

Roy - Call Marion & tell him I

MEMORANDUM FOR CAROL RASCO, DOMESTIC POLICY ADVISOR *very much*
FROM: MARION BERRY *apprec. This*
SUBJECT: FEDERAL CROP INSURANCE *memo, hope*

The crop insurance reform plan is to replace disaster payments to farmers and provide needed reform in the old system.

he's pleased

The President has been supportive of the issue.

where's it

If it comes to the floor this week, Congressman Penny will attempt an amendment to cut the funding. This would destroy the ability to accomplish the reforms.

in House?

It would be helpful if the Congressional Liaison Office could, once again, work with the Leadership to defeat the amendment and allow crop insurance reform to happen.

man 8/8/94

This is a good piece of legislation and there will not be any crop insurance for the fall crop if the bill is not passed soon. There is no other appropriation if this fails.

THANKS

Date: 08/05/94 Time: 15:03

House Votes to Reform Crop Insurance

WASHINGTON (AP) The House voted Friday to reform crop insurance to reduce the taxpayer share of the \$2.4 billion annual cost of covering losses to major crops from floods, droughts, hail and other disasters.

By requiring farmers to take out a catastrophic coverage policy, the bill, proposed by the administration, aims at making crop insurance the main source of disaster coverage and at cutting spending.

The bill was approved on a voice vote. The Senate still must act on its version.

Only one-third of eligible acres are covered by crop insurance, a joint federal-private system that is plagued by chronic losses and inadequate protection, despite a reform attempt in 1980.

Participation is low in large part because Congress readily passes disaster-relief bills that aren't counted in calculating the federal budget deficit. The bill would make such spending more difficult.

"This legislation will fundamentally change the way the federal government responds to natural disasters in rural America," said Rep. Charles Stenholm, D-Texas.

Under the bill, farmers would have to sign up for coverage in order to remain eligible for price support and other government programs. The catastrophic coverage would extend to losses greater than 50 percent of the crop, and would cover 60 percent of the crop's value.

The disaster-relief formula now in place covers losses in excess of 35 percent to 40 percent of the crop at 65 percent of the value.

The old disaster relief formula seems attractive by comparison, but Congress hasn't always given producers full coverage. It did so last year for flood victims in the Midwest and drought victims in the Southeast, appropriating \$2.5 billion. The high cost fueled the demand for reform.

The bill would push farmers into crop insurance with the idea they would purchase more federally subsidized coverage and spread the risks. The administration expects participation to more than double.

For crops that don't qualify for insurance now, the bill provides a permanent disaster relief program.

The government's Federal Crop Insurance Corp. will have to raise some premiums and make other changes to stem losses, which have averaged \$1.47 for every \$1 spent for coverage.

House debate concentrated on how to pay for the bill. The House spending bill for agriculture cut \$213 million from the administration's 1995 funding request for crop insurance. Cuts in future years are likely.

Reps. Timothy J. Penny, D-Minn., and Steve Gunderson, R-Wis., wanted to pay the difference by cutting the premium subsidy for private carriers, cutting the amount farmers are reimbursed, and charging a fee to file claims.

The House instead approved an amendment by House Agriculture Committee Chairman Kika de la Garza, D-Texas, that would cut some costs but preserve the premium subsidy to private insurance companies for two years, preserve the full amount that farmers would be compensated, and delete the filing fee.

APNP-08-05-94 1503EDT

NOV 19 93 REC'D

U.S. DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY



DATE:

11/19/93

SENT TO: Carol Rasco

PHONE #: 456-2216

FAX #: 456-2878

NUMBER OF PAGES SENT: 1
(excluding cover sheet)

FROM: Marion Berry

PHONE #: 202-720-3631

FAX #: 202-720-5437

COMMENTS:

TO: Carol Rasco

FROM: Marion Berry

RE: HCCP discussion at Sally Katzen's office of I&R Affairs

DATE: November 19, 1993

The discussion was inconclusive. It appeared to lean in the direction of releasing the FDA proposal for seafood only for public review.

Apparently their rules are quite detailed and involved. They will hurt small operators and probably put 7% out of business. The group planned informal briefings by FDA and USDA before making the final decision. The group also concluded that the administration should indicate its support for the effort for food safety in general.

My impression was that there was no great problem nor urgency.

