preparing a response to the meeting at The White House.

## **Venezuelan Banking Crisis**

USDA representatives traveled to Venezuela to assess the country's current banking crisis and determine the creditworthiness of participating Venezuelan banks. In spite of the continuing crisis, all outstanding GSM-guaranteed obligations have been made to U.S. banks.

## **B. Travel**

I traveled with the Vice President's delegation to Johannesburg, South Africa for the inauguration of President-elect Nelson Mandela. Today, I will meet with the South African Minister of Agriculture. On May 13, I will meet with the Black Farmers Union of South Africa, representatives of the food industry, World Bank officials, and the Foreign Development Organization.

From South Africa, I will travel to Buenos Aires, Argentina to discuss agricultural issues. I will finish my South American trip in Sao Paulo, Brazil.

On May 18, I will complete trade meetings and negotiations in Mexico City.

**C. Major Speeches** -- No major speeches to report.

**D. Hill Testimony** -- I did not testify before Congress this week.

## **E. Controversies**

The controversy over EPA's study on dioxin, not yet released by the Agency, has caused major concerns from USDA, as well as industry and public interest groups. (*See first item under Key Departmental News.*)

The Forest Service continues to pursue allegations, first raised informally in March 1993, that birth defects and problem pregnancies may have resulted from the use of tree-marking paint by female Forest Service employees. The Forest Service believes it has

a legal obligation to address the concerns of those employees who have experienced adverse reproduction outcomes which may have been precipitated by the use of the paint. USDA's Medical Officer recommended that the National Institute of Safety and Health (NIOSH) conduct a retrospective study to determine statistical significance. NIOSH will make its decision by mid-May. The Forest Service is also conducting a risk assessment on current tree-marking paint and the adequacy of personal protective equipment. No evidence exists to suggest adverse effects exist.

On May 4, FSIS officials briefed staff from the offices of Senators Malcolm Wallop, Alan Simpson, and Congressman Craig Thomas on Ben's Foodliner, located in Rock Springs, Wyoming. Concurrently, Acting Assistant Secretary Jensen briefed Governor Michael Sullivan on this matter. FSIS officials informed staff members that Ben's Foodliner would be elevated to Stage II of Progressive Enforcement Action, effective May 9. Stage II is known as Establishments Requiring Additional Inspection Effort. Ben's is now considering suspending operations and/or seeking State inspection.

## SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

### **Health Care Reform**

Under Secretary Nash will conduct radio interviews on rural health care on May 13 with several farm broadcasters. Nash also spoke at the Office of Personnel Management's budget seminar on May 9 in Denver, Colorado, where he incorporated health care into his remarks.

FmHA State Directors received their second health care briefing on May 9 from Susanne Stoiber of the Department of Health and Human Services. The State Directors also received educational materials to assist in their efforts to communicate the importance of health care reform.

Videotapes of a recent Congressional rural health caucus briefing and panel discussion by the Rural Policy Research Institute are being distributed to all Health Management Team contacts in the States and Territories. The 30-minute tape, produced by the Iowa State Extension Service, presents a rural perspective on the national health reform debate and a focus on meeting the health care needs of rural America.

Assistant Secretary Haas will visit the Rosie Lee Wesley WIC clinic on May 13 in South Miami, Florida. Following a tour of the facility, she will take part in a roundtable discussion on the WIC program with the clinic's directors and State and local government officials. She will also have lunch at a local public school to evaluate the effect of USDA's recent school lunch improvement initiative. The events are part of the Mother's Day Week Womens' Health Program.

The Offices of Public Affairs and Public Liaison have scheduled a second health care briefing for farm and rural groups exhibiting some degree of opposition to the Health Security Act. Under Secretary Bob Nash and Bob Van Hook, HHS' Health Reform Expert, will lead a discussion designed to address the organization's concerns about the Administration's plan and clarify common misconceptions.

Also related to health care reform, the Arkansas WIC program, Arkansas Advocates for Children, and USDA/FNS will host a "Partners in Growth--Ensuring Access" conference in Little Rock, Arkansas, May 15-18. The conference will address many issues associated with WIC full funding. Bill Ludwig, FNS Administrator, and Assistant to the President for Domestic Policy Carol Rasco are among the speakers.

### **Flood Recovery Activities**

The Midwest region has had light rain during the past week. There has been no major damage since early April, though rain halted repair work. The outlook calls for clearer skies, but more rain possible later in the week and during the rest of May. USDA has reviewed and commented on the Floodplain Management Task Force commissioned study on the use of the Midwest floodplain. The report is expected to be completed early next week. As of May 6, 1,541 FmHA Emergency Loans have been approved, totaling over \$44.6 million. This loan volume is about 30 percent higher than normal.

### **Native American Activities**

The RDA's Arizona State Office reports they are following up on a series of meetings with Navajo Tribal officials to develop a plan to dramatically increase RDA services to the Tribe. There are many opportunities for collaboration with other agencies in this endeavor.

### **Empowerment Zones and Enterprise Communities**

USDA is still developing the proper structure for the review of the Empowerment Zone and Enterprise Community (EZ/EC) applications that are due on June 30. The Department anticipates over 200 applications. The EZ/EC team continues to send out basic information packets and answer new inquiries. Requests for waivers and eligibility determinations have been received from 64 communities across the United States.

May 9-13, Rhonda Lampkin, EZ/EC Specialist, will travel to the Delta Region to observe and document phases of community planning for EZ through town meetings and video conferencing. On May 10, she will meet with four State EZ/EC contacts to collaborate and exchange resources on the program. During the week, she will also meet with producers of a community development/empowerment video to discuss production issues. RDA intends to develop a video on the rural EZ/EC program.

## **National Summit on Rural America**

Based on the commitment made to 40 members of Congress by President Clinton, USDA has submitted plans for a National Rural Summit to The White House and is waiting for a response. We anticipate that the summit will be held in five separate locations in late Summer and that the locations will be linked by satellite.

## **Early Warning Radio System**

In a meeting with National Weather Service representatives on May 4, Rural Electrification Administration (REA) received a list of needed Weather Radio transmitter sites for the Nation. The initial system survey shows that over twice as many new sites will be needed than originally estimated. Also, vendor information was provided to REA so that interested parties can be put in touch with the manufacturer of the transmitter. Weather Radio fact sheets will be written and sent to REA for distribution to sponsoring parties so they can decide how to equip their sites.

REA provided specific transmitter equipment ordering information on May 4 to Cherokee Electric Cooperative in northeastern Alabama. Local National Weather Service engineers have examined the towers offered for the site. This will be the first transmitter to be purchased under this Vice Presidential Initiative.

## **SECRETARY'S SCHEDULE FOR NEXT WEEK**

On May 18, I will complete trade meetings and negotiations in Mexico and then travel to South America.

On May 20, I will deliver the keynote address at the Delta Council's 59th annual meeting at Delta State University in Cleveland, Mississippi.

## **SECRETARY'S SCHEDULE FOR NEXT MONTH**

There are no major changes from last week's report.

## **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

On May 16, Deputy Secretary Rominger will address the Florida Farm Bureau Federation in Washington, D.C.



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

May 19, 1994

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: SECRETARY MIKE ESPY  
SUBJECT: Weekly Report for the Week of May 16, 1994

---

### KEY DEPARTMENTAL NEWS

#### Meetings with Agriculture Ministers

During my travels to Latin America May 16 through today, I met with Agriculture Ministers in Argentina, Brazil, and Mexico to discuss trade issues of mutual interest, especially Canadian Wheat Board exports. One of my primary concerns was the predatory pricing practices of the Canadian Wheat Board in the Brazilian market. This issue is shared by Argentina, which agreed to join with the United States to focus greater attention on the Canadian Wheat Board.

I made clear my concern that Brazil's threatened countervailing duty on U.S. subsidized wheat was unfair, because of the Canadian Wheat Board's pricing practices and European Union (EU) subsidized exports to Brazil. Subsidized wheat sales to Brazil to counter Canadian and EU practices were not ruled out. Responding to U.S. concerns, Brazil agreed to undertake an antidumping investigation on imports of Canadian wheat. In Mexico, I discussed resolution of the country's countervailing duty investigation of subsidized U.S. wheat. Mexico also will begin an antidumping action against Canadian wheat.

#### Citrus Marketing Orders Will Be Terminated

On May 16, Deputy Secretary Richard Rominger announced significant actions relative to California-Arizona citrus marketing orders and extensive pending litigation. These actions included notification to the House and Senate Agriculture Committees of USDA's intent to terminate the California-Arizona lemon, navel orange, and Valencia orange marketing orders in 60 days and the U.S. Government's intent to dismiss all pending enforcement actions against California-Arizona citrus handlers, packers, farmers, and cooperatives. The Government also announced its intention to withdraw from all qui tam cases brought under the False Claims Act against some citrus interests by Sequoia Orange.

The Deputy's announcement and the details of the action were originally welcomed by all interests. However, some interests have begun to question particular aspects of the Department's actions because the qui tam cases, since they were originally brought by a private party, will remain. They fear that conflict within the industry regarding the citrus marketing orders and related enforcement litigation will not end due to the continuation of these suits. California Congressional representatives appear to support the Department's action to terminate the marketing orders and dismiss the litigation. However, some Members are encouraging the Government to act to dismiss the qui tam cases as well. It remains questionable whether this can be done. The Department is continuing to work closely with these Members of Congress and the Department of Justice to address the issues as the matter progresses.

Federal marketing orders are designed to prevent a glut or shortage of product on the market, prevent price wars and harm to farmers, and provide stability within the industry. Based on the division and turmoil within the California-Arizona citrus industry relating to the citrus marketing orders, continuing litigation with little likelihood for settlement, and a recent Court decision, the Department determined that the orders are not working as they should and they should be terminated, and that the pending litigation should be dismissed.

### **Salmonella Enteritidis Occurrence**

On May 13, the USDA Animal and Plant Health Inspection Service (APHIS) confirmed the presence of a form of Salmonella Enteritidis (SE) phage type 4 from samples taken from dead birds that originated at a commercial egg ranch located near Riverside, California. APHIS has confirmed the presence of SE phage type 4 at the ranch. Prior to our preliminary diagnosis, California officials had alerted APHIS officials to the problem and ordered that a hold be placed on bird movement from the Riverside ranch. The owner has voluntarily ceased selling eggs produced on the premises.

SE phage type 4 is considered exotic to U.S. animal populations. A major outbreak of this strain occurred in Great Britain during the late 1980s, causing widespread illness and death in poultry and significant human health problems. State officials, in cooperation with APHIS, are now conducting epidemiologic tracebacks to determine the exact source and extent of the infection. California officials may request the Secretary of Agriculture to declare a state of emergency so that Federal funds and personnel can be used to depopulate the affected Riverside premises. No public announcement has been made concerning the presence of the disease pending the outcome of epidemiologic tracebacks and discussions with State counterparts.

## **Investigative Report Issued on Housing Programs**

Congressman Richard Durbin held a press conference on May 18 to release a report prepared by the House Appropriations Committee's investigative staff on two rural housing programs administered by USDA Farmers Home Administration (FmHA) in 11 States and in Puerto Rico. Durbin said that the multi-family program (515) provides "lavish developer subsidies at a tremendous cost to U.S. taxpayers."

FmHA worked closely with the investigative staff as they prepared the report. Over the past six months, USDA has taken action to remedy abuses in the program. However, a significant number of these items were mentioned in the report as program deficiencies. Under Secretary for Small Community and Rural Development Bob Nash has issued a statement which expresses the Department's appreciation for the investigation and pledged continued efforts to remedy the problems of an extremely effective housing program, which provides assistance to the most needy residents in rural areas. His statement noted the action of the Administration to remedy the program difficulties. Nash also provided interviews to respond to press inquiries on the 515 program.

## **Reorganization Still Moving Closer**

Deputy Secretary Rominger met on May 18 with Congressmen Kika de la Garza, Pat Roberts, Charles Stenholm, and Bob Smith to discuss USDA reorganization legislation, in preparation for the long-awaited House markup of the reorganization bill. A companion measure has already passed the Senate.

## **Crop Insurance Reform Update**

Crop insurance reform legislation has been rescheduled for markup in the Senate Committee on June 8. The Committee will consider some changes to the bill, taking into account budget-related concerns. In addition, action is underway to inform farmers about crop insurance and the effects of reform legislation. Commodity groups and the insurance industry will be special targets for efforts to assure that farmers make informed decisions about crop insurance.

## **THE WEEK AHEAD**

### **Farm Weather Outlook and Update**

The National Weather Service's 30-day outlook, mid-May to mid-June, is generally favorable for spring-planted crops. However, it suggests some rain delays in the winter grain harvest across the southern Great Plains. Temperatures are expected to be mostly

above normal to normal, except for a band of below-normal averages from New England to the Delta. Precipitation is expected to be mostly normal to above normal, except for a band of below-normal totals from the western Great Lakes to the central Delta and over the desert Southwest.

### **Russian Agriculture Minister To Visit USDA**

Deputy Secretary Rominger and Deputy Under Secretary for International Affairs and Commodity Programs Jim Schroeder will meet with Russian Minister of Agriculture Viktor N. Khlystun in Washington, D.C. on May 24 to discuss the Russian agriculture situation and outlook. The Minister is expected to raise numerous issues, including cooperation and investment in agriculture, and technical assistance for the food industry.

### **Upcoming Program Announcements**

On May 23, the USDA Agricultural Research Service (ARS) will release a report that identifies differences in costs and returns between beef cow/calf operations with permits to graze Forest Service and Bureau of Land Management lands and ranching operations in 10 Western and Plains States that did not use public lands. Analyses demonstrated that permittees had significantly higher net returns.

On May 24, ARS will release another report dealing with agricultural biotechnology. It reports that biotechnology offers the opportunity to increase crop production, lower farming costs, improve food quality and safety, and enhance environmental quality.

## **CONGRESS**

### **Congressional hearings**

Today, the House Agriculture Subcommittee on Specialty Crops and Natural Resources held a hearing on H.R. 3732, designating certain lands in Idaho as wilderness. Mark Riemers, Deputy Chief of the Forest Service, testified for USDA.

Today, the House Agriculture Subcommittee on Foreign Agriculture and Hunger held a hearing on the agricultural implications of trade with Cuba.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources and the Subcommittee on Environment, Credit and Rural Housing conducted a joint hearing today regarding the Idaho Wilderness, Sustainable Forests, and Community Act of 1994 (H.R. 3732). The proposed bill would designate over 1.2 million acres of national forest lands as wilderness. Over 3 million acres of national forest land would be opened for logging, mining, and road construction.

Today, the Senate Agriculture Subcommittee on Agricultural Production and Stabilization of Prices held a hearing on the Administration's crop insurance reform proposal.

Today, the Senate Energy Subcommittee on Public Lands, National Parks and Forests conducted a hearing on H.R. 3252. A portion of the proposed bill would require the Forest Service to study the feasibility of the 3,100-mile Great Western Trail. The trail would generally follow existing roads and trails, stretching from the Arizona-Mexico border to the Canadian border at the top of Idaho's panhandle.

On May 24, the House Natural Resources Subcommittee on Oversight and Investigations will hold a hearing on H.R. 3954, a bill to expand the Mini Wiconi rural water supply project.

On May 24, the House Natural Resources Subcommittee on National Parks, Forests and Public Lands will hold a hearing on H.R. 3204, to transfer a parcel of land to the Taos Pueblo Indians of New Mexico; and H.R. 3964, to expand the boundary of the Sante Fe National Forest. Bill McCleese, Acting Associate Deputy Chief of the Forest Service, will testify for USDA.

On May 24, the House Agriculture Subcommittee on Department Operations and Nutrition will hold a hearing on H.R. 2927, the Plant Variety Protection Act amendments. Lon Hatamiya, Administrator of the USDA Agricultural Marketing Service (AMS), will testify for USDA.

On May 24, the House Natural Resources Subcommittee on National Parks, Forests and Public Lands will hold a hearing on H.R. 1562 and S. 310, to amend title V of P.L. 96-550, designating the Chaco Culture Archeological Protection Sites. The hearing will also concern H.R. 3204 and H.R. 3964. H.R. 3204 proposes to transfer a parcel of land to the Department of the Interior to be held in trust for the Taos Pueblo Indians of New Mexico, and H.R.3964 proposes to acquire land to expand the boundary of the Santa Fe National Forest.