NOV 22 REC'D



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

file

November 18, 1993

Carol H. Rasco
Assistant to the President
for Domestic Policy
1600 Pennsylvania Ave, N.W.
Washington, DC 20500

Dear Ms. Rasco:

Enclosed for your review is a copy of the Multi-Agency Command's (MAC) strategic plan, as required by the Forest Plan's Federal-State Memorandum of Understanding to which you are a signatory.

This strategy for economic adjustment in the Pacific Northwest and Northern California has been in final draft form for several weeks now. During this time, the plan was reviewed and found to be satisfactory by White House officials, state and local government representatives, and by other private and non-profit partners.

We now need to adopt this strategy as a working document. Please contact Wayne Fawbush in the MAC's office at 202/720-9369 by close of business Wednesday, November 23, 1993, if you have any comments. If we do not hear from you by then, we will assume that you are in agreement with the plan.

Sincerely,

Bob Nash

BOB NASH, Chair
Multi-Agency Command

Peter Yu

PETER YU, Director
National Economic Council

Enclosure

TODAY
Ask Mike Schmidt
if there are
any problems
w/ this?

Schmidt has no problems
w/ this - he'll meet w/ them
on Tues. if you have any comments

**Multi Agency Command
Strategy for the Forest Plan Economic Adjustment Initiative**

November 19, 1993

"We must never forget the human and economic dimensions of these problems. Where sound management policies can preserve the health of forest lands, sales should go forward. Where this requirement cannot be met, we need to do our best to offer new economic opportunities for year-round, high-wage, high-skill jobs." -- President Clinton, April 2, 1993

Introduction

This strategy outlines a framework to enable workers, businesses, communities, and tribal members to work in partnership with their governments as the region adjusts to changing economic conditions. As a framework for cooperative action, this plan intentionally leaves room for partnerships to mature and new insights to be incorporated. Thus, the plan is the beginning of an evolutionary process. The first year will be the learning ground for the second, and the second for the third.

I. Mission

The mission of the Economic Adjustment Initiative for the Pacific Northwest and Northern California is:

to develop, stabilize, and augment the capacity of individuals, businesses, communities, and tribes to adjust to, and thrive in the face of, declining timber harvests,

by increasing the scope and effectiveness of federal investments in economic and community assistance,

through improved coordination and integration of federal, state, and local resources and efforts.

II. Principles

The following principles will guide the federal government's actions in this effort. The federal government will:

- Encourage plans and actions at all levels to focus on results and to integrate economic, social, and environmental concerns;
- Move decision making and priority setting closer to the local level, based on the development of a mutual understanding that with this opportunity comes responsibility for performance and public accountability;
- Empower its own employees to act as responsive partners with state, tribal, and local governments and the private sector--profit, nonprofit, and community-based organizations;
- Enable workers, families, businesses, communities, and tribes to identify their own strategic opportunities and courses of action;
- Encourage sustainable market-oriented solutions, rather than long-term subsidies;
- Promote regional approaches to developing solutions to common problems; and
- Encourage collaboration among all participants.

III. Goals and Objectives

The goals and objectives of the Economic Adjustment Initiative are to:

Goal: Respond to locally-defined needs with a system that is flexible and innovative.

Objectives:

- Listen to, learn from, and act in conjunction with workers, businesses, communities, tribes, and public servants at all levels of government in order to improve the federal delivery system.
- Provide assistance for local planning and strategic decision-making based on sound analysis.

- Ensure that programs are accessible and easy to use.

Goal: Enable affected workers and families, businesses, communities, and tribes to regain or improve their economic and social well-being.

Objectives:

- Provide assistance to workers and families to ease the short-term economic transition.
- Coordinate economic adjustment efforts with ecosystem investments to maximize economic benefits in affected communities.
- Prepare dislocated workers to compete effectively for available and anticipated employment opportunities, through a network of coordinated training and economic development efforts.
- Facilitate private sector investment in existing and new businesses that have the potential to generate sustainable, quality re-employment opportunities for dislocated workers.
- Make long term investments in job training, technical assistance, and public facilities to position individuals, firms and communities strategically.
- Cultivate the leadership capacity, development resources, and infrastructure necessary for resilient communities, building on the base of existing local and regional strategic planning work.

IV. Streamlining the Process for Delivery of Services

Multi Agency Command

Roles

- Empower people to get results. Decentralize authority and empower those who work on the front lines to make more of their own decisions and solve more of their own problems. Legitimize initiative, risk-taking, and flexibility among federal employees, as well as new lines of communication across and within federal agencies.

- Work as a team to get results by overcoming obstacles and leading by example in facilitating interagency cooperation.

Actions

- Develop a strategic plan for the Economic Adjustment Initiative in the Pacific Northwest and Northern California.
- Establish strong lines of communication with the Regional Community Economic Revitalization Team (RCERT), the Interagency Steering Committee, and the Regional Interagency Executive Committee. (The latter two are part of the ecosystems management response team.)
- In collaboration with the Governors' offices, respond within 15 days to the RCERT's implementation plan.
- Identify ways to improve the effective and coordinated delivery of federal programs and services and respond quickly to suggested changes in policies; practices; agency regulations; and legislation, as well as suggested changes to the strategic plan itself.

Regional Community Economic Revitalization Team

Roles

- Serve as a forum for discussion of state and federal issues, regional strategies, and funding issues.
- Develop short and long-term implementation plans to do the following:

Actions

- Make the best use of FY 94 funding opportunities.
- Collect and disseminate program information, and support and enhance existing information distribution systems.
- Ensure the equitable distribution of federal funds, consistent with federal statutes.
- Facilitate the development of cooperative arrangements between states.

- Ensure active coordination with other entities.¹
- Establish a process to measure performance of the Initiative.
- Plan for regular communication with the MAC, SCERTs, and others regarding the strategy process, projects, activities, outcomes, innovative practices, barriers, etc.
- Identify ways to improve efficiency and coordination in the delivery of federal and state programs and services, resolving those matters which can be addressed at the regional level and forwarding the rest to the MAC for assistance and resolution as necessary.

State Community Economic Revitalization Team (SCERT)

Roles

- Coordinate delivery of state and federal assistance to workers, businesses, communities, and tribes.
- Work with tribal governments, local governments not on the SCERT, and private for- and non-profit organizations.

Actions

- Develop an information outreach effort to ensure customer awareness and input into the process.
- Provide state and local perspective on project proposals and applications to federal officials.
- Develop a system of both substantive and SCERT process performance measurements to assess progress and results.
- Identify ways to improve efficiency and coordination in the delivery of federal and state programs and services, resolving those matters which can be addressed at the state level and forwarding the rest to the RCERT for assistance and resolution as necessary.

¹ Includes tribal governments, other local governments not serving on the SCERT, and private for- and non-profit organizations.

V. Evaluation and Modification

The Strategic Plan will be reviewed and evaluated and a report submitted to the parties to the Interagency MOU by no later than April 30, 1994. The evaluation will be conducted by the RCERT in conjunction with the MAC and SCERT and will be based upon performance measures established in the RCERT's implementation plan.

Appendix I Communications Plan

The following two-part communications plan will be implemented by the MAC in conjunction with the RCERT and SCERTs to provide for:

- Decentralization of authority to and empowerment of federal officials at the RCERT and SCERT levels;
- Accurate and timely flow of information among the MAC, RCERT, and SCERTs;
- Coordination of Economic Adjustment Initiative activities with those of the Ecosystem Initiative; and
- Public awareness of the Initiative, its activities, and successes.

Internal Communications

To ensure that federal officials at the RCERT and SCERT levels are authorized and able to carry out the duties given them in this Initiative:

- 1) The MAC will contact its respective representatives at the RCERT and SCERT levels in order to:
 - delegate decision-making authority to RCERT and SCERT members;
 - emphasize the need for a long-term commitment to the Initiative and its processes;
 - link the efforts of the RCERT and SCERTs to those of the Ecosystem Initiative;
 - indicate the urgency of moving forward on current requests for assistance;
 - direct RCERT and SCERT members to identify opportunities for coordination of interagency activities and to resolve interagency differences;

- request that RCERT and SCERT members identify ways to improve efficiency and coordination in the delivery of federal and state programs and services, and ask for recommendations as to how the MAC could become involved if authority is lacking at the state or regional levels;
 - convey its commitment to respond to suggested improvements forwarded from the RCERT; and
- 2) The MAC will communicate with other interested/affected parties to gain their help and make the jobs of the RCERT and SCERTs easier. Actions include:
- brief and establish ongoing communications links with the region's Governors, Congressional delegations, and Tribal governments;
 - develop links with the Vice-President's Empowerment Board;
 - develop support strategies with MAC for their staffs in the region;
 - brief the Monday Management Group and the State Rural Development Councils of the National Initiative on Rural America; and
 - brief Cabinet-member speech writers.