On May 25, the Senate Agriculture Committee will tentatively hold a hearing on reauthorization of the Child Nutrition Act and the Women, Infants, and Children programs. Assistant Secretary for Food and Consumer Services Ellen Haas will testify for USDA.

The House Agriculture Subcommittee on Specialty Crops, Tobacco and Peanuts will hold a hearing on the Administration's crop insurance reform bill. The hearing is tentatively scheduled for June 9, but the Federal Crop Insurance Corporation (FCIC) is attempting to move it to May 25 to prevent delay of action on this important legislation.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources and the House Merchant Marine and Fisheries Subcommittee on Environment and Natural Resources are expected to hold joint hearings late this month on ecosystem management.

### Congressional visits and activities

On May 18, USDA officials met with staff from the offices of Congresswoman Marcy Kaptur and Congressman Paul Gillmor to discuss the status of operations at Pioneer Packing Company in Bowling Green, Ohio and Seneca Packing Company in Tiffin, Ohio. Pioneer Packing Company has a long history of recurring deficiencies in sanitary dressing, facility sanitation, and employee hygiene. The plant owners claim their problems are due to conflicts with the USDA Food Safety and Inspection Service (FSIS) inspector. The plant's Progressive Enforcement Action status was elevated to Stage I, Step 2 on May 3. Seneca Packing Company has sanitation deficiencies similar to those at Pioneer Packing, and it recently lost a major customer's account. Seneca voluntarily suspended its operations last week, claiming the same inspector was causing problems.

On May 25, the Senate Agriculture, Nutrition and Forestry Committee will host a symposium on the future of farm conservation programs. USDA will participate.

The Forest Service was asked by Senator Max Baucus to withdraw its draft law enforcement regulations. Forest Service Chief Jack Thomas informed Baucus that it would not be possible to withdraw them since the comment period ends today. However, the regulations would be significantly modified based upon public comments received. The law enforcement regulations are perceived to be adverse to Western interests.

At the request of House Agriculture Committee staff, USDA Rural Electrification Administration (REA) officials met on May 13 to discuss issues surrounding the interim rule for the telecommunications modernization plan. The plan is to be established in a State before borrowers are eligible for REA and Rural Telephone Bank loan programs, which is required by the Rural Electrification Loan Restructuring Act of 1993. REA also received numerous comments from interested parties and will be addressing those concerns in *The Federal Register* soon.

FmHA expects further queries from Senator Richard Lugar concerning loan policy issues, especially repeat loans to delinquent borrowers and those who received write-offs and write-downs.

On May 10, President Clinton signed S. 1930, which allows the Department to more quickly and cost-effectively clean up the backlog of delinquent farm loan cases by allowing USDA to hire private attorneys to work on those cases. The legislation was identical to H.R. 4139.

A USDA decision to deny a request for an Oregon-only Federal marketing order will likely result in a request by Tillamook County Creamery Association, Tillamook, Oregon, for a national hearing on this issue.

FSIS was contacted last week by Congressman John Olver regarding Rex Distributors/Hatfield Beef in Hatfield, Massachusetts. The plant has a history of recurring sanitation problems and has not submitted an acceptable action plan to FSIS inspection personnel. Inspection has been withheld since March 3. On May 10, a recommendation to withdraw inspection was forwarded to FSIS.

FSIS received calls from Senator Jeff Bingaman's office regarding Rich Meat Service in Hobbs, New Mexico. Since 1989, Rich Meat Service has had recurring deficiencies in facility maintenance, sanitation, and employee hygiene. A recommendation was forwarded to the FSIS Regional Director to elevate the plant to Progressive Enforcement Action Stage II, Step 1. Bingaman's staff want to examine USDA's appeals process to determine if plant owners received due process.

On May 10, FSIS conducted a routine pre-operational sanitation check of Ben's Foodliner in Rock Springs, Wyoming. FSIS inspectors found poor sanitation and told plant management to correct the problems so the area could be re-inspected. However, plant management decided to voluntarily suspend inspection operations and asked FSIS officials to leave the plant. USDA notified the Wyoming Congressional Delegation of the actions.

Press reports on the Environmental Protection Agency's (EPA) study reassessing health risks of dioxin exposure generated further Congressional interest. Acting Deputy Assistant Secretary for Marketing and Inspection Services Ken Clayton and Deputy Assistant Secretary for Congressional Relations Scott Shearer attended the EPA-House Agriculture Committee briefing.

USDA Federal Grain Inspection Service officials met with a representative of the Congressional Office of Technology Assessment (OTA) to discuss the application of water to grain. OTA was asked by the House Agriculture Committee to respond to several questions about the effectiveness of water-based dust suppression, the practice of "misting," its effect on grain quality, and control of this technology.

Congressional inquiries were received from Senators Dirk Kempthorne and Larry Craig requesting information on USDA's sexual orientation policy.

## REGULATORY ACTION

### **Food Stamp Program**

The USDA Food and Nutrition Service (FNS) has decided to reverse the policy regarding the way Housing and Urban Development (HUD) utility payments are treated under the Food Stamp Program. Unless prohibited by court order, such payments are currently required to be included as income when Food Stamp eligibility and benefits are determined. In the most recent court action, the U.S. Court of Appeals for the First Circuit (Esty v. USDA) reversed a lower court decision and declared the current policy inconsistent with the statute which requires the exclusion from income of "any payments or allowances made for the purpose of providing energy assistance under any Federal law." FNS policy has included HUD utility reimbursements as income, because they were intended to cover routine utility costs, not energy assistance designed to offset rapidly rising energy costs. Office of Management and Budget (OMB) approval is being requested for changing this policy, which is the subject of multiple court actions.

### **Beef Nutrition Labeling**

USDA has reviewed and cleared a FSIS-proposed rule on nutrition labeling of ground beef and hamburger. The proposed rule has been deemed a "significant action" under new Executive Order 12866. The docket has recently been reviewed and cleared by the OMB. The proposed rule would amend the Federal meat inspection regulations by permitting percentage labeling for lean and fat on ground beef and hamburger, provided such product labeling contains nutrition information. The final nutrition labeling regulations promulgated by FSIS on January 6, 1993, in most instances, did not permit ground beef and hamburger to be labeled based on a percentage of "lean." As a result of the regulations, most manufacturers and retailers would be prohibited from using the terms "lean" and "extra lean" in labeling ground beef and hamburger. The practice of labeling ground beef and hamburger based on lean percentages has been allowed by FSIS since 1973. Consumers are widely familiar with the percentage of lean information. Under the final FSIS nutrition labeling regulations, which become effective on July 6, this longstanding practice would become prohibited. The proposed rule seeks to remedy this unintended consequence. FSIS believes that consumers and the goals of nutrition labeling will best be served if the practice of labeling ground beef and hamburger based on lean percentages is updated and allowed to continue.

### **Healthy Labeling**

USDA also reviewed and cleared for legal sufficiency a FSIS final rule on use of the term "healthy" and similar terms on the labeling of meat and poultry products. The final rule was published in *The Federal Register* on May 10 and will be effective on November 10, 1995. It amends the Federal Meat and Poultry Products Inspection Act regulations to permit the use of the term "healthy," or any other derivative of the term

on the labeling of meat and poultry products. The final rule provides a definition for the implied nutrient content claim "healthy" for FSIS-regulated individual foods and meal-type products. The definition consists of levels for four criteria: fat; saturated fat; cholesterol; and sodium. The Food and Drug Administration (FDA) has published a parallel definition for "healthy" for foods which are under FDA's jurisdiction.

### **Rural Housing Loan Practices**

On May 11, the proposed rule, Real Estate Title Clearance and Loan Closing, was published in *The Federal Register*. This will make the FmHA loan closing procedure consistent with the private sector for commercial loans and make loan closing requirements consistent with local laws and procedures that are typical in the area.

### **Rural Business Enterprise Grant Program**

The USDA Rural Development Administration (RDA) anticipates that the interim regulation will be published in *The Federal Register* on May 23, allowing grants to be made to create, expand, and operate rural distance learning networks and rural learning programs that provide educational instruction.

### **Debarment of Contractor**

FmHA debarred contractor Robert W. Jones for five years. Jones was investigated by USDA and subsequently convicted in U.S. District Court for reporting false construction costs on a Multi-Family Housing project in Durand, Michigan.

### **REA Proposes to Update Electric System Construction Policies**

As part of the USDA Rural Electrification Administration's (REA) continuing codification and updating effort, the REA is proposing a regulation which will update and codify the electric system construction requirements. This proposed rule will contain policies and procedures for REA borrowers and contractors for purchases of materials and equipment and construction of electric system facilities by contract or force account. This proposed rule is awaiting publication in *The Federal Register*.

## **PRESS**

### **Press Conferences**

USDA organized a teleconference from Buenos Aires, Argentina so that I could convey the Argentine agreement with the United States' perspective that Canada's Wheat Board has engaged in predatory practices.

*The National Journal, Restaurant Business, and Self Magazine* joined Assistant Secretary Haas for a school lunch in Prince George's County, Maryland today.

Inclusion of the new, mandated safe handling and cooking label in meat and poultry product packaging takes effect on May 27. USDA will engage in a media campaign, including a possible news event at a local grocery store in Washington, D.C. on May 26.

Deputy Under Secretary for Small Community and Rural Development Karl Stauber gave a briefing on the President's health care proposals to farm organizations and rural advocacy groups on May 17. He was joined by USDA Special Assistant to the President Marion Berry and Deputy Under Secretary for International Affairs Jim Schroeder.

### Press Contacts with USDA

USDA granted *ABC's Turning Point* permission to tour USDA's Meat Animal Research Center (MARC) in Clay Center, Nebraska, to survey the development of the microbial "rapid test."

*CBS News* is interested in doing a comparative study of eating habits and trends in the consumption of beef, poultry, and seafood.

*The Omaha World Herald* is checking into 2 percent USDA loans made in 1977 and 1980 to two commercial telephone borrowers in Nebraska. The newspaper claims that Benkelman and Wauneta Telephone Companies, both in Benkelman, Nebraska, have developed solid cash flows since the loans were made, and each has a cash position today of about \$3 million. Each was also approved for concurrent REA loans earlier this year totaling \$4.1 million.

*The Chicago Tribune* requested information about nuisance wildlife problems in Illinois. APHIS plans to arrange for an interview with a wildlife biologist.

*ABC's 20/20* requested from APHIS information about an unlicensed dog dealer facility in Georgia. The show is focusing its story on the American Kennel Club.

*Mademoiselle* magazine asked APHIS for a copy of "Report to Congress on the Extent and Effects of Domestic and International Terrorism on Animal Enterprises."

APHIS is assisting with an article, "Enforcing APHIS Regulations," to be published in *Synapse* magazine -- a quarterly magazine on regulatory issues.

The *Capitol Press* in Portland, Oregon requested background information from a USDA Western Region office on the Interstate Meats Company and involvement in *E. coli* 0157:H7 outbreak in Oregon.

USDA prepared internal talking points about the Environmental Protection Agency's draft reassessment of dioxins. Calls were received from *Science Magazine*, *Food Chemical News*, and *Knight-Ridder News Service*.

The *Fort Worth Texas Telegram* requested information about inspection of horse slaughter inspection at a plant in Fort Worth, Texas. The reporter was told plant operations were found acceptable under the Meat Inspection Act.

Nebraska media asked for the Advance Deficiency Notice sent to the Northern States Beef plant in Omaha, Nebraska on April 25. The plant was cited by the Nebraska Department of Health on May 3 as the distributor of ground beef linked to an outbreak that has affected about 21 persons in the Omaha and Lincoln areas. No deaths were reported.

The Los Angeles news media reported that 50 children were hospitalized with *Salmonella* poisoning. It was reported that the children became ill at the International Day Care Center. The Los Angeles County Health Department has not determined the source of the poisoning.

USDA received inquiries from *WRLD-Fox 32 TV* in Chicago, Illinois, indicating strong interest in a story on food stamp fraud.

The ARS Pacific West Area Office was contacted by *The San Francisco Examiner* and *The San Francisco Independent* regarding the proposal for continued housing of the USDA Agricultural Research Service Western Human Nutrition Research Center in the Presidio of San Francisco. The Presidio will be vacated by the Army in September 1994, and the National Park Service will take over management.

*The States News Service* called the ARS Sugarcane Research Unit in Houma, Louisiana with questions about its proposed closure and any possible effects on the sugarcane industry.

*The Arkansas Business Management Magazine* requested information relating to foreign investment in farmland located in Arkansas.

### **Freedom of Information Act (FOIA) Inquiries**

APHIS provided *The Sun* in Malone, New York with copies of animal welfare regulations and documents concerning Tombar Kennels in Bombay, New York. Information concerning an open investigation on alleged violations of the Animal Welfare Act was withheld.

The Sierra Club Legal Defense Fund, Inc. requested that APHIS provide copies of the site-specific assessments and/or environmental analysis prepared pursuant to the National Environmental Policy Act in connection with the Medfly Eradication Program.

## WEEK IN REVIEW

### **A. Important Events**

#### **Colonias Grant for Hidalgo County, Texas**

An outreach conference directed to the Hispanic community that lives in rural America was held in McAllen, Texas, May 16-17. Under Secretary Bob Nash participated with House Agriculture Committee Chairman Kika de la Garza. Nash and de la Garza announced a \$1.991 million grant for a colonia in Hidalgo County. This grant will provide a new sewer system for 237 families.

#### **Re-allocation of Single Family Housing Funds**

Based on projections that funding will be exhausted by mid-August, FmHA pooled the guaranteed funds for the single-family housing program on May 2. Approximately \$200 million remains available for the program and will be re-allocated to the States as of July 1. A small National Office reserve has been established for hardship cases. States that used 100 percent of their annual allocation and have to cancel existing obligated loans have been instructed to notify the National Office.

#### **Shortage of Funds for FmHA Farmer Programs**

FmHA projects that FY94 appropriations for direct and subsidized guaranteed farm operating loans, and direct and guaranteed farm ownership loans, will be exhausted by May 31. The Agency estimates 3,600 direct operating loans, 600 subsidized guaranteed operating loans, 2,587 direct farm operating loans, and 900 guaranteed farm ownership loans cannot be funded. There are sufficient funds available to meet the currently known emergency loan requirements and the unsubsidized guaranteed farm operating loans.

#### **Medfly Eradication Efforts**

On May 10, the joint State and Federal Cooperative Medfly Eradication Project conducted the seventh aerial treatment with malathion bait spray in the Corona, California area. The next and final aerial treatment is scheduled for May 24. There have been no additional detections of Medflies in the area since January 20.

Four new Medfly detection sites were reported last week in Chiapas, Mexico. A total of 141 detection sites are active. Sterile Medfly pupae shipments to California from the APHIS production facility in Guatemala continued at a rate of 110 million per week, with an expected increase toward the end of May.

### **REA Electric Program Approves Loans**

Several USDA hardship loans were approved last week under the Rural Electrification Loan Restructuring Act of 1993 for electric systems in rural areas. Ralls County Electric Cooperative in New London, Missouri received \$3.4 million to extend electric service to 250 new consumers. La Plata Electric Association in Durango, Colorado received over \$13.5 million for electric service to 1,143 new consumers. Clay-Union Electric Corporation in Vermillion, South Dakota received over \$2 million to supply electricity to 60 new consumers.

### **Conservation Plans On Schedule**

Paul Johnson, Chief of the USDA Soil Conservation Service, announced that 92 percent of the conservation plans required by the 1985 and 1990 Farm Bills are being carried out on schedule. Implementation of conservation plans by 1995 are required for farmers who produced on "highly erodible land" to remain eligible for USDA programs.

### **Unshelled Pecans to Mexico**

Mexican plant health authorities notified APHIS of their intention to prohibit the import of unshelled pecan nuts from Alabama, Arizona, Florida, Georgia, Louisiana, Michigan, Oklahoma, South Carolina, Tennessee, and Texas. The prohibition was prompted by the detection of a shipment of pecans infested with pecan weevils. APHIS is providing information to Mexican authorities to get entry of the nuts from weevil-free counties and movement of the nuts from infested areas if they are subjected to methyl bromide fumigation or cold treatment.

### **USDA Management of Underground Storage Tanks for Hazardous Wastes**

An audit report was issued on USDA's compliance with Federal regulations on underground storage tanks. Federal regulations require agencies to prevent or correct damage to the environment from spills and leaks of hazardous materials contained in underground storage tanks (UST's) on Federal properties. All deficiencies must be corrected by December 31, 1998, and compliance determinations have been delegated to State environmental authorities.

The USDA Inspector General's audit found that considerable progress had been made by the Department in meeting the requirements. Still, deficiencies were found in the management and implementation of compliance efforts at 23 of the 32 locations

reviewed. At these sites, 210 violations of registration, detection, testing, correction, cleanup, or closure regulations were identified. Recommendations were made to correct these deficiencies. In addition, the adoption of a policy for nonregulated heating oil UST's and the enforcement of the Department's regulation on fueling facilities was proposed. A course of action is being planned to remedy these deficiencies.

### **Renderers and European Union Disagree**

Representatives of the National Renderers Association met with Under Secretary Moos to discuss their complaint with actions of the European Union (EU) to regulate the import of animal-derived products in an unfair manner that threatens a \$100 million animal products market for U.S. exports to the EU. Meetings are scheduled with the Europeans in June to try and resolve the issue.

### **Rice Millers Meeting**

On May 12, Under Secretary Moos met with David Graves, president of Rice Millers Association, to discuss its request for an immediate re-instatement of an Export Enhancement Program (EEP) package for rice. Graves indicated that the EU was getting more active and a delay in implementing EEP could cause a loss of some sales. Moos said USDA will consider the suggestion.

### **B. Travel**

I joined the United States delegation attending the inauguration of Nelson Mandela as President of South Africa.

On May 13, I began a South American and Latin American tour with a first stop in Argentina, followed by visits to Brazil and Mexico.

I continued my travel today with a final stop in Mexico City to meet with Mexico Secretary of Commerce and Industrial Development Jaime Jose Serra Puche.

### **C. Major Speeches**

On May 17, I addressed the American Chamber of Commerce in Sao Paulo, Brazil and discussed the Canadian wheat situation.

### **D. Hill Testimony -- I did not testify before Congress this week.**

## **E. Controversies**

Controversy regarding pending litigation concerning enforcement of the citrus marketing orders and the False Claims Act were addressed earlier in the report.

The Quincy Library Group (QLG) is frustrated at what it sees as an inability of the Forest Service to implement proposals to adequately sustain local communities in Northern California. QLG has formed as a voluntary association of local individuals to discuss forest management issues. It recently informed the three Forests involved (Lassen, Plumas, and Tahoe) that it will no longer work at the local level to resolve its request for funding, but will seek resolution at the highest levels of the Administration and through national media. It has attracted broad support locally, Congressionally, and now with national-level special interest groups. QLG representatives met earlier this month with Assistant Secretary for Natural Resources and Environment Jim Lyons and Forest Service Chief Jack Thomas to discuss their key concern -- lack of funding. At the meeting, QLG reported it must have \$30 million-\$40 million to implement their local community development plan. Lyons and Thomas indicated that the Administration would provide the greatest amount of support possible, but could not commit to the requested funds.

The Kentucky Heartwood Group and others notified the USDA Forest Service of a filing of a 60-day notice of intent to file suit under the Endangered Species Act for lack of actions to protect the endangered red-cockaded woodpecker on the Daniel Boone National Forest.

On May 12, *Associated Press* ran a story that the Food Research and Action Center and the National Senior Citizens Law Center were scheduled to file a class action lawsuit against USDA because of the Food Stamp Program's medical expense deduction policy. The two advocacy groups allege that the Department has failed to write regulations to implement a provision of the Mickey Leland Memorial Domestic Hunger Relief Act that allow households eligible for the medical expense deduction to provide estimates of their recurring medical expenses for the certification period rather than verify actual expenses on a monthly basis. The Department has issued memorandums to FNS regional offices instructing them to inform State agencies not complying with the provision of the Leland Act to do so immediately. The Department also has drafted changes to the Food Stamp Program's medical deduction regulations, which are currently in clearance.

## **SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

### **Health Care Reform**

USDA held a second briefing for farming and rural organizations on May 17. The briefing focused on how health care reform will benefit farmers and rural Americans. USDA's rural health care education packet was distributed to attendees. The packet also

includes my op-ed on rural health care, with a letter urging organizations to publish it in their constituent newsletters. Packets were also distributed this week to 60 Florida and 120 Georgia Farm Bureau County Presidents who were in Washington, D.C.

Assistant Secretary for Administration Wardell Townsend spoke to USDA health and safety specialists on May 16 in Tampa, Florida. His remarks focused on the health care concerns of USDA employees and how the Health Security Act would address them.

Under Secretary Nash spoke on rural health care at the Rural American Conference in McAllen, Texas on May 17. Last Friday, he spoke to five radio reporters (representing over 100 stations) in Missouri, Virginia, North Dakota, Illinois, and Montana. He discussed the problems rural Americans face under the current health care system and outlined the Administration's plans for solutions. In addition, his comments were taped by several other stations in the Mid-Atlantic, Southeast, and Midwest. Nash spoke on rural health care to Farmers Union executive board members at a meeting with the President at The White House today.

### **Early Warning Radio System**

In its effort to find private sponsorship for new rural Weather Radio system sites, REA has begun to match needed site locations with servicing areas of its rural electric and telephone service providers. The National Weather Service (NWS) provided REA with a list of 274 proposed sites on May 4. The matching process is not simply one of matching sites needed with counties served. In most cases, a transmitter site in an adjacent county would meet NWS needs, so REA is calling on its field staff to suggest sponsors for as many sites as possible.

REA-financed companies and cooperatives are volunteering to support new rural sites in this Vice Presidential initiative. On May 9, for example, telephone cooperative managers from Texas and Missouri offered towers and financial support for sites in their areas. This could result in sponsorship of four sites specifically requested by NWS.

On May 3, Alabama Governor Jim Folsom signed into law a State appropriation of \$165,000 to extend the NWS radio system into the state's rural areas. This action came only 32 days after rural electric cooperative leaders met with representatives of several

Federal agencies, including REA, near the site where a tornado killed 20 people attending a church service. Rural electric leaders have joined forces with rural telephone leaders in the State to offer towers, organization, and financial support for the proposed addition of five transmitter sites.

## **Empowerment Zones and Economic Communities (EZ/EC)**

On May 9-13, Rhonda Lampkin, EZ/EC Staff Specialist, traveled to the Delta Region to observe and document phases of community planning for EZ through town meetings and video conferencing. On May 10, she met with four State EZ/EC contacts to collaborate and exchange resources on the program. During the week, Lampkin also met with producers of a community development/empowerment video and discussed production issues. RDA intends to develop a video on the rural EZ/EC program. Also, significant policy changes have been made to allow poverty rate adjustments.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

I will give the keynote address at the 59th annual meeting of the Delta Council in Cleveland, Mississippi on May 20.

On May 25, I will participate in the annual convocation of the Opportunities Industrialization Center (OIC) of America, "OIC: Celebrating Thirty Years of Job Training" event in Washington, D.C.

On May 28, I will deliver the commencement address for the Mississippi School for Math and Science in Columbus, Mississippi.

### **SECRETARY'S SCHEDULE FOR NEXT MONTH**

On June 12, I will address the Grocery Manufacturers Association's Annual Executive Conference in Greenbrier, West Virginia.

On June 25, I will travel to Atlanta, Georgia to address the Institute of Food Technologists Meeting.

On June 28, I will address the Empowerment Network Foundation in Crystal City, Virginia.

### **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

Deputy Secretary Rominger will travel to California on May 26 to participate in a symposium entitled "Environment and Society" at the University of California at Davis. While there, he will meet with several people regarding agriculture programs in Native American Community Colleges.

On May 27, Deputy Rominger will visit Petoseed Research Facilities in Woodland, California.



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

May 26, 1994

MEMORANDUM FOR: MACK MCLARTY, THE WHITE HOUSE  
FROM: SECRETARY MIKE ESPY  
SUBJECT: Weekly Report for the Week of May 23, 1994

---

### KEY DEPARTMENTAL NEWS

#### Markup Tentative for USDA Reorganization

House Agriculture Committee Chairman Kika de la Garza continues to meet with Congressmen Charles Stenholm, Pat Roberts, and Bob Smith to resolve outstanding issues related to the USDA reorganization bill. Tentative plans are to mark up the bill in the full House Committee sometime in June. The Senate has already passed the bill.

#### Floodplain Management

In response to a request by the Floodplain Management Task Force that I co-chair, the Interagency Floodplain Management Review Committee is distributing for comment a draft report on the Federal government's floodplain management programs and policies. The report examines the cause of the Flood of 1993 and makes recommendations for floodplain management policy changes. USDA staff have participated in this interagency process and many of their comments have been incorporated into this draft report. It will ultimately be submitted to the Flood Recovery Task Force and The White House. The draft report received press coverage today in *The New York Times*, *The Wall Street Journal*, and *Associated Press*.

#### Pacific Northwest Update

Judge Dwyer of the Western District of Washington State will hold a hearing on May 31 on the Government's motion to dissolve the injunction against the Forest Service in Seattle Audubon Society v. Lyons. Between May 11 and May 19, six new complaints have been filed against the Record of Decision adopting the forest management portion of the Administration's Northwest Forest Plan. One new lawsuit and two amended complaints were filed by environmental interests, all of which were against the Forest Service. Each of these three suits allege continuing violations of the Federal Advisory Committee Act, among other allegations. The Government will soon file motions to try and transfer all cases to the Western District.

## THE WEEK AHEAD

### **USDA Inspector General Report**

The USDA Inspector General's Semiannual Report to Congress is almost complete. It identifies \$30.5 million in recoveries, fines, restitutions, claims established, and administrative penalties. USDA management agreed to put an additional \$20.4 million to better use. USDA also identified \$65.4 million in questioned costs that cannot be recovered. Investigative efforts resulted in 426 indictments and 468 convictions.

### **Farmers, Ranchers Thinking Wetlands Restoration**

The National Association of State Departments of Agriculture reports that farmers and ranchers in 20 States offered to enroll more than 580,000 acres in the Wetlands Reserve Program, more than seven times the FY94 goal. USDA and other government officials will complete preliminary wetland restoration plans for the acreage covered in the signup. These plans will help landowners decide whether to accept USDA offers for enrollment in the program.

### **Exxon Valdez Trustee Council Meeting**

The Exxon Valdez Oil Spill Trustee Council will meet on May 31 in Juneau, Alaska to focus on habitat acquisition efforts and strategies. Habitat acquisition is a priority under the Administration in providing long-term restoration and protection of the oil spill impacted area and species. The USDA Forest Service represents the Department on the Trustee Council. USDA is one of six trustees to the oil spill settlement funds.

### **Proposed Elimination of USDA Position in Kenya**

Under Secretary for International Affairs and Commodity Programs Gene Moos will meet with U.S. Ambassador to Kenya Aurelia Brazeal on May 27 to discuss the proposed USDA plan to eliminate the Agricultural Attache position in Nairobi.

### **China GATT Bilaterals Scheduled**

China will send a delegation headed by Assistant Minister of Foreign Economic Cooperation and Trade Long Yongtu to Washington, D.C. on June 3 and June 6-7 for bilateral meetings concerning their General Agreement on Tariffs and Trade (GATT) accession bid. Among the topics for consideration will be agriculture and foreign currency convertibility. Tariffs will not be on the agenda. A general Working Party will be held in Geneva beginning June 27.

## **Farm Weather Outlook and Update**

The USDA National Weather Service's 6-10 day outlook for May 26-30 calls for mostly above-normal to normal temperatures, except for below normal averages over the Southeast and eastern Corn Belt. Precipitation is expected to be mostly above normal in the West, with the exception that no rain is likely from west Texas into southern California. Below normal to normal precipitation is expected east of the Rockies.

## **Upcoming Program Announcements**

The USDA Agricultural Prices report on May 31 will include annual revisions of monthly and marketing year prices for tobacco and cotton.

On May 31, USDA Economic Research Service (ERS) will release "Commercial Hog Farms: Financial and Structural Characteristics, 1987-91." From 1987 to 1991, commercial hog farms had an average inventory of 2,000 hogs and operated 400 acres. Average net farm income ranged from \$23,410 per farm in 1988 to \$48,162 in 1990. The average operation's equity position improved each year and 72 percent of all operations were profitable in 1991.

## **CONGRESS**

### **Congressional hearings**

Today, the House Government Operations Subcommittee on Information, Justice, Transportation and Agriculture held a hearing on H.R. 1595, a bill to require that Federal lithographic printing be done using ink made from vegetable oil.

The House Natural Resources Subcommittee on Specialty Crops and Natural Resources conducted a hearing today regarding H.R. 2741 and H.R. 3107, which would authorize the acquisition of Sterling Forest, a privately owned 17,500 acre woodland in New York.

On June 1, the House Agriculture Subcommittee on Specialty Crops and Natural Resources will hold a field hearing on H.R. 3233 at Lufkin, Texas. Also known as the Texas Wilderness bill, this includes provisions requiring the Secretary of Agriculture to take action to control the infestation of southern pine beetles in Texas.

### **Congressional visits and activities**

Today, the House Appropriations Subcommittee on Agriculture passed the Department's FY95 appropriations bill.

Federal Crop Insurance Corporation Manager Ken Ackerman and other USDA officials continue to meet with Hill staff regarding the Administration's crop insurance reform proposal. Markup in both House and Senate may be in June.

USDA Farmers Home Administration (FmHA) is working with staff from Senator Larry Pressler's office on an inquiry focusing on USDA assistance that might be available to South Dakota soybean producers working to form a processing cooperative.

Larry Elworth of USDA's Natural Resources and Environment office will meet with House Agriculture Committee staff on May 31 to discuss the Federal Insecticide, Fungicide, and Rodenticide Act provisions of the Administration's pesticide legislation.

Under Secretary Moos and Deputy Under Secretary for International Affairs and Commodity Programs Jim Schroeder met with Senate and House Agriculture Committee staffs on May 23 to discuss ways to revise USDA's Market Promotion Program (MPP).

Under Secretary Moos and Deputy Under Secretary Schroeder met with Congresswoman Marcy Kaptur on May 19 to discuss the economic impact of USDA export programs on Ohio, especially the MPP.

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen met with Senator Bob Kerrey and staff from Senator Tom Daschle's office on May 20 to discuss USDA activity concerning meat and poultry inspection, as well as food safety and the status of USDA's proposed pathogen-reduction legislative initiatives.

On May 24, Acting Assistant Secretary Jensen testified before the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry and General Legislation. USDA efforts were criticized by Senator Bob Kerrey and industry officials.

Assistant Secretary for Food and Consumer Services Ellen Haas met last week and this week with several Senators and Members of Congress to discuss Child Nutrition Reauthorization and USDA School Meals Initiative.

Congressmen Ed Pastor and Lincoln Diaz-Balart wrote to ask me to meet with members of the national Hispanic Leadership Agenda and find actions that will be beneficial to the Department, as well as the Hispanic community.

Congressman Toby Roth wrote regarding Judge Diana Murphy's ruling on the Federal milk marketing order system. He believes the Class I price differential is an unfair subsidy from the dairy industry of the South and West, and is a burden to taxpayers.

Several Senators wrote to express concerns about Alaska Pulp Corporation's long-term timber contract on the Tongass National Forest.

Senator Tom Harkin wrote USDA regarding bid-rigging in sales of milk to Federally sponsored child nutrition programs. He encourages the Department to eliminate bid-rigging by suppliers as quickly as possible.

Several Members of Congress wrote letters regarding eliminating the commodity purchase funding for the Emergency Food Assistance Program and the negative effect it would have on needy households.

Congressman Louis Stokes wrote USDA about a program for the Hopi Reservation (see Native American Activities under Presidential Initiatives).

## REGULATORY ACTION

### **Health Claims on Meat and Poultry Labels**

The docket on health claims on meat and poultry products labels was published in *The Federal Register* on May 25. The proposed rule would limit claims to the same eight links between diet and health allowed for other foods by the U.S. Department of Health and Human Services. The proposal would make dietary guidance easier, because the health messages would be accurate and consistent with those allowed on other foods.

### **Major Milk Order Action**

An emergency final decision was issued for the Southern Michigan market. It provides that a distributing plant located in the marketing area that processes and distributes primarily aseptically processed fluid milk products would be fully regulated under the order in which the plant is located, regardless of where the plant distributes its fluid milk products.

### **FmHA Farm Programs**

On May 18, the final rule "Revisions to the Direct Operating, Farm Ownership, Soil and Water and Emergency Loan Regulations to Modify Collateral Requirements" was published in *The Federal Register*. It concerns the amount of collateral required when a FmHA loan is made. The intended effect is to reduce the burden on farmers and FmHA personnel in servicing loan collateral and to avoid encumbering all of a farmer's collateral.