To ensure accurate and timely flow of information among the MAC; RCERT; and SCERTs; the MAC, in conjunction with the RCERT and SCERTs, will:

- 1) Provide staff at the MAC and RCERT levels to facilitate ongoing communication among the three levels;
- 2) Establish a regular meeting schedule of the MAC;
- 3) Commit member-agency resources to respond to requests for information and removal of barriers forwarded from the RCERT; and
- 4) Establish an electronic bulletin board containing:
 - up-to-date information on activities of the MAC, RCERT, and SCERTs;
 - status of program funds, project applications, and funded project activities; and

- electronic mail and conferencing capabilities.

To ensure coordination of **Economic Adjustment Initiative** activities with those of the **Ecosystem Initiative**, the **MAC**, in conjunction with the **RCERT** and **SCERTs**, will:

- 1) Schedule periodic meetings between the two Initiatives at the national and regional levels;
- 2) Establish a combined electronic bulletin board containing up-to-date information on each of the Initiatives; and
- 3) Designate MAC members to attend meetings of the Ecosystem Initiative Interagency Steering Committee and request that designated members of the Ecosystem Initiative attend MAC meetings.

External Communications

To promote public awareness of the Initiative, its activities, and successes, the **MAC**, in conjunction with the **RCERT** and **SCERTs**, will:

- 1) Work with regional personnel of MAC agencies to coordinate and provide detailed information to the public in the region. That information should include, but not be limited to:
 - description of the Initiative, its resources, process, and structure;
 - "how-to" guides on applying for and using those resources (including contacts);
 - updates on the distribution of funds and examples of proposals funded (e.g., innovative projects); and
- 2) Brief and establish ongoing communications links with the region's Governors, Congressional delegations, Tribal governments, and public interest groups.

Appendix II Improving the Assistance Process

One aspect of the Economic Adjustment Initiative involves improving the delivery of federal assistance. Recognizing that many current program requirements and administrative procedures could be improved, a system will be instituted for identifying and implementing such improvements.

Improvements may involve refinements in compliance assistance or in changes to administrative practices, policies, regulations, and statutory requirements. In some instances, constraints may be the result of poor communication or inadequate legal guidance. In others, what may be perceived as a constraint may in fact be a justifiable regulation, although the rationale for its existence may be unclear or disputed.

Implementing this system is the responsibility of all participants in this Initiative -- program customers, as well as federal and state officials at all levels. Details should be outlined in the implementation plan and should reflect the following:

- A commitment on the part of the MAC to ensure that recommendations for improvements in federal requirement and procedures, advanced to it through the system, are referred promptly to the responsible agency or authority and are tracked through the investigation process.
- A commitment on the part of RCERTs, SCERTs, and states to handle in a similar fashion recommendations made to them.
- That the focus should be on outcomes for workers, businesses, communities, and tribes.
- That remediation of a constraint should be attempted first at the level at which it is identified.
- That the most workable solutions include local knowledge and expertise, and, therefore, decisionmaking authority and resolution should be moved as far downstream as possible.
- That this system is not intended for:
 - appeals of unfunded project applications, nor for
 - waivers of justifiable administrative, regulatory, or statutory requirements.



SEP 13 REC'D

9/15/93
MM

B. Bunker -
fyi

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September 7, 1993

The Honorable Carol Rasco
Assistant to the President
Domestic Policy Council
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Ms. Rasco:

Welcome to the first edition of *Ag in Perspective*, a continuing series on issues affecting rural America. Our goal is to help you, as a national policymaker, better understand the challenges and opportunities which confront one of the most important industries in America — agriculture.

America's farmers are the most productive in the world, producing the safest, most affordable and most abundant food supply across the globe. Each farmer feeds well over 100 people, a testament to the innovation, determination and hard work of farmers across the country. In addition, agricultural trade surpluses have consistently offset the overall U.S. trade deficit and agriculture remains this country's leading export earner.

Despite agriculture's relative strengths, farmers and ranchers face an uncertain future. Policy decisions made by governments without consideration of their impact on agriculture, could easily shift the delicate balance, resulting in a disruption of the food supply both at home and abroad.