### **U.S. Warehouse Act Fees**

A proposed rule to change fees charged for licensing and inspection services under the U.S. Warehouse Act was published in *The Federal Register* on May 19.

## Reinsurance Agreement

A rule to amend the standards a reinsured company must meet to qualify for a Standard Reinsurance Agreement to sell Federal crop insurance will be ready for *The Federal Register* by May 27. The standards will be amended to provide a more stringent method for the USDA Federal Crop Insurance Corporation (FCIC) to determine a company's financial stability, thus protecting FCIC from insolvency liability.

## Animal Damage Management

The USDA Forest Service published in *The Federal Register* recently a proposed policy revision on animal damage management. This designates the USDA Animal and Plant Health Inspection Service (APHIS) as the lead agency on all animal damage management activities on National Forest System lands.

## PRESS

### Press Conferences

On May 23, I gave USDA in-house reporters a briefing on the focus of meetings and negotiations during my South and Latin America trip. Counsel to the Secretary for International Affairs Joe O'Mara will brief constituent organizations as well.

On May 31, I will join Vice President Gore and Assistant Secretary Haas in a press conference to announce the release of the Federal Electronic Benefits Transfer Task Force Report on National Roll-out. This creates a benefit delivery system that works better and costs less.

### Press Contacts with USDA

*CBS's "60 Minutes"* is working on two stories about USDA. Researchers are looking into Equal Employment Opportunity (EEO) positions across the Federal government after suggestions that the positions are dominated by non-white males. The second story relates to allegations that USDA gave preferential treatment to the poultry industry because of ties between the Administration and chicken magnate Don Tyson.

*The Wall Street Journal* is developing a profile on the fire products company PyroCap, which claims that USDA Forest Service treated the company unfairly during the contract bidding process. It has also expressed interest in doing a story about the U.S. Navy's desire to build an airstrip in a North Carolina forest.

Deputy Secretary of Agriculture Richard Rominger will be interviewed soon by *Forbes Magazine* to focus on GATT, NAFTA, and USDA reorganization.

*The Charlotte Observer* in North Carolina will publish a six-part series soon on meat and poultry inspection.

Philadelphia, Pennsylvania's *NBC* affiliate bought several food items and had them tested in a laboratory for bacteria. The USDA Food Safety and Inspection Service (FSIS) public affairs officer in Philadelphia provided information about foodborne bacteria.

*Supermarket Savvy Magazine* is doing a story on the use of the term "healthy" in foods.

*Food Protection Report*, a newsletter for public health workers, asked USDA for information about the Department's hamburger campaign mailing.

*NBC News* is developing a story about tuberculosis and the Mexican cattle imports.

Media interest is anticipated during any USDA action to eradicate an outbreak of *Salmonella enteritidis* (phage 4) in California.

The *Atlanta Constitution* asked how many and what type of animal dealer cases had been resolved. USDA provided copies of the most recent press releases on animal dealer cases.

The Pittsburgh, Pennsylvania *Post Gazette* requested information about wildlife contraceptives to control deer herds. USDA said that immunocontraceptives research continues. An interview was arranged with Kathy Fagerstone of the APHIS Denver Wildlife Research Center.

*Feedstuffs Magazine* inquired about animals shipped by air and sea to Mexico and Canada and if USDA's proposed rule is addressing a growing trend. APHIS replied that about 20,000 of the 1.5 million to 2 million animals exported to Mexico and Canada annually are shipped by air or sea. Air and sea transport are not becoming a substitute means of transport for land shipments, but rather reflect a growing global marketplace.

*The Washington Post* requested information about nuisance Canada geese. The APHIS Animal Damage Control State director in Maryland provided the needed answers.

*The State News Service* asked what fruits will be allowed entry after cold treatment at Wilmington harbor. APHIS said the fruits involved are potential hosts to fruit flies.

Interest continues in USDA efforts to curtail Food Stamp fraud in Los Angeles, California. *The Los Angeles Times* is planning an update to their February 1994 article on this issue during post-earthquake efforts to provide disaster assistance.

*The Los Angeles Times* also inquired about Food Stamp trafficking for drugs. The reporter was provided with information on the Electronic Benefit Transfer program and its benefits.

The USDA Alternative Agricultural Research and Commercialization Center (AARC) will be the subject of a feature article appearing in the August edition of *Profiles Magazine*, the in-flight magazine of Continental Airlines.

*The Wall Street Journal* inquired about Federal funding for housing in the village of Kiryus Joel in Orange County, New York. The reporter seems to think people have had to pay "under the table" fees to obtain Single-Family Housing loans or to gain residency at a rental project funded by FinHA.

*The Washington Post* interviewed a USDA official regarding details of the tobacco marketing quota formulas.

*The Wall Street Journal* requested information on the reporting requirements of State laws relating to the foreign investment of U.S. agricultural land and the extent of foreign ownership of U.S. agricultural land.

*ABC News* has expressed interest in developing a story on the Sterling Forest issue (see under Congressional Hearings). Preliminary indications reveal that the story will criticize the Department of the Interior.

The New York Times is preparing a story on the location of an outlying landing field on the Croatan National Forest. On May 18, the National Forests in North Carolina provided the results of a preliminary study to the Cherry Point, North Carolina Marine Corps Base Commander concerning the issue.

#### **Freedom of Information Act (FOIA) Requests**

*CBS News* made a FOIA request for information on the EEO settlement of a former USDA employee.

## WEEK IN REVIEW

### **A. Important Events**

#### **Review of Turkey Plants**

In follow-up to the special review of 26 turkey plants under the New Turkey Inspection System (NTIS) conducted last fall, USDA conducted unannounced, comprehensive follow-up reviews of four of these plants recently. Three of the plants had serious deficiencies during the reviews and one had numerous variations in procedures. The results of the current reviews found no serious deficiencies observed in the NTIS system of these plants. Further, all deficiencies documented in the previous review reports had been corrected. The review team observed that quality control and production officials at the plants were assuming responsibility for properly monitoring the NTIS program and producing products in compliance with current finished product standards.

#### **Pesticide Data Program Results Spotlighted**

The private sector organization called the Environmental Working Group (EWG) released its most recent report on pesticides in food, entitled "Washed, Peeled--Contaminated: Pesticide Residues in Ready-to-Eat Fruits and Vegetables," at a news conference in Washington, D.C. on May 19. The major conclusion was that "washing, peeling, and otherwise preparing food for consumption does not remove or decrease the number of pesticides present in fresh fruits and vegetables." Similar information was provided on the CBS "48 Hours" program "Is Your Food Safe? Part 2" that aired May 18. In general, pesticide residue testing results have consistently been substantially below established tolerances. In response to EWG's assertions, USDA issued a joint statement with the Environmental Protection Agency and the Food and Drug Administration encouraging "a balanced diet rich in fruits and vegetables" and emphasizing the value of washing fresh produce.

#### **Pesticide Update**

The task force on Integrated Pest Management (IPM) and Research on Alternatives completed a final draft of the strategic plan on May 25. The plan is to reach the Administration's goal of having 75 percent of U.S. acreage under IPM by the year 2000.

#### **Gypsy Moth Eradication**

Reports from the Arkansas Gypsy Moth eradication project illustrate that despite numerous equipment problems encountered during the startup of aerial spray operations, two applications of *Bacillus thuringiensis* (Bt) have been successfully applied to the 25,000-acre treatment block. The joint control project conducted by the USDA Forest Service and the Arkansas State Plant Health Board was started on April 24 and completed

on May 12. Early progress was severely hampered by a variety of difficulties, including mechanical problems, unfavorable weather conditions, and a helicopter crash that fortunately did not result in any injury to the pilot or a pesticide spill. Trapping operations are currently underway to verify the efficacy of the treatments.

### **Soybean Rust in Hawaii**

USDA officials have not determined which of the two *Phakopsora* species of soybean rust have been detected in Hawaii. Additional samples are being collected and forwarded to USDA for evaluation. Actions being taken include conducting delimiting surveys and identifying fungicides that can be used to treat infested fields.

### **Swine Brucellosis Depopulation**

May 17-18, 529 swine infected with brucellosis at the Coalburg refuse-feeding site near Birmingham, Alabama were depopulated. The swine, worth \$37,580, were humanely euthanized and hauled to a nearby rendering plant. Contacts have been made with local government organizations, which are attempting to keep this site permanently closed.

### **Cattle Quarantine in Virginia**

*The Roanoke Times and World News* May 20 edition ran an article concerning 287 head of cattle in Floyd County having been quarantined because several cows reacted positive to a Tuberculosis test given on April 12. Virginia has been a TB-free state since 1988. The article noted that this could mean millions of dollars in additional cost to Virginia farmers. Virginia's Accredited-Free status is to be reduced to Accredited-Free (suspended) until the completion of the epidemiological investigation of the herd. The docket to implement this action was signed by Acting Assistant Secretary Jensen on May 25 and forwarded for processing.

### **Texas Panhandle Hail Storm**

An estimated 25,000 acres of wheat sustained damage, ranging from light damage to total devastation during the severe hail storm that hit the Texas Panhandle recently. Reports were that the accumulation of the hail stones varied from three to five feet deep. The larger amounts were found on low ground, carried there by rushing water, thus creating the impression of more hail. The storm struck two areas. One area was 10 miles wide and 25 miles long, while the other was about half that size.

## **Teaming Up for Better Service**

The USDA Soil Conservation Service (SCS) and Agricultural and Stabilization Conservation Service (ASCS) initiated a new, local-level approach to help producers with potential problems. The agencies offer to meet with the producer, identify the potential problem, and discuss how to solve it. To assure that each option is understood, alternatives should be explored with the producer. These meetings help SCS and ASCS identify customers' needs and show how the agencies' programs can protect the environment, while ensuring that producers are treated fairly.

## **Mexico Bans U.S. Milk**

Shortly after Tijuana grocery stores began stocking U.S. fluid milk products earlier this month, Mexican officials prohibited the sale of U.S. milk in order to protect their dairy industry. The United States had been exporting fluid milk to all Mexican border States, except for Tijuana. This appears to violate the NAFTA, which eliminates import quotas. Although NAFTA allows the exclusion of agricultural products under health regulations, restrictions to protect a domestic industry are not within its provisions.

## **Japan Agricultural Relations**

Under Secretary Moos and Deputy Secretary Schroeder met on May 24 with Japanese Vice Minister for International Affairs, Ministry of Agriculture, Fisheries and Forestry Takeki Manabe to discuss bilateral relations in agriculture. Talking points included access to Japan's rice market, the U.S.-Japan cattle protocol, and tariffs on U.S. wood product exports to Japan.

## **Venezuelan Complaint**

USDA has been working with the U.S. Trade Representative on a demarche to be delivered to the Government of Venezuela. The demarche will protest Venezuela's rejection of a shipment of U.S. No. 1 white corn, alleged to be unfit for human consumption despite all U.S. results showing that the shipment met contract specifications.

## **1994 Federal Tax Refund Offset Program**

Collections to date from the 1994 Tax Refund Offset Program exceed \$29.7 million. This represents \$18.6 million more than was collected as of this time last year and \$16.4 million more than in all of 1993. Participating USDA agencies have referred more than 210,000 accounts with a value of \$870 million to the Internal Revenue Service for offset against tax refunds due to delinquent debtors.

## **Animal Legal Defense Fund Lawsuit**

On May 20, a panel of the U.S. Court of Appeals for the D.C. Circuit found that plaintiffs in Animal Legal Defense Fund, Inc. v. Espy did not have standing to challenge the Department's regulations excluding birds, rats, and mice from regulation under the Animal Welfare Act. The U.S. District Court had earlier held that plaintiffs had standing to challenge the regulations, and that the Department's failure to initiate a rulemaking proceeding to address inclusion of those species within the regulatory scheme was unlawful. The Court of Appeals vacated the District Court's judgment and remanded the case to the District Court with directions to dismiss the lawsuit.

## **GAO Report on Rural Development**

A General Accounting Office (GAO) draft report of their two-year study of Federal rural development programs, "RURAL DEVELOPMENT: Patchwork of Federal Programs Needs to Be Reappraised," was released by GAO for advance review and comments. The report discusses the fragmented way Federal resources are made available and the problems this causes for local officials in dealing with local needs.

## **Rural Development Administration Grants/Loans**

Several USDA Water and Waste Disposal loans were announced on May 24. A \$1.7 million loan and \$2.6 million grant was obligated for Eagle Point, Oregon. This is to provide an adequate water system for 3,140 users. The Warren Water Association in Warren, Oregon received a \$384,000 Water and Waste Disposal loan to provide water improvements serving 575 users. A \$8 million loan for Hidden Valley Lake Community Services District was provided to purchase and expand a sewage collection system for 1,841 users.

## **Change in Food Stamp Policy**

USDA decided to change the policy and exclude the Department of Housing and Urban Development utility reimbursements from income for Food Stamp purposes. This will promote program equity by ensuring that households that are required to pay for their own utilities, even though they receive no greater housing subsidy, and have no more disposable income than other tenants whose utilities are included in their rent, will receive the same amount of Food Stamps.

## **B. Travel**

On May 20, I traveled to Cleveland, Mississippi to speak at the Delta Council's annual meeting.

## **C. Major Speeches**

On May 20, I gave the keynote address at the 59th annual meeting of the Delta Council, Cleveland, Mississippi.

**D. Hill Testimony** - I did not testify before Congress this week.

## **E. Controversies**

Oglethorpe Power Corporation is a generation and transmission cooperative and USDA Rural Electrification Administration (REA) borrower in Tucker, Georgia. It is the all requirements power supplier for 39 distribution cooperatives, including Cobb Electric Membership Corporation in Marietta, Georgia, under REA-approved wholesale power contracts. It has come to REA's attention that Cobb may be installing dispersed generation (small diesel units) inconsistent with the wholesale power contract. REA is working with the involved parties to amicably resolve the dispute.

## **SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

### **Health Care Reform**

Under Secretary Bob Nash will deliver the keynote address at the National Rural Health Association's annual conference on May 28 in San Francisco. His remarks will emphasize the key provisions of the Health Security Act for farmers and rural residents.

The USDA Extension Service and the American Academy of Family Physicians (AAFP) sent a joint letter to their respective contacts in the 50 states to encourage partnerships for health education and promotion. The two groups feel they can help each other organize seminars and public events by combining their respective strengths. The Extension Service would benefit from the medical expertise of family physicians, while AAFP participants could take advantage of the Extension Service's community organization and volunteer management expertise.

Health and animal nutrition studies at USDA's Nutritional Research Center have shown that an inadequate level of copper in the diet results in health risks, ranging from increased risk of heart attack to high blood pressure. Many of the health problems were

seen in humans consuming diets containing amounts of copper comparable to those routinely found in diets throughout the world, including the United States. Copper does not currently have a recommended dietary allowance.

Preschool children are one of the high-risk groups for iron deficiency, which is the most common nutrient deficiency in the United States. The problem is more prevalent in children from households with incomes below the poverty line. An ERS economist presented a paper on this subject at a recent meeting of the Dietary Appraisal Research Working Group of the Federal Government's Human Nutrition Coordinating Committee.

### **Empowerment Zones and Enterprise Communities (EZ/EC)**

The EZ/EC Team received its first application (the Eastern Arkansas Empowerment Zone Initiative) on May 17. However, it was still in the draft stage and lacked many components necessary to consummate processing. The team will use it to "dry-lab" its processing and evaluation procedures.

### **National Weather Service Update**

The National Weather Service (NWS) notified REA on May 17 of the States that most need extension of the Weather Radio system, due to weather-related risk and existing coverage inadequacies. Heading the list is Texas, one of the few States in the nation that needs more new transmitter sites (33) than it already has (27). Other States identified are Arkansas, Oklahoma, Kansas, Missouri, Nebraska, Illinois, Iowa, Georgia, and California. REA continued to receive calls during the week from telephone cooperatives interested in sponsoring transmitters, including two in the highest priority states of Oklahoma and Illinois.

A new data base has been created specifically for the Early Warning System initiative. This resource shows, for each county in the nation, every electric and telephone borrower with service in that county. This new assimilation of existing data was necessary for REA's effort to match needed Weather Radio system transmitter sites with REA-financed electric and telephone cooperatives and companies who may wish to sponsor sites that will benefit their members and subscribers.

### **Native American Activities**

Woody Patawa, Director of USDA's Native American Division, spoke at the Affiliated Tribes of Northwest Indians meeting in Pendleton, Oregon, May 16-19. He made prominent mention of President Clinton's recent gathering of tribal officials in Washington, D.C.

Julie Aulik of the Wisconsin Department of Development and Jack Griffin of the State of Alaska office in Washington, D.C. inquired about reservations being possibly excluded from the Empowerment Zone legislation.

Congressman Louis Stokes requested from USDA \$412,000 for a Cleveland, Ohio organization to develop a Hopi Reservation agribusiness plan and bring Israeli scientists to the reservation to develop an agriculture project.

The Blackfeet, Sioux, and Assiniboine Tribes recently signed Memorandums of Understanding with USDA, the Bureau of Indian Affairs, and associated conservation districts to coordinate natural resource efforts on the Blackfeet and Fort Peck Reservations.

### **National Service News**

USDA is coordinating the establishment of the structure and staffing needs for the Summer of Safety project in Chicago, Illinois, which will be conducted in partnership with the Chicago High School of Agricultural Science. The Department is also coordinating a summer project in Washington, D.C. in partnership with the D.C. Service Corps.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

On May 28, I will deliver the commencement address at the Mississippi School for Mathematics and Science in Columbus, Mississippi. Following the commencement, I will make remarks at the appreciation service for Bishop Phillip Coleman, Sr. in Jackson, Mississippi.

### **SECRETARY'S SCHEDULE FOR NEXT MONTH**

Assistant Secretary Haas and I will unveil USDA's proposed reform of the National School Meals Program on June 8.

On June 12, I will address the Grocery Manufacturers Association's Annual Executive Conference in Greenbrier, West Virginia.

On June 25, I will travel to Atlanta, Georgia to address the Institute of Food Technologists meeting.

On June 28, I will address the Empowerment Network Foundation in Crystal City, Virginia.

### **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

No major speeches this week.



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

June 2, 1994

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: SECRETARY MIKE ESPY  
SUBJECT: Weekly Report for the Week of May 30, 1994

---

### KEY DEPARTMENTAL NEWS

#### **USDA Launches Safe Food Handling Education Campaign**

The USDA Food Safety and Inspection Service (FSIS) has embarked on a nationwide education campaign to teach consumers how to use the new safe handling instructions on meat and poultry labels. The campaign includes the distribution of public service announcements to 5,500 radio stations and thousands of educational packages to food and health editors, State public health and agriculture departments, consumer affairs offices, USDA Extension Service agents, and schools. A video news release has also been made available via satellite to television stations across the country. The safe handling label requirement, which went into effect on May 27, requires raw or partially cooked ground meat and poultry labels to carry safe handling instructions. All other raw or partially cooked meat and poultry products must carry the label by July 6.

#### **E. Coli Outbreaks**

Today, USDA learned of two cases of foodborne illness in California that have been confirmed by San Luis Obispo County health officers as being caused by E. coli 0157:H7. Two children became ill with hemorrhagic colitis, but have been released from the hospital. County health officials say both children reportedly ate hamburger prior to becoming ill on May 11 and May 15. Officials say the hamburger came from the establishment that supplied meat to the hamburger chain involved in the January-February outbreak in the northwest. The suspect hamburger was purchased from stores in Atascadero and Santa Maria, California.

North Dakota Department of Health officials reported to the Centers for Disease Control an outbreak of foodborne illness related to E. coli 0157:H7 involving up to 22 people. Positive laboratory results confirmed 13 cases of illness caused by the bacteria; results have not been received on four other patients. No deaths occurred, but seven persons were hospitalized. The State's investigation and case control study identified a particular restaurant that provided food to consumers either directly as restaurant patrons or as part

of its catering service. Although there is strong evidence implicating meat, there is insufficient data to confirm this. It is reported that at least one person may not have consumed meat and that all of the meat was fully cooked. This may indicate a cross-contamination problem.

### **USDA Appropriations Bill Passed**

The House Appropriations Subcommittee on Agriculture adopted the FY95 appropriations measure for USDA, which included specified budget and program level reductions. The measure assumed adoption of crop insurance reform, passage of mandatory user fees on meat, poultry, and egg inspection, and implementation of the USDA reorganization proposal. It also included funds required to meet full funding goals of the Women, Infants, and Children (WIC) program.

Congress must adopt through the authorizing committees these various measures prior to the end of the fiscal year. If they fail to do so, USDA will be required to significantly restructure its current agencies and programs. It will also be necessary to impose further budget cuts, as well as potential furloughs in the inspection programs.

### **Russia and Algeria Debt Rescheduling**

The Paris Club is meeting in Paris this week to discuss Algeria's and Russia's potential debt rescheduling. Eight U.S. banks have filed 107 Notices of Default worth \$18.9 million in the Russian situation. There is some talk that an agreement will be reached on Algeria, but not on Russia.

## **THE WEEK AHEAD**

### **USDA Visit to National Forests**

On June 3-5, Assistant Secretary for Natural Resources and Environment Jim Lyons will tour several national forests in Idaho. Included are meetings with Congressman Larry LaRocco, local mill operators, interest groups, and USDA Forest Service employees. He will also view watershed improvement projects, as well as forest health and recreational projects.

### **Farm Weather Outlook and Update**

The USDA National Weather Service's 30- and 90-day outlooks suggest rapid early-season crop development in June, drawing on abundant soil moisture reserves in the Corn Belt and much of the Great Plains. Rainfall and cooler temperatures are expected to return before pollination across the Corn Belt. The Southeast, with warmer and drier than normal weather, is likely to see the greatest crop stress.

The 30-day outlook calls for temperatures to average above normal over the Southeast and in a band from the western Corn Belt into Oregon. Below-normal averages are confined to the Southern Plains, desert southwest and New England, with near-normal averages elsewhere. Precipitation is expected to be above-normal over the Southern Plains, northeast and central California with below-normal totals in a band from the Southeast across the western Corn Belt into Idaho and northern California. Near-normal totals are expected elsewhere.

## CONGRESS

### **Congressional hearings**

The House Appropriations Subcommittee on Agriculture has scheduled a field hearing near Phoenix, Arizona on June 6 regarding the sweetpotato whitefly. The hearing was requested by Congresswoman Karan English. Questions are anticipated on the USDA Animal and Plant Health Inspection Service (APHIS) budget request, which was lower in FY95 than for FY94. The agency's position is that biological control agents have been distributed and their populations are self-sustaining. Deputy Secretary Richard Rominger will be the Department's lead witness.

On June 8, the House Agriculture Subcommittee on Livestock will mark up H.R. 4335, a bill to establish the Dairy Export Marketing Board.

On June 8, the House Agriculture Subcommittee on Department Operations and Nutrition will hold a hearing on aspects of the School Lunch Program.

On June 8, the House Agriculture Subcommittee on Specialty Crops and Natural Resources will conduct a hearing on H.R. 4063 regarding the Bull Run and Little Sandy Watershed Protection Act. The bill would establish a special protection unit for the Bull Run River and Little Sandy River watersheds in the Mt. Hood National Forest in Oregon. Restrictions on timber harvesting and public access are included. Gordon Small, Director of Lands for the Forest Service, will testify.

The House Government Operations Subcommittee on Information, Justice, Transportation and Agriculture and the Subcommittee on Human Resources and Intergovernmental Relations have rescheduled for June 16 a joint hearing on the labeling of poultry as "fresh." Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify.

On June 8, the Senate Agriculture Committee is scheduled to hold a hearing on Child Nutrition and the Women, Infants, and Children (WIC) Reauthorization. Bill Ludwig, Administrator of the USDA Food and Nutrition Service, will testify.

On June 8-9, the Senate Energy and Natural Resources Subcommittee on Water and Power will hold a hearing on water quality and quantity problems in the lower Colorado River area.

Grant Buntrock, Administrator of the USDA Agricultural Stabilization and Conservation Service (ASCS), will testify on June 9 at a hearing on crop insurance reform. The hearing is being held jointly by the House Agriculture Subcommittee on Environment, Credit and Rural Development and the Specialty Crops and Natural Resources Subcommittee.

On June 9, the House Appropriations Committee will mark up the Department's FY95 appropriations bill.

### **Congressional visits and activities**

Deputy Assistant Secretary for Natural Resources and Environment Tom Hebert will speak on June 6 at a seminar on "Agriculture and the Environment: Communicating Perspectives," sponsored by the Congressional Research Service. His talk will focus on the Administration's views on the current and future role of agriculture in meeting the country's environmental goals. Only Congressional staff will attend.

USDA received several letters from Members of Congress on behalf of constituents concerned about APHIS' changing policy regarding the importation of niger seed. Agency officials have detected many contaminated niger seed shipments and are now requiring that any such shipments be heat treated before they can enter the United States.

On May 26, FSIS officials met with Senator Jeff Bingaman's staff regarding the appeals process provided for plant owners who feel they are being treated unfairly by the agency. The Senator's staff wanted to examine the appeals process to determine if plant owners receive due process when they file an appeal. The inquiry stemmed from Rich Meat Service in Hobbs, New Mexico, a plant with longstanding, repetitive deficiencies.

USDA and State Department officials met with House Foreign Affairs Committee staff on May 26 to discuss the prohibition in the Freedom Support Act against aid to Azerbaijan. USDA's Food for Progress agreements with Adventist Relief and Development Agency and CARE, along with Agency for International Development agreements, were in question. House staff saw no problem with the proposals.

Several Senators wrote in support of extensions of contracts with producers enrolled in the Conservation Reserve Program (CRP).

## REGULATORY ACTION

Terry Medley, Acting Administrator of FSIS, announced that USDA is seeking public comment on a petition to allow ground beef to carry "percent lean/percent fat" labeling statements in addition to nutrition information. USDA is seeking consumer comment on this issue due to concerns about labeling of ground beef and hamburger.

The Forest Service is adopting a final, revised policy for administering 15,600 recreation residence permits on National Forest System land. The policy will be published in *The Federal Register* this week. This final recreation residence policy emphasizes the role of the Forest Land and Resource Management Plan in guiding decisions on renewal/nonrenewal of recreation residence permits.

Regulations are now with the USDA General Counsel to establish standards for the use and development of private land within Hells Canyon National Recreation Area (HCNRA) and establish how the Department would utilize the limited condemnation authority granted by the HCNRA Act to control incompatible uses. In a December 9, 1993 decision, the U.S. District Court of Oregon established a schedule by which the Department must publish, allow comments on, and promulgate final regulations. This schedule requires that this final rule be published in *The Federal Register* by June 14.

In the effort to clarify and streamline USDA Rural Electrification Administration (REA) regulations and policies and to open lines of communication with parties affected by agency regulations, USDA prepared a notice to solicit public comment on its credit support policies for power supply borrowers. Input will be requested on credit support considerations, what types of support REA should require, and the criteria to be used in indicating where credit support would be needed.

## PRESS

### Press Conferences

Assistant Secretary for Food and Consumer Services Ellen Haas will join me on June 8 to unveil USDA's proposed reform of the National School Meals Program. USDA will also implement a communications strategy for the proposed improvements to the nutritional value of the National School Lunch and School Breakfast programs.

On May 31, I joined Vice President Gore and Department of Health and Human Services Secretary Donna Shalala in a press event to announce the proposed Federal goal of having the electronic benefits transfer (EBT) system for delivery of Food Stamps and other benefits installed nationwide by the year 1999.

## Press Contacts with USDA

*The Wall Street Journal* is researching a story on alleged health and safety violations in a New York State housing program, which was partially funded by USDA.

*NBC Nightly News* is working on a story about U.S. imports of Mexican cattle infected with tuberculosis. *NBC* is also considering stories on tobacco growers and national beef consumption.

*The Rochester Democrat and Chronicle* in New York contacted USDA for information on new Food and Drug Administration regulations on food supplements.

*American Forests* plans to publish an article on timber theft.

*Parenting* contacted USDA for information about the possible effects of lunch bags and lunch boxes on food carried in them.

*Time* asked USDA for a list of permits issued to biotechnology developers producing genetically engineered plants or microorganisms.

*NBC News* asked USDA for tuberculosis status reports for 1992 and 1993 and a copy of the National Research Council's evaluation of the program.

*The Oregonian* asked for USDA's plans for preventing E. coli from getting into the beef supply and what role animal identification will play in overall preharvest strategy. An interview with Dr. Bonnie Buntain, Head of the APHIS Preharvest Food Safety Team, was also arranged.

*The Dairy Profit Weekly* called USDA for information about the final rule banning the importation of Holstein cattle from Mexico. In response to questions, APHIS explained that the vast majority of Mexican imports are steers. All heifers imported into the United States from Mexico must be spayed to prevent the spread of brucellosis. *KWMT*, Fort Dodge, Iowa, also called APHIS for similar information.

USDA confirmed to *Traffic World Magazine* that Mexican officials were asked if grapes could be shipped to Mexico through four not-used ports of entry.

*KHQ*, the *NBC* affiliate in Seattle, Washington, asked to videotape the gull hazing planned along the Columbia River to protect salmon. APHIS gave permission.

*CBS News* this week claimed that a large percentage of retail hamburger contains E. coli bacteria. In response, USDA is highlighting its efforts and working to avert fear among consumers who could infer the investigators found 0157:H7 rather than generic E. coli, which poses no public health threat.

*CBS' 60 Minutes* inquired about Tyson Poultry and the poultry industry for a program to be broadcast at a later date.

*KCB-TV*, a Seattle, Washington television station, asked for a live interview on USDA's response to E. coli O157:H7 outbreaks.

USDA received several media inquiries about a letter to animal shelters in New York City that asked for dogs that would be used for human food. Dogs are not historically considered human food and are not covered by Federal inspection laws. Calls were referred to New York City's Department of Health. (*See Week in Review*)

### **Significant Freedom of Information Act (FOIA) Inquiries**

*KTTV* in Los Angeles, California was provided a copy of a brucellosis ring test result for a farm in California. This was the only record responsive to the request, which sought all agency records on inspections done on farms. In the FOIA response, it was explained that USDA does not inspect every farm on a regular basis and that the Department's statutory authority only allows inspection on farms that are determined to be the origin of a particular animal disease.

*Food Chemical News* requested protocols for the survey on dioxin in cattle and any results on the survey that are presently available.

*Kansas City Star* requested documents with information on grants, loans, or support to outside groups for research on and development of tests for E. coli O157:H7.

## **WEEK IN REVIEW**

### **A. Important Events**

#### **Senate Agriculture Committee Supports Ethanol**

On May 27, the Senate Agriculture Subcommittee on Nutrition and Investigation held a hearing on the Administration's proposed rule on ethanol. Senators Tom Harkin, Tom Daschle, Jim Exon, Paul Wellstone, Richard Lugar, and Charles Grassley indicated strong support for the proposal. John McClelland of USDA's Office of Energy testified. He outlined the environmental, energy, and economic benefits of the proposed renewable oxygenate requirement for reformulated gasoline.

## **Report Available on GATT Impact on States**

The USDA Office of Economics released this week a State-by-State analysis of the effects of the Uruguay Round on U.S. agriculture. It focused on the projected increases in the aggregate levels of production and exports of the leading commodities in each State.

## **USDA Plans Survey of U.S. Farmers/Ranchers**

The annual June Agricultural Survey is now underway, the largest single USDA survey operation of the year. Nearly 125,000 farmers and ranchers from across the country will be surveyed by the USDA National Agricultural Statistics Service (NASS) before June 15. The June survey will provide the first clear indications of acreage planted and potential production of major crops for 1994 and will also provide producers with information about the crop supply and livestock marketing outlook.

## **USDA Visitors Center To Open Soon**

The USDA Visitors Center is expected to open in August with a number of Department artifacts on display. Display items and themes may include the invention of SPAM, early aerosol cans, the first Food Stamps, wood food measurement instruments, a copy of George Washington's crop survey, Abraham Lincoln's first report on the State of Agriculture during the Civil War, the first USDA official seal, and a picture of President Harry Truman signing the School Lunch Act.