Future editions of *Ag in Perspective* will focus on issues which directly or indirectly impact rural America. We hope this publication will be useful to you as a decision maker in the public policy arena.

Sincerely,

Richard W. Kirchhoff
Executive Vice President & CEO

Richard W. Kirchhoff, Executive Vice President & Chief Executive Officer



Volume I, Number 1

September 1993

The Assessment and Reality of Risks

by

Sanford A. Miller, Ph.D.

Professor and Dean, Graduate School of Biomedical Sciences
The University of Texas Health Science Center at San Antonio

In his recent book *Calculated Risks*, Joseph Rodericks described the following situation. "Risk assessors, in apparent disregard for the terrible uncertainties associated with interspecies extrapolations and identifying dose-response relationships, have in recent years, been making one announcement after another on the risks associated with carcinogens in the environment." "There will be greater than a one in one hundred thousand chance that Alar will cause cancer in children consuming apple juice." "One person in every ten thousand will contract cancer from residues of ethylene dibromide in flour (the grain fumigant EDB used until EPA ban in 1984)." "Dioxin contamination of bleached paper products creates a cancer risk greater than one in five hundred thousand." The media contains revelations of these types with increasing frequency, usually accompanied by statements by regulatory agencies designed to quell public fears, remarks from manufacturers to the effect that risks have been greatly exaggerated, and professions of outrage from critics of both regulatory and industrial communities.

I hope it is obvious by now that statements about risk of the type cited above, if standing alone, are simply false. There are no means available to identify these risks with the degree of certainties suggested by the language used. Any risk assessor who contends that "X people will contract cancer" where X is a single number is either a liar or highly incompetent. Even if X is reported as a range of numbers, use of the phrase "will contract" is dishonest.

A Definition of Risk

What then exactly is a "risk?" Why are these definite statements so false, and why are they a misstatement of the rigor of risk analysis? Risk is the probability that some harmful event will occur. As a result, it is expressed as

a fraction, and so we say that the risk is one in a hundred, or one in a hundred thousand, or one in a million. In fact, the expression "one in a million" has become a commonly used phrase to indicate the low probability of some event occurring.

It often amazes people to recognize how much we use such risk estimates in our daily lives. For example, we talk about the chances of dying in automobile accidents on a holiday weekend, or that people who smoke a pack of cigarettes a day, or more, have a risk of death of lung cancer of about one in eight hundred.

There is an important conceptual difference, however, between risks such as those we've discussed and risks associated with exposure to chemicals. The former are what are known as actuarial calculated risks. They are based upon data which actually counts the number of deaths or events associated with a particular hazard or event.

As a result, the uncertainty is relatively low, and the results are fairly reliable. On the other hand, the statistical model-derived risks calculated for environmental chemical exposures are less well established. This is due, in large measure, to the difficulty scientists have in developing the data required to make accurate risk assessments. Certain critical issues have yet to be resolved for this process. For example, the translation of animal data to human response; the question of whether or not biological effects at high concentrations are the same as at low concentrations. Moreover, there are usually gaps in the toxicity data, often of little significance in describing the hazard, but sometimes of vital significance in estimating the risk of that hazard. The result is substantial uncertainty on the part of risk assessors concerning the accuracy or precision of the numbers they calculate.

Fundamentally, the problem is one of uncertainty. Risk assessors have made extraordinary efforts to reduce these uncertainties. But these approaches simply do not make uncertainty vanish. Nevertheless, risk assessment can

provide valuable insights into the debate over food safety. The most useful approach is to use the same modeling procedure on all chemicals that are evaluated, i.e., calculate relative rather than absolute risk. In this approach, the number itself may not be of significance, but the comparison of numbers (relative risk) calculated for each chemical can tell you which substance may be of greater public health concern. If completely honest, the risk assessor would be prohibited from making anything but weak statements regarding the absolute risk posed by a chemical, particularly those chemicals in which the concern is with chronic low dose environmental exposure.

Professional vs. Public Understanding

While the professional community may understand and indeed recognize the limitations of absolute risk assessments, this caution is not shared by the media or by those groups that find it advantageous to arouse public concern.

The result is often near panic on the part of the public about the safety of their food supply, and increase in support for those groups who continue to raise the question.