## **Exxon Valdez Trustee Council Meeting**

The Exxon Valdez Oil Spill Trustee Council met on May 31 in Juneau, Alaska. The meeting focused on habitat acquisition efforts and strategies. Habitat acquisition is an Administration priority and provides long-term restoration and protection of the oil spill impacted area and species. The Forest Service represents the Department on the Trustee Council. USDA is one of six trustees to the oil spill settlement funds. Additionally, the Eyak Corporation submitted a proposal to the Trustee Council for the purchase/easement of all the corporation's lands. The Eyak Corporation's lands surround the city of Cordova in the Prince William Sound and were heavily impacted by the oil spill. Habitat acquisition of these lands is considered important for the restoration and long-term protection of the ecosystem. The Forest Service is the lead agency in negotiating with the Eyak Corporation.

## **Joliet Arsenal Land Transfer**

Congressman George Sangmeister has proposed reusing a large part of the former Joliet Arsenal, a 23,500-acre munitions site 40 miles southwest of Chicago, Illinois for conservation and recreation and smaller tracts within the site for other uses. The Forest Service is analyzing the feasibility of administering portions of the arsenal as a national grassland. A recent *Chicago Tribune* article discusses Sangmeister's plan, the Forest Service's interest, and the Fish and Wildlife Service's lack of interest in the land transfer.

## **Agreement Signed to Protect Plants**

USDA Soil Conservation Service (SCS) and six other Federal agencies signed a Memorandum of Understanding (MOU) on May 25 to conserve and protect plants on more than 600 million acres of America's public lands. The MOU establishes the Federal Native Plant Conservation Committee. The committee will identify priority conservation needs for native plants and their habitats, as well as coordinate implementation programs.

## **Joint Project on Arkansas Groundwater Use**

The Arkansas SCS and the U.S. Army Corps of Engineers entered into a cooperative agreement to develop the Grand Prairie Demonstration Project in eastern Arkansas. The groundwater in this area has been depleted to extremely low levels. The aquifer is a principal source of irrigation water for most farmers in the area. Previous studies indicate that unless alternative sources of water are located, adequate irrigation water will not be available. The re-evaluation study will develop a resource protection plan that sustains the agricultural water supply.

## **Product Recall**

On May 25, FSIS announced that Sidamer Corporation of Chattanooga, Tennessee (doing business as Farm Pride Kitchens) voluntarily recalled about 3,306 plastic containers of its "Farm Pride Chicken Salad" because of possible *Listeria* contamination. The product was distributed to about 55 Red Food Stores in Tennessee and Georgia. The problem was discovered through USDA's routine monitoring program for Listeria monocytogenes.

## **"Dog Meat" Letter**

APHIS' Regulatory Enforcement and Animal Care Northeast Sector Office received numerous calls from people at pounds and shelters who received a letter from someone in New York City offering to buy dogs for 10 cents a pound for dog meat for domestic and export use. APHIS is looking into the matter.

## **FSIS Food Safety Education**

FSIS has received many requests for the food safety hamburger cards. Some 700,000 postcards were requested by school nurses during the first week of the campaign and the total number of cards requested is now approaching 1 million. Copies were also mailed to Congress and made available to constituent groups.

## **Reprogramming of RDA Funds**

On May 26, I approved the reprogramming of \$9.6 million of Direct Community Facility (CF) Loan fund authority and \$2.6 million of Intermediary Relending Program (IRP) Loan fund authority to the Rural Business Enterprise Grant (RBEG) Program, which represents \$2.975 million budget authority. Due to the large demand for RBEG funds for the Pacific Northwest (PNW) Economic Adjustment Initiative, the requests for agency funds far exceeded the funds initially set aside for this initiative. In an effort to support the Presidential initiative and provide identified economic relief to communities in the PNW, USDA Rural Development Administration (RDA) requested that these funds be reprogrammed.

## **Venezuela's Purchases of U.S. Wheat May Fall**

U.S. exports of wheat to Venezuela are being threatened. Due to unfavorable economic conditions and restrictions on foreign exchange availability, Venezuela is becoming more price-oriented in its wheat purchases. The European Union has reportedly exported over 200,000 metric tons of German wheat to Venezuela this year, up from only 11,000 tons in marketing year 1992/93. Venezuela is virtually the only remaining South American market where U.S. wheat sales are dominant this year. However, this situation is likely to change due to pressure to buy lower-priced wheat. Canada, which is expected to have a more normal crop, will likely be aggressive in Venezuela this year.

## **Sales of U.S. Rice to Japan Increases**

Net sales activity for Japan reflected an increase of 34,100 metric tons of U.S. rice for delivery before July 31. This increases the total U.S. sales for the current year to 505,700 tons, with accumulated exports of 414,700 tons.

## **B. Travel**

On May 28, I traveled to Columbus, Mississippi to deliver the commencement address at the Mississippi School for Mathematics and Science. Following the commencement, I went to Jackson, Mississippi to offer remarks at the Appreciation Service for Bishop Phillip Coleman, Sr.

### **C. Major Speeches**

On May 28, I delivered the commencement address at the Mississippi School for Mathematics and Science, Columbus, Mississippi.

I participated in the annual convocation of the Opportunities Industrialization Center (OIC) of America, "OIC: Celebrating Thirty Years of Job Training" on May 25.

**D. Hill Testimony** -- I did not testify before Congress this week.

### **E. Controversies**

Following the Fish and Wildlife Service's no jeopardy opinion on the marbled murrelet and northern spotted owl, the Siskiyou National Forest will award the Sugarloaf Timber Sale to the high bidder, Boise Cascade, in the first part of June. Controversial since its original design over three years ago, this sale is in a late successional reserve, key watershed, and spotted owl habitat. The Sugarloaf was the only 318 timber sale on which the Siskiyou Advisory Board was unable to reach consensus. The sale was completely redesigned to minimize fragmentation and impact on its roadless character. Environmental groups are renewing lobbying efforts to stop the sale. The Native Forest Council says it will launch a large-scale media campaign against the sale, and direct action activists may be brought in from all over the country.

The animal rights group, People for the Ethical Treatment of Animals (PETA), has voiced objections to AT&T, charging mistreatment of pocket gophers used in tests of protective measures for wire cables at the APHIS Denver Wildlife Research Center. APHIS is preparing a response to the charges.

## **SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

### **Health Care Reform**

Today, Under Secretary Bob Nash conducted radio interviews on rural health reform with farm broadcasters. The interviews, done on a weekly basis by either Nash or myself, focus on concerns of rural residents about the effectiveness of the current health care system and how it can be changed through a comprehensive reform plan. In response to questions, Nash will discuss how the Health Security Act addresses the most contentious health care issues facing rural America. Nash also addressed the National Rural Health Association Conference in San Francisco, California on the Administration's health care proposals.

Grant Buntrock, Administrator of USDA's Agricultural Stabilization and Conservation Service (ASCS), sent out informational packets to ASCS State Directors detailing his participation in USDA's recent rural health care briefing. Included in the packet was a description of the Health Security Act's provisions for rural areas, as well as a copy of my op-ed piece on why the plan is beneficial for farmers and rural families.

### **Flood Recovery Activities**

USDA participated in the review of the draft report on the Flood of 93, which renewed the call for a more coordinated strategy for effective management of the resources of the Mississippi River. The river is now governed by separate bodies for the Upper Mississippi and the Lower Mississippi. The report also suggested a new strategy for flood control to include more buyouts, wetland restoration, and other nontraditional approaches. USDA is also monitoring a situation in Mississippi regarding flooding of thousands of row crop acres in four counties.

As of May 25, USDA has provided direct emergency assistance of \$2.83 billion to the nine Midwest flood States to help in the recovery from the flooding and crop damage caused by the unusual weather patterns in 1993.

### **Native American Activities**

President Warren Means of Fort Peck Reservation in Montana and officials of the American Indian Higher Education Consortium met with Woody Patawa, Director of USDA's Native American Division to express grievances with USDA's position on the land-grant equity bill. They also requested help in getting more USDA assistance for Native American lands.

### **Empowerment Zones and Economic Communities (EZ/EC)**

USDA has received 316 Notices of Intent to Apply for the EZ/EC Program, which are being received at the rate of about two a day. Requests for waivers, adjustments, and eligibility are also being received in increasing numbers. In July and August, each application will be reviewed in detail by at least two USDA employees. Training for the review team will be provided the last week of June.

### **Pacific Northwest Update**

The Forest Service, in conjunction with the Department of the Interior and The White House, is preparing a notice for *The Federal Register* stating the Administration's intent to file Federal Advisory Committee Agencies (FACA) charters relative to implementation of the President's Forest Plan. This is a necessary step which will assist in defending against allegations that the Administration is operating in violation of FACA.

**SECRETARY'S SCHEDULE FOR NEXT WEEK**

On June 1-4, I will attend the Bilderberg Conference in Helsinki, Finland.

I will be in the office the rest of the week.

**SECRETARY'S SCHEDULE FOR NEXT MONTH**

On July 31 or August 1, I will attend a fundraiser for Congressman Richard Lehman in California.

**DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

On June 6, at the request of Congressman Richard Durbin and Congresswoman Karan English, Deputy Secretary Rominger will testify at a field hearing near Phoenix, Arizona to examine the whitefly infestation problem.



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

June 9, 1994

**MEMORANDUM FOR: MACK MCLARTY, THE WHITE HOUSE**  
**FROM: SECRETARY MIKE ESPY**  
**SUBJECT: Weekly Report for the Week of June 6, 1994.**

---

### KEY DEPARTMENTAL NEWS

#### **USDA Announces Major Initiative to Improve Nutrition**

On June 8, I announced a major initiative to improve the nutrition in school meals served to 25 million children each day. The School Meals Initiative for Healthy Children proposed rule is organized around a comprehensive, integrated four-point framework of action: Eating for Health (meeting Dietary Guidelines); Making Food Choices (nutrition education, training, and technical assistance); Maximizing Resources (getting the best value); and Managing for the Future (streamlined administration). One major feature of the proposal is that it limits school lunch calories to 30 percent fat. The proposed rule provides for a public comment period of 90 days. These are the most significant changes in school meals since the program began in 1946 under President Truman. In the announcement of this initiative, I was joined by Assistant Secretary for Food and Consumer Services Ellen Haas. Today, I joined Haas, Secretary of Education Richard Riley, and Secretary of Health and Human Services Donna Shalala at Watkins Elementary School in Washington, D.C. to tour the cafeteria and talk with students, illustrating ways in which partnerships between Federal agencies and changes in Federal policies can contribute to the education and health of the nation's children.

#### **USDA Appropriations Bill Moving**

Today, the House Appropriations Committee will mark up the USDA FY95 Agriculture Appropriations bill. This bill assumes adoption of crop insurance reform, passage of mandatory user fees on meat, poultry, and egg inspection, and implementation of the USDA reorganization proposal. It also includes funds required to meet full funding goals of the Women, Infants, and Children (WIC) program.

## **Spotted Owl Injunction Lifted**

In a landmark decision on June 6, Judge Dwyer dissolved the July 1992 injunction in Seattle Audubon Society v. Lyons against timber sale awards on spotted owl habitat in Washington, Oregon, and northern California. The USDA Forest Service may now sell timber in these areas as long as the sale does not significantly affect the species, as detailed in the Administration's Northwest Forest Plan. This does not mean that USDA will offer timber sales immediately, but it is a good next step to getting the program running again. Judge Dwyer accepted the Administration's proposal to provide 30 days notice of timber auctions, and set a schedule for further litigation. This decision is an important step in the implementation of the Forest Plan.

## **Pacific Northwest Update**

Eight complaints have been filed against the April 13 Record of Decision adopting the President's Northwest Forest Plan. The Government has moved to transfer three cases filed by timber interests from Judge Jackson in Washington, D.C. to Judge Dwyer in Seattle, Washington. Major environmental groups have stated that they will not seek a preliminary injunction until September, apparently because they believe few timber sales can be prepared before that time. Several minor environmental groups have threatened to seek a preliminary injunction, but no request has yet been made.

## **USDA Reorganization Markup Set**

The House Agriculture Committee is expected to mark up the USDA Reorganization bill on June 16. The Senate has already overwhelmingly passed the bill by a 98 to 1 vote. The Administration's reorganization proposal will reduce the number of USDA agencies from 43 to 30, eliminate 7,500 jobs, and close 1,200 field offices. This is a major component of Vice President Gore's Plan for Reinventing Government.

## **THE WEEK AHEAD**

### **Meat and Poultry Plant Review and Assessment**

USDA is finalizing its latest summary report of the results of 1,000 unannounced meat and poultry plant reviews. The report will include results of 215 reviews conducted from October 1993 through March 1994. During these 215 reviews, Accelerated Deficiency Notices were written at 30 plants (14 percent). The report will be released this month.

## **Upcoming Program Announcements**

On June 14, USDA Economic Research Service will publish two releases of interest. *Tobacco Situation and Outlook Report* will report that U.S.-grown tobacco fell 15 percent in marketing year 1993/94, probably because of declining domestic cigarette production and leaf exports. Leaf supplies are expected to be larger in 1994/95, despite an anticipated 9 percent smaller crop. *Agricultural and Nonagricultural Banking Statistics, 1980-91* will illustrate important differences between agricultural and nonagricultural banks. For example, agricultural banks were more profitable overall, while having more securities and fewer loans than nonagricultural banks.

## **Farm Weather Outlook and Update**

The USDA National Weather Service's 6-10 day outlook for today through June 13 calls for above-normal temperatures over most of the nation, except for near-normal readings across the northern States. Near to below-normal rainfall is expected across the United States, with the best chances for moisture extending from the Pacific Northwest across the Central Plains States to the western Corn Belt and Delta States.

During the past week, heavy thunderstorms soaked winter wheat areas of eastern Kansas and Oklahoma, where the crop is maturing and needs dry harvest weather. Widespread showers over the western Corn Belt and Mississippi Valley provided favorable topsoil moisture for emerging corn and soybeans. Beneficial showers fell in the Upper Midwest for newly-established small grains, sugarbeets, and sunflowers. Heavy rain in the Delta slowed late cotton planting. Much-needed showers were scattered across the southeastern States, where hot and humid weather predominated. Mostly dry weather prevailed over the eastern Corn Belt, favoring winter wheat development but continuing a drying trend since mid-May. In the West, hot and dry weather prevailed over California and the Southwest. Rains for winter grain development fell recently in the Pacific Northwest.

## **U.S.-Israeli Free Trade Agreement**

Washington, D.C. will be the site for continued negotiations on the U.S.-Israeli Free Trade Area Agreement. On the agenda for the June 14-16 meetings are various items of interest to agriculture, including licensing imports of nonkosher beef and rules of origin pertaining to processed foods.

## **U.S.-Canada Trade Meeting**

U.S. Trade Representative Mickey Kantor and I will be meeting with our counterparts from Canada the end of June to continue discussions on outstanding trade issues. Specific details on the meeting are still being negotiated.

## **Possible Puerto Rico Disaster Request**

Puerto Rico's Governor may request a Secretarial disaster proclamation as the result of ongoing drought on the northern part of the island. Livestock are dying and water rationing is in effect. The Puerto Rico Farmers Home Administration office is watching the situation closely.

## **Western Governors' Association**

Assistant Secretary for Natural Resources and Environment Jim Lyons will attend the Western Governor's Association annual meeting, June 12-13. He will give a presentation concerning several critical resource issues confronting the region, including mining law reform, range reform, water issues, and reauthorization of the Endangered Species Act.

## **CONGRESS**

### **Congressional hearings**

Today, the House Appropriations Committee marked up the USDA FY95 Agriculture Appropriations Bill.

Assistant Secretary Haas testified today before the House Agriculture Subcommittee on Department Operations and Nutrition on Commodity Letter of Credit (CLOC/Cash) provisions of H.R. 8.

Today, the Senate Energy and Natural Resources Subcommittee on Water and Power held a hearing on water quality and quantity problems in the lower Colorado River area.

Today, the House Agriculture Subcommittee on Foreign Agriculture and Hunger held a hearing to review alternative crops and their ability to feed the world. Dan Kugler of the USDA Cooperative State Research Service (CSRS) testified.

The House Agriculture Committee held a hearing today to review rural implications of health care reform.

Today, the Senate Agriculture, Nutrition and Forestry Committee held a hearing on rural health care.

The House Agriculture Subcommittees on Environment, Credit and Rural Development and Specialty Crops and Natural Resources held a joint hearing today on the Administration's crop insurance proposal. Testifying for USDA were Ken Ackerman, Manager of the USDA Federal Crop Insurance Corporation (FCIC), and Grant Buntrock, Administrator of the USDA Agricultural Stabilization and Conservation Service (ASCS).

On June 10, Assistant Secretary Haas will testify before the Senate Agriculture Subcommittee on Nutrition and Investigations on S. 1614, the Better Nutrition and Health for Children Act of 1993.

On June 11, the House Agriculture Subcommittee on Specialty Crops and Natural Resources will hold a hearing in Goldsboro, North Carolina on the tobacco program.

The House Agriculture Subcommittee on Department Operations and Nutrition will hold a hearing on June 14 on the Administration's proposals to revise pesticide regulation.

On June 15, the Senate Indian Affairs Committee will hold a hearing on S. 1021, the Indian Religious Freedom Act.

On June 15, the Senate Committee on Agriculture, Nutrition and Forestry will mark up Child Nutrition and WIC programs reauthorization.

The House Banking, Finance and Urban Affairs Committee on June 15 will mark up H.R. 3838 to amend and extend laws regarding housing and community development.

### **Congressional visits and activities**

Senator Dianne Feinstein requested information on the USDA Animal and Plant Health Inspection Service (APHIS) medfly eradication program in California and the agency's legislative proposal to increase penalties for violations of plant quarantine laws and regulations. Feinstein stated that, unless APHIS' proposal is forthcoming, she is prepared to introduce a bill increasing these penalties.

Congressmen Bart Stupak and Dale Kildee asked the Forest Supervisor of Hiawatha National Forest in Michigan for a briefing on the Final Environmental Impact Statement and Record of Decision (ROD) for the Grand Island National Recreation Area (NRA) Plan before he signs the ROD and the documents are printed. Both Congressmen, who have opposing views about the development of the NRA, have been heavily involved in the development of the plan. The Forest Supervisor notified the Congressmen that they would be briefed after the ROD was signed, but before the documents are released to the public. To do otherwise would be contrary to policy and to the credibility of the professional nature of the planning process.

### **REGULATORY ACTION**

Today, a proposed regulation on School Lunch and Breakfast Programs was published in *The Federal Register*.

A proposed WIC food funding formula regulation was published in *The Federal Register* on June 8. This rule proposes revisions to simplify and update WIC funding and allocation procedures.

The Office of the U.S. Trade Representative will place a notice in *The Federal Register* requesting public comment on possible barriers to the access for U.S. agricultural products in the Korean market. This comes as the first formal step to enforce U.S. rights under a 1989 bilateral agricultural agreement, in which Korea agreed to allow the "importation without restriction" of 62 products, among which are frozen sausage. A U.S. frozen sausage shipment has been detained for several months in Korea.

## **PRESS**

### **Press Conferences**

USDA issued a statement today concerning the Department of Justice investigation of alleged violations with Tyson Poultry, saying "It is inappropriate to comment on an ongoing investigation, except to say the Secretary has cooperated fully and he believes there will be a positive outcome. Any questions concerning this investigation should be referred to the Justice Department."

On June 8, I held a press conference announcing the School Meals Initiative for Healthy Children. Assistant Secretary Haas also participated.

USDA held a press conference for Canadian and U.S. media about illegal produce crossing the U.S.-Canada border.

On June 15, Assistant Secretary Lyons will participate in a press conference sponsored by the Forest Service and the American Recreation Coalition on universal access to outdoor recreation.

### **Press Contacts with USDA**

*Time* is working on an article about USDA poultry inspection regulations.

*Associated Press* is investigating Mississippi Governor Kirk Fordice's attempts to change the State's welfare programs.

*NBC News* is investigating a story on tobacco and how changing attitudes towards smoking will affect tobacco farming.

*The Omaha World Herald* requested information about a Nebraska E. coli investigation.

*NBC's Dateline* asked USDA about import inspection and requested permission to tape unannounced reviews, microbiological testing, and performance of carcass spraying.

*America's Talking* (CBS Cable) requested information about USDA's Beagle Brigade.

*The Standard Times* of Bedford, Massachusetts asked for a copy of USDA's recent Animal Welfare Act complaint against Buttonwood Zoo.

The Utah *Deseret News* and *Salt Lake City Tribune* asked about USDA's progress in investigating Hogle Zoo. The investigation is closed and the case has been sent to the Department's General Counsel for review.

On June 14 Assistant Secretary Lyons will conduct media interviews regarding Smokey Bear's 50th birthday and Forest Service efforts to prepare for California's fire season.

### **Significant Freedom of Information Act (FOIA) Requests**

The Union of Concerned Scientists in Washington, D.C. requested copies of 12 permit applications to release genetically engineered organisms into the environment.

## **WEEK IN REVIEW**

### **A. Important Events**

#### **Bilderberg Conference**

On June 3 and 4, I attended the 1994 Bilderberg Conference in Helsinki, Finland. The topics discussed at the conference included "The Redefinition of the Atlantic Republic in a Time of Change," "Russia--How Will Its Internal Evolution Affect its External Behavior," and "GATT: Risks Ahead."

#### **Russians and Algerians Reschedule Debt**

On May 30 through June 4, certain debts of Algeria and Russia were rescheduled at the Paris Club. Included were debts guaranteed by the USDA Commodity Credit Corporation (CCC). Algeria's rescheduling includes \$572 million in debts owed to CCC and U.S. banks under USDA's GSM102 program. Rescheduling terms include a three-year grace period, followed by a 12-year repayment period. Rescheduling for Russia includes about \$882 million in payments due to CCC and U.S. banks under the GSM102 program for 1991 shipments only. For CCC, the agreement basically extends the terms of the original 1993 agreement as the December 31, 1991 cutoff date was maintained. Repayment terms include a grace period of almost three years, followed by an eight-year repayment period.

## **Mexico Stops Imports of California Poultry**

Mexican Director General Hector Campos Lopez notified USDA this past week that Mexico will ban imports of California poultry and poultry products, due to an outbreak of Salmonella Enteritidis Phage 4. There is concern that Canada could follow Mexico's lead on this. Lonnie King, Acting Administrator of APHIS, travelled to California on June 7 to discuss with State officials biological controls to the outbreak. The Department is also exploring North American Free Trade Agreement considerations relative to the import ban.

## **International Potato Blight Developing**

According to findings of potato industry officials during a recent emergency meeting in Toluca, Mexico, widespread outbreaks of an aggressive potato disease are being reported in many of the world's potato-producing regions. The disease appears to be a new form of the late blight fungus that caused the 19th Century Irish Potato Famine. The new strains are resistant to available fungicides. Experts believe that the disease -- commonly known as A2 -- is far more damaging and aggressive than the ordinary A1 type of late blight that caused the famine. The A2 strain has only been reported in some U.S. growing regions, but it is gradually spreading. During the Toluca meeting, international potato officials agreed to establish a multi-faceted research program involving researchers from a number of affected countries.

### **B. Travel**

On June 1-4, I traveled to Helsinki, Finland to attend the Bilderberg Conference.

### **C. Major Speeches**

On June 8, I gave a tribute to Myrlie Evers; widow of slain civil rights activist Medgar Evers, at the Bethune-Dubois dinner in Washington, D.C.

Today, I greeted students at Van Ness Elementary School in Washington, D.C. during the "Free Books for Van Ness" event. This was a followup to the June 8 announcement of the school meals initiative and an occasion to distribute books for summer reading to USDA's partnership school.

### **D. Hill Testimony -- I did not testify before Congress this week.**

## SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

### **National Service News**

USDA's Office of National Service sent over 200 public service announcements to television stations across the country in which I ask Americans to join the Administration's National Service Program. The office is also preparing for the start of summer projects in Chicago, Illinois and Washington, D.C.

### **Health Care Reform**

Under Secretary for Small Community and Rural Development Bob Nash conducted radio interviews with farm broadcasters in Indiana and Wisconsin on June 2. He fielded questions on the availability of primary care physicians in rural areas. Nash attended the Rural Development Administration's Training Conference on June 7 in Milwaukee, Wisconsin, where he discussed health care reform.

Assistant Secretary Haas participated in the National School Health Conference in Atlanta, Georgia on June 6. She emphasized the importance of incorporating health maintenance and prevention into the overall goal of improving comprehensive school health programs. On June 8, she delivered opening remarks to women's groups participating in the Rural Health Symposium at USDA. Today, Haas will speak to the Agricultural Women's Leadership Conference in Washington, D.C. and on June 10, she will take part in a Nutrition Roundtable with individuals representing government, academia, and the private sector.

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen addressed the Southwestern Animal Health Association last week in New Orleans, Louisiana. She encouraged support for the goals of the Health Security Act. She also addressed last week the Northeast Association of State Departments of Agriculture and the Codex Committee on Residues of Veterinary Drugs in Foods regarding the Administration's health care reform.

## SECRETARY'S SCHEDULE FOR NEXT WEEK

I will attend a June 11 DLC meeting in Fort Lauderdale, Florida.

On June 12, I will deliver the keynote address at the Annual Executive Conference of the Grocery Manufacturers of America in White Sulphur Springs, West Virginia.

June 14-21, I will be out of the office on personal travel.

**SECRETARY'S SCHEDULE FOR NEXT MONTH**

On July 31 or August 1, I will attend a fundraiser for Congressman Richard Lehman in California.

**DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

Deputy Secretary Richard Rominger will attend the dedication of the Science Support Building and Research Laboratories on Plum Island, New York, June 17.



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

June 16, 1994

**MEMORANDUM FOR: MACK MCLARTY, THE WHITE HOUSE**  
**FROM: SECRETARY MIKE ESPY**  
**SUBJECT: Weekly Report for the Week of June 13, 1994**

---

### KEY DEPARTMENTAL NEWS

#### **Poultry Hearing**

The Government Operations Subcommittees on Information, Justice, Transportation and Agriculture and on Human Resources and Intergovernmental Relations held a joint hearing today regarding the Department's regulation of poultry products. The hearing addressed USDA's labeling policy on "fresh" and "frozen" poultry, the "Inspected for Wholesomeness" legend, pathogen reduction activities, a comparison of meat and poultry regulations, and the Poultry Enhancement Program (zero-tolerance) proposal. Deputy Secretary Richard Rominger testified for the Department. The Department of Justice investigation was raised during the course of the hearing. *(See Congressional Hearings.)*

#### **Washington Apple Exports Going to China**

On June 10, I announced that apples from Washington State will be shipped to China the end of June. This historic shipment represents the first time that U.S. apples will be available to Chinese consumers in commercial quantities. This is the first in a series of steps to open China to many U.S. fruit and vegetable imports from the United States.

#### **Reorganization Markup Set**

The House Agriculture Committee marked up the USDA reorganization bill today. Committee Republicans offered an amendment to move the USDA Soil Conservation Service to the proposed Farmer Services Agency. The reorganization bill has already passed the Senate.

## THE WEEK AHEAD

### **Farm Weather Outlook and Update**

The USDA National Weather Service's outlook through June 20 calls for mostly above-normal temperatures, except for below-normal to normal averages from the Pacific Northwest into the Northern Plains States. Precipitation is expected to be mostly normal to above-normal, but little or no rain is forecast from Louisiana and Texas westward to California and southern Oregon.

During the past week, warmer weather and thundershowers accelerated crop development east of the Rockies. Crops drew heavily on soil moisture reserves over much of the eastern Corn Belt, while showers improved soil moisture supplies over most of the Southeast. Warmer weather aided crop maturation and harvest efforts over the Southern Plains between showers. Large hail caused localized damage to nearly ripe wheat fields in southwest Kansas. Hot, dry weather increased irrigation water demand over the Southwest. Limited soil moisture and warmer temperatures increased crop stress for dryland crops in the Pacific Northwest.

### **Upcoming Program Announcements**

Several USDA announcements are scheduled for release from the Economic Research Service (ERS) during the coming week. On June 21, ERS will release *Environmental Policies: Implications for Agricultural Trade*, a report analyzing linkages between environmental policies and agricultural trade. *Dairy Situation and Outlook Report* will be released on June 22, reporting that milk and dairy prices are expected to stabilize following recent sharp declines. The June 22 *Alternative Crops in Mississippi: Prospects, Profiles, and Policies* will examine kenaf, crawfish, and greenhouse/nursery plants as alternative crops in Mississippi. *Farm Structural Changes in Metropolitan and Nonmetropolitan Counties, 1978-87* will be released on June 22. Other June 22 releases will be *Livestock, Dairy, and Poultry Situation and Outlook* and *Japan: Determinants of Wheat Import Demand*.

## CONGRESS

### **Congressional Hearings**

June 15 and today, the House Banking, Finance and Urban Affairs Committee marked up H.R. 3838 to amend and extend certain housing and community development laws. The USDA Farmers Home Administration (FmHA) presented amendments to this legislation.

Today, the House Natural Resources Subcommittee on National Parks, Forests and Public Lands marked up H.R. 1716, which proposes to provide protection for lands along the North St. Vrain Creek in Rocky Mountain National Park in Colorado. Also marked up was S. 859, which will reduce restrictions on lands granted to the City of Kaysville, Utah.

The House Government Operations Subcommittees on Information, Justice, Transportation and Agriculture and Human Resources and Intergovernmental Relations held a joint hearing today on California fresh poultry. Deputy Secretary Rominger testified. *(See Key Departmental News.)*

On June 17, the Senate Energy and Natural Resources Committee will hold a hearing on the Department of Energy's implementation of alternative fuel vehicle mandates for Federal fleets.

On June 17, the House Natural Resources Subcommittees on National Parks, Forests and Public Lands will hold a hearing on H.R. 2080, the Military Land Reform and Reassessment Act. Among other things, the bill would amend the use of public lands by State military agencies for training, testing, and other activities. Gordon Small, Acting Associate Deputy Chief of the USDA Forest Service, will testify.

The Senate Agriculture Committee will hold a hearing June 20 on pending nominations.

### **Congressional visits and activities**

Twelve Senators recommended that USDA take action to stop a decline in milk prices by making advance purchases for nutrition programs and being more aggressive with the Dairy Export Incentive Program.

### **REGULATORY ACTION**

The Department's proposed rule for the Poultry Enhancement Program is in the interagency clearance process.

USDA is preparing a proposed rule to amend the Rural Economic Development Loan and Grant Program regulations. The new provision will enhance funding potential for areas recently designated as natural disaster areas and for areas that have experienced severe economic dislocation due to the loss, removal, or closing of a major source of employment. Potential funding will also be increased for areas experiencing long-term and severe economic deterioration, as well as for areas designated as Rural Empowerment Zones or Rural Enterprise Communities.

## PRESS

### Press Contacts with USDA

*CBS' 60 Minutes, ABC's World News Tonight, and NBC's Dateline* are preparing stories on allegations that USDA gave the poultry industry preferential treatment on inspection due to close ties between the Administration and Tyson Foods.

*American Forests* plans to publish two articles in its September-October issue on timber theft on government lands.

Under Secretary for International Affairs and Commodity Programs Gene Moos conducted an interview on June 10 with *Japan Broadcasting Company* regarding the U.S. rice exports to Japan. Moos urged the Japanese to consider the high quality of U.S. rice and the reliability of the United States to supply this vital commodity.

*The Avalanche* of Lubbock, Texas asked USDA to confirm whether a carload of beef, reportedly contaminated with leaking hydraulic oil, passed inspection. USDA confirmed that some of the product was detained and was expected to be condemned.

A Little Rock, Arkansas television station asked for a followup on the USDA detention of unwholesome turkey hotdogs at a State prison. The investigation is ongoing. (*See Week in Review.*)

Attached: (*See New York Times article on school lunches.*)

### Significant Freedom of Information Act (FOIA) Requests

*Associated Press* requested information on bonuses paid to Senior Executive Service and Executive level employees. *CBS News* requested records regarding employee payroll and awards payments.

The American Heart Association asked for records regarding tobacco research.

*Scripps Howard News Service* requested copies of my travel and telephone records. Travel records were also asked for by *The Washington Post* and *Associated Press*.

Friends of the Earth requested information on USDA-sponsored research on alternatives to agricultural uses of methyl bromide. The group also asked for USDA estimates on the ozone layer depletion impact caused by the use of methyl bromide.

## WEEK IN REVIEW

### **A. Important Events**

#### **USDA Confirms Disease in California Poultry Flock**

The USDA Animal and Plant Health Inspection Service (APHIS) confirmed that a poultry disease outbreak on a California egg ranch was caused by *Salmonella enteritidis* (SE) phage type 4. Information indicates the infection is contained on one ranch in Riverside County. Epidemiological investigations to determine the source of the infection are ongoing. To ensure that the disease does not spread, eggs from houses where infection was found are being sent to pasteurization plants. A State hold order was placed to stop any movement of birds and equipment from this ranch. This was the first diagnosis of SE phage type 4 in a U.S. poultry operation.