What these organizations refuse to recognize is that each time they challenge the credibility of the regulatory agencies that are attempting to be responsible in the use of risk assessment, they reduce the regulatory agency's credibility by some amount. Who then will be left to make the important decisions and accept responsibility concerning safety of the food supply?

The use of relative risk assessments can often provide interesting views of the questions concerning food safety. The important thing is not that the risk for pesticides is around 10^{-6} , but rather if you compare the risks associated with pesticide residues to the risks associated with excess consumption of spices and flavors, you discover there is substantially less risk associated with pesticides. Perhaps even more importantly, calculating the risk associated with microbial food intoxication reveals that the health risks associated with such intoxication is signifi-

cantly greater than the risk associated with pesticide residues.

The import of this observation is to raise the question as to whether we are worrying about the wrong things in our food supply. We spend extraordinary amounts of time, effort and emotive energy worrying about the presence of relatively tiny amounts of contaminants and/or pesticides in foods. At contemporary levels, the actual impact of these on health is very small indeed. The real culprit, in terms of food safety, is clearly microbial contamination. Not only are there countable dead bodies to deal with, in contrast to theoretical ones associated with pesticides and contaminants, but the morbidity is high enough to suggest that virtually every person in the United States, at some time, suffers from an episode of food-borne disease.

This is not to say that efforts to assure lower pesticide levels in our food should not continue. Programs to develop newer, safer pesticides that are more targeted and do not remain in the food supply should continue. Rather, it is to point out that if one has to make a choice among the hazards associated with food, microbial hazards are, by far, of greater significance. Moreover, the excessive concern that the press and public interest groups express concerning chemicals in foods is probably based more on philosophy rather than on science.

In the end, the recommendations that have to be made should be made by professionals that not only understand risk assessments, but also the limitations of the process. They should not be made by people expressing views often based upon political necessity and emotion rather than fact. The quality of food supply in the United States is excellent. It has formed the basis for one of the most remarkable improvements in public health in the history of the world. We should approach our problems rationally, not emotionally, when attempting to determine how to make certain that it stays that way.

Making Sense of Risk

by

John D. Graham, Ph.D.

Director, Harvard Center for Risk Analysis; Professor of Policy and Decision Sciences, Harvard University School of Public Health

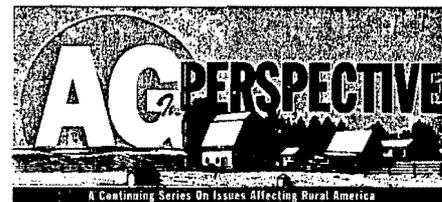
No subject is a greater source of misinformation and public confusion than the subject of risk to human health, safety, and the environment. The mathematics of probability are certainly not easy to comprehend—can you distinguish a probability of 1 in 10,000 from a probability of 1 in 1,000,000? But the issue is complicated further when seemingly qualified scientists dispute the underlying data and assumptions upon which risk calculations rest. Who are we to believe when scientists tell conflicting stories about the hazards of Alar, radon, global warming, and electric and magnetic fields? Even when the science of risk assessment is crystal clear, there are still value judgements to be made about which risks deserve the highest priority and how safe is safe enough. In this article, I offer a few broad themes and guidelines for making sense of the public dialogue about risk.

Doing Better and Feeling Worse

When asked whether *the actual amount of risk in life* has increased or decreased, most Americans tell pollsters that

we are experiencing more risk now than people did twenty years ago. This perception may reflect the growing ability of scientists to detect risks that were previously unrecognized, the proliferation in media coverage of risks on television, and a more affluent and educated society that cares more about its health and safety.

Whatever its causes, the perception that life is getting riskier is not well grounded in actuarial facts. For example, age-adjusted death rates in the United States declined



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The National Association of State Departments of Agriculture (NASDA) is a nonprofit association of public officials representing the Commissioners, Secretaries and Directors of Agriculture in the fifty states and four territories.

sharply from 1900 until World War II, as most infectious diseases were conquered, and have continued to decline steadily in recent decades. Since 1950, life expectancy at birth has increased from 65 years to 72 years for males and 75 to 79 years for females. While much of this progress reflects gains against infant mortality, life expectancy at age 65 has also increased since 1950: from 12 to 15 years for males and 15 to 19 years for females. While there is more to living than being alive, it is important to note that many forms of nonfatal illness have also been declining during the same time period. This comforting news from mortality statistics is no grounds for complacency. The international ranking of the United States in life expectancy at birth is a disturbing 22nd for males and 18th for females. The death rates experienced by low-income and minority citizens in the United States are so large that they are often comparable to the rates of premature death observed in poor developing countries of South America, Asia, and Africa.

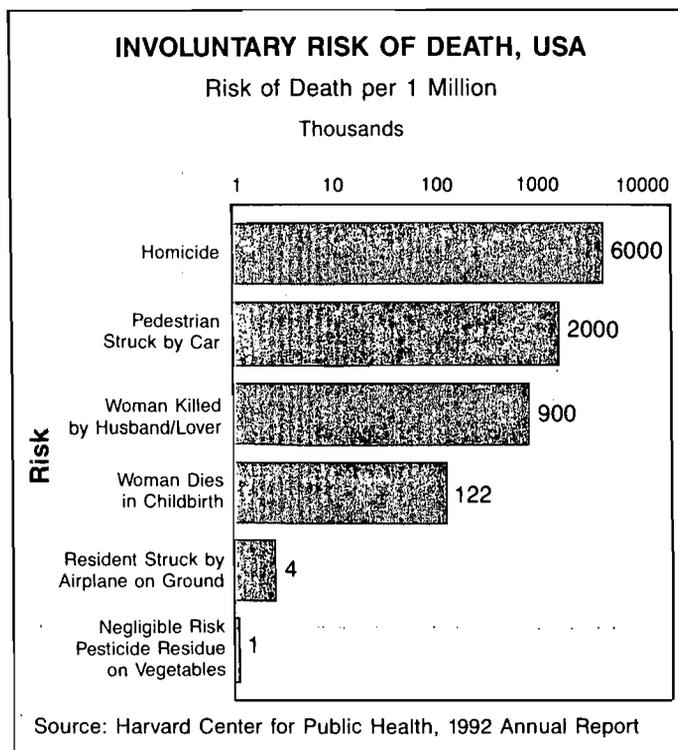
Neglected and Overblown

If we are to make further strides against premature death and impaired health status in the United States, it is important that citizens and policymakers focus their efforts on the big risks. One of the most serious obstacles we face is a tendency to overreact to slight risks and ignore big risks. America has tended to neglect the "routine" risks of acute trauma or "injury" from accidents and violent behavior. The most common causes of injury are motor vehicle crashes, falls, guns, and interpersonal violence. While cancer and heart disease cause more deaths than injury, few Americans realize that the number of life years lost, including foregone economic productivity, are about comparable for injury, cancer, and heart disease.

Our neglect of injury is reflected in the fact that we dedicate less than \$1 in research to prevent or treat trauma for every \$100 that is expended on research related to cancer or heart disease. As a society, we often refuse to invest \$50,000 per life year saved in trauma prevention when the same investment in environmental protection would be made without much controversy. If this comparison were adjusted to reflect anticipated reductions in nonfatal health impairments, the relative promise of injury control investments would be even better.

In terms of overreaction, Americans have developed a remarkable paranoia about minute exposures to certain manmade chemical pollutants such as benzene, chloroform, dioxin, and formaldehyde. For example, some environmental policymakers are insisting that pollutants from diverse sources such as dry cleaners and oil refineries be reduced until the excess lifetime cancer risk to the "maximally exposed individual" is less than one chance in a million. A high level of concern about pollution is certainly justifiable since the resulting risks are often involuntary and uncontrollable by those who are affected. Yet it is easy to lose a sense of perspective about how tiny one in a million is.

A baby born today faces a slight but nonzero risk of being struck and killed on the ground by a crashing airplane in his or her lifetime. (I'm not talking about the risk to the airline passenger but rather the risk to those with feet on planet earth who are struck by airplanes that cannot safely land at airports). This involuntary risk, using actuarial data, is estimated to be about four chances in a million for the average American. (Those with above average exposure due to living along flight routes incur a larger



risk). It is interesting that no one argues that this risk is intolerable and that people should sleep and eat in their basements or send their children to schools with underground classrooms.

Real Risks Versus Speculative

When presented with numerical estimates of risk, it is important to ask some basic questions about how they are calculated. For example, an average citizen's risk of dying from accidents and violence can be based on hard actuarial data. In contrast, the human cancer