#### **Forest Service Grants Help Scenic Highway**

Through a cooperative agreement with the Arkansas State Highway and Transportation Department and the Ouachita, Ozark, and St. Francis National Forests, over \$1.1 million in Intramodel Surface Transportation Efficiency Act of 1991 funding goes toward projects along Scenic Byway 7. The funds will be used to develop facilities along the highway, including vistas, historic sites, and visitor information centers.

#### **Forest Service National Poll Released**

The results of the first nationwide poll seeking public opinion on management of the national forests were released on June 10. Common themes of the survey include an overriding concern for maintaining healthy public forests and grasslands, endorsement of a scientific approach to management that meets public needs in a balanced way, and the desire of the public to be informed about the well-being of public forests and grasslands. Other concerns were creating recreation opportunities on public lands and the responsibility of the Federal government to see that balance is maintained between recreational use and other uses, such as logging, mining, and grazing.

#### **Women-Owned Business Fair**

USDA hosted the Women-Owned Business Fair on June 14 to promote the use of women-owned businesses by the Department. Anne Reed, Deputy Assistant Secretary for Administration, was the keynote speaker. Agency contract officers and administrative services directors were in attendance.

## **News Release On Grazing Fees Found Inaccurate**

The Public Lands Council issued a news release on June 13 claiming that over 50 percent of ranchers who have direct FmHA loans in four States will face default once grazing fees are increased. A USDA survey, however, illustrates a different scenario. It predicts that less than 1 percent of FmHA loan borrowers will face cash flow problems upon the increase of grazing fees. The Department issued a press release challenging the inaccurate claims of the Public Lands Council.

## **Raw Milk E. Coli Outbreak**

*The Oregonian* reported on June 9 that unpasteurized milk may be to blame for an outbreak of potentially deadly food poisoning. The Oregon Health Division believes six people in three families got sick in late May from raw milk that came from a dairy in the State. If confirmed, it would be the third outbreak of E. coli 0157:H7 in 14 months linked to this dairy and the fourth in that time period connected to unpasteurized milk. USDA is working with Oregon's Food Safety Division on this situation.

## **Food Recalled From Arkansas Corrections Facility**

On June 1, USDA was notified that inmates at Cummings Union Farm Facility in Grady, Arkansas had complained about being served off-color hotdogs. Upon investigation, USDA detained 134 10-pound cartons of allegedly unwholesome turkey frankfurters from a company in North Dakota. The prison received the product from a Little Rock, Arkansas distribution company. The investigation to find the specific source of the product continues. *The Arkansas Times* has been following the story. (See Press.)

## **B. Travel**

On June 11, I attended the DLC meeting in Fort Lauderdale, Florida.

I traveled to White Sulphur Springs, West Virginia on June 12 to deliver the keynote address for the Grocery Manufacturers of America.

## **C. Major Speeches**

On June 8, I gave a tribute to Myrlie Evers, widow of slain civil rights activist Medgar Evers at the Bethune-Dubois dinner in Washington, D.C.

I delivered the keynote address at the Grocery Manufacturers of America Annual Executive Conference in White Sulphur Springs, West Virginia on June 12.

**D. Hill Testimony** -- I did not testify before Congress this week.

**E. Controversies**

A lawsuit was filed on June 15 in Federal court in Nebraska against USDA and myself by a meat industry plaintiff. The complaint alleges that USDA has failed to comply with the Administrative Procedures Act in its meat and poultry inspection activities, thereby causing damage to the plaintiff.

**SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES**

**Health Care Reform**

Under Secretary for Small Community and Rural Development Bob Nash will address a meeting of the Mid-West River Coalition on June 17 in St. Louis, Missouri. His remarks will touch on the current health care debate and why the Health Security Act's goal of universal coverage is important for rural America.

The Centers for Disease Control newsletter, *Immunization Action News*, produced a feature article on the efforts of USDA to immunize America's children. The article highlighted the USDA Extension Service's plan to form partnerships with public and private sector organizations to achieve ongoing immunization education programs. Extension Service health specialists participated in a Decisions for Health workshop prior to the National Rural Health Association Annual Meeting in San Francisco, California. Discussions were held on New Health Care Reform Teaching Resources and the National Childhood Infant Immunization Outreach Campaign Agenda. Preparations for the 1995 White House Conference on Aging (WHCOA) are underway, involving community-based focus groups and State conferences in assessing the concerns of elderly Americans. Extension Service educators and volunteers will play a leading role in convening groups to identify major concerns that relate to the goals of the WHCOA.

FmHA approved funding for a group home for developmentally disabled adults in Eastaboga, Alabama. It will enable its clients to take an active role in their personal care. In addition, FmHA approved a loan for a multi-purpose community building for the Wampanog Indian Tribe of Gay Mead, Massachusetts. The facility will house the Tribe's social, educational, and economic services. Among the Tribe's concerns is adequate health care, and the building will include a fully functional health clinic.

Assistant Secretary for Food and Consumer Services Ellen Haas met with several groups regarding USDA's School Meals Initiative for Healthy Children. In each meeting, Haas outlined USDA's plan for bringing nutritional standards of the National School Meals Program in line with revisions in America's general nutrition guidelines.

On June 15, Assistant Secretary for Administration Wardell Townsend addressed the 1994 mid-year National Congress of American Indians in Buffalo, New York. He discussed the relationship between USDA and Native Americans, as well as health care reform.

### **Range Reform Update**

The USDA Forest Service and the U.S. Department of Interior (USDI) Bureau of Land Management (BLM) published proposed regulations regarding the impact of an incentive-based grazing fee in promoting good land stewardship. The effectiveness of incentive-based grazing rests on the criteria for qualification. The BLM and Forest Service are cooperating to develop a dialogue with interest groups, under the authority of the Federal Advisory Committee Act (FACA), regarding an incentive-based grazing fee. USDA and USDI are chartering a joint agency FACA committee to provide the criteria by which incentive fee eligibility could be determined, as well as implementation options the Departments might consider. The committee will meet the first week of August.

### **Pacific Northwest**

The USDA Forest Service held a workshop in Washington, D.C. June 15 and today on criteria and indicators for sustainable forest management. Members of forest interests participated and shared opinions on sustainable forest management and how progress toward achieving it can be measured. President Clinton announced in 1993 that by the year 2000, the United States will achieve sustainable management of its forests.

### **SECRETARY'S SCHEDULE FOR NEXT WEEK**

Through June 21, I will be out of the office on personal travel.

On June 25, I will deliver the keynote address at the Institute of Food Technologists annual convention in Atlanta, Georgia.

### **SECRETARY'S SCHEDULE FOR NEXT MONTH**

On July 31 or August 1, I will attend a fundraiser in California for Congressman Richard Lehman.

### **DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK**

June 20, Deputy Rominger meets with Polish Minister of Agriculture Andrej Smietanko.

Deputy Rominger will meet with New Zealand Ambassador John Wood on June 20.

# 46 Menus Are Stale, Schools Say

*Ny Times 6/8 C1*

By MARIAN BURROS

**U**NDER the Agriculture Department's regulations for school lunches, a school that substitutes yogurt for meat loses its Government reimbursement for the cost of the food.

And while it is possible to buy fat-free, salt-free tortilla chips to serve with salsa, schools are not reimbursed for them either, because the rules prevent the use of any kind of chips.

The rules also forbid counting milk as a substitute for meat, even though both provide protein. Because the lunch program requires that both milk and meat, or an approved meat alternative, be served every day, children are sometimes getting 270 percent of their daily protein requirements at lunch alone.

And if a school wants to serve macaroni and cheese as an alternative to meat, it is required to put so much cheese in the dish that it turns to a gooey, gluey mess, said Bob Honson, the food service director for the public schools in Portland, Ore. "It's so sticky, you get into the 'you can't get it off the spoon' syndrome," he said.

The Agriculture Department recognizes that

---

## A lunch plan to nourish today's children.

---

these ironclad rules are irrelevant in a nation where most children get not only too much protein but too much fat, saturated fat, cholesterol and sodium. A new proposal for regulating school lunches, to be officially announced today, would limit the amount of fat and saturated fat and eliminate the need for a meat component in every lunch. School meals might finally catch up with late-20th-century nutrition science.

When the school lunch program was created in 1946, President Harry S. Truman said it was intended "to safeguard the health and well-being of the nation's children." Then, the health problems of American children were linked to malnutrition. Fifty years later, the problems have changed greatly, but the school lunch program has not.

The rules now require two ounces of meat or meat alternative; two servings of fruits or vegetables, totaling three-quarters of a cup; a slice and a half of bread, and eight ounces of milk.

Schools would have until 1998 to make the changes. Under the new rules, meals would be based on the Government's dietary guidelines. That means that the average amount of fat

served in a week could not exceed 30 percent of the calories, and the average for saturated fat could not exceed 10 percent.

While no targets have been set for sodium and cholesterol, school lunch planners are expected to reduce the levels and to increase the amount of fiber. In addition, one-third of the recommended daily allowances for vitamins A and C, calcium and iron would have to be met, averaged over

---

## It's time to freshen up the menus of '46, schools say.

---

the week. Under current rules, the allowances must be met each day.

"By making these changes we hope to increase participation in school lunch, because if the food doesn't taste good and look good, often kids won't eat it," said Ellen Haas, Assistant Secretary of Agriculture for food and consumer services. Only 54 percent of the children in schools now participate in the lunch program; the rest take their own lunches, buy food from vending machines or go out.

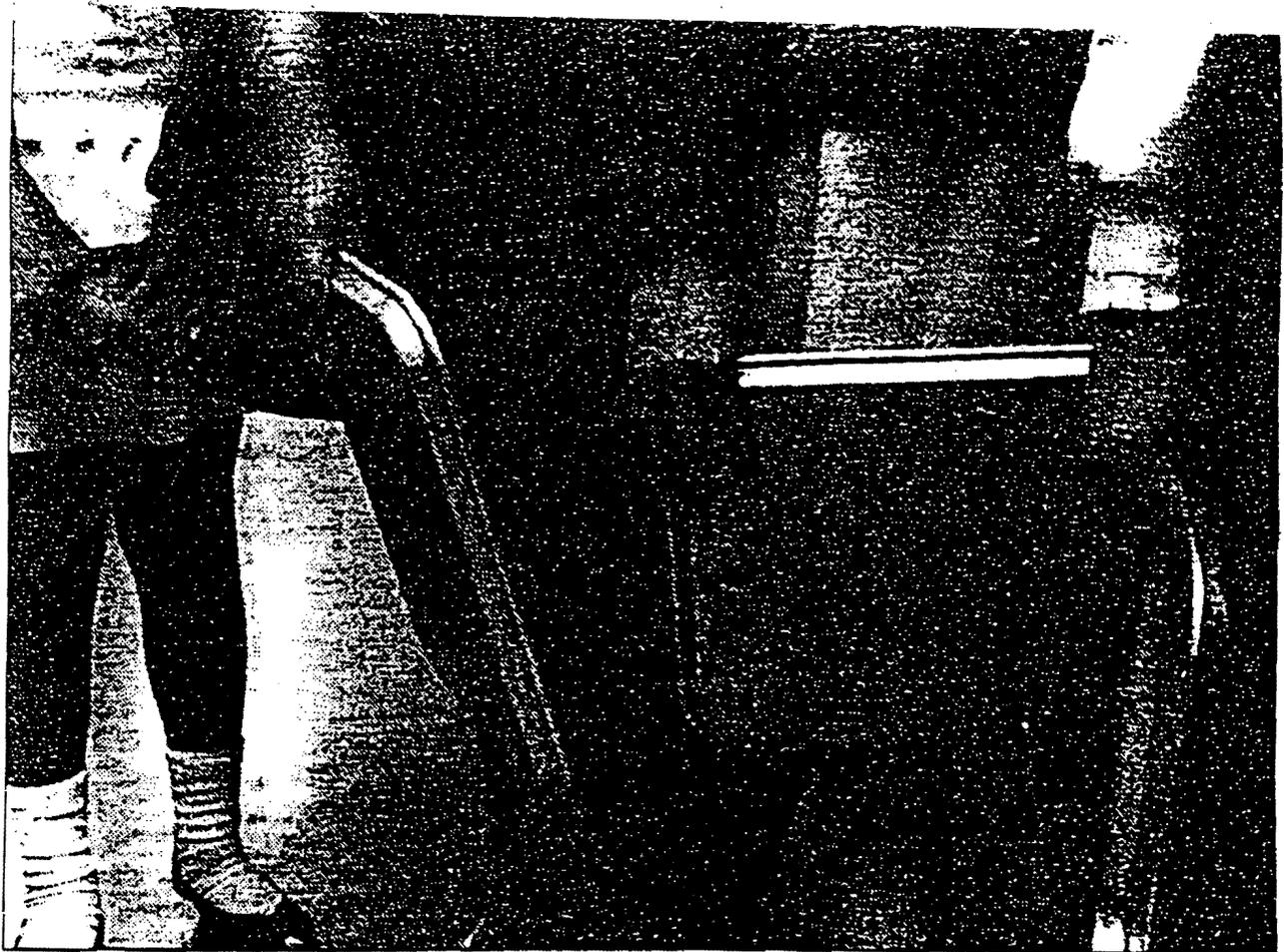
"Central to the proposal is the flexibility," Ms. Haas said. "There are 92,000 different schools, and if you superimpose rigid requirements it doesn't work."

Critics have suggested that such changes will cost more. But some schools, working within the current regulations, have already moved toward less fat and more fruits, vegetables and grains.

In Portland, Mr. Honson is known for his creative manipulation of the current meal pattern. He called the present rules stupid. "Most of the high-fat foods we serve are the protein foods," he said. "So we tend to overfat the kids as well as overprotein them. And protein foods tend to cost more."

Because every meal must include two ounces of meat or an alternative, he said, food that children don't like is often served.

"The way it is now, a peanut butter sandwich has to have so much peanut butter in it, a kid takes one bite and



Chester Higgins Jr./The New York Times

With the proposed changes, students might be more likely to take a healthy tray full.

his mouth is glued shut for the rest of the meal," he said. "Soups are very hard to make in a normal fashion because we have to stick protein in them, and two ounces of meat in six ounces of soup. . . . Where's the place for vegetables or noodles?"

So Mr. Honson has made some changes. "We de-emphasize the center of the plate," he said, "and emphasize fruits and vegetables. We moved from whole or 2 percent milk to skim or 1 percent milk, and that's cheaper. We use low-calorie mayonnaise and yogurt and that makes the dressing cheaper. Not all these changes cost more."

The more unusual items listed on the Portland menus include romaine and spinach salads, cauliflower bites, golden oven-roast potatoes, kiwi and garden-bounty muffins. Nothing is fried. It takes imagination and skill in the intricacies of nutrition to pull off such changes and still gain Federal reimbursement. Not all schools have dietitians, and workers often do not have even high school educations.

Not all the proposed changes are obvious from the names of dishes. For example, the schools in Fairfax County in Virginia, near Washington, require that lunches include, on average, less than 30 percent of calories from fat. Turkey hot dogs, low-fat ground beef and low-fat cheeses replace the conventional forms.

But Penny O'Connell, director of food and nutrition services for the county's public schools, said she looks forward to the day when the Government will pay for yogurt. "I can't get the children to eat a chef's salad with low-fat cottage cheese," she said, "but I know they will eat it with yogurt."

And she said she wants to put taco chips on the menu. "Even though we can't serve the unsalted, low-fat nacho chips, we can serve a taco, which is made of the same thing, because it is not called a chip."

To get more fresh fruits and vegetables into the meals, the Agriculture Department, under the new rules, would encourage schools to buy foods

from local farmers. It wants to work with the Defense Department to use its vast buying powers to get fresh ingredients for lower prices.

Once the new proposal is published, the public will have 90 days to comment. The Agriculture Department will then put it into effect, with any changes arising from the comment period.

The Agriculture Department controls only the part of the school lunch that it pays for. Schools could still allow the sale of junk foods before, during or after the lunch period, and permit students to leave campus to eat at fast-food restaurants. Hundreds of thousands of children take advantage of those options every day.

The Agriculture Department has asked for \$20 million for a nutrition education campaign next year. It hopes to work with the Walt Disney Company, MTV and schools to persuade children that broccoli and skim milk are not only better for them than cheese dogs and french fries, but can taste good enough to eat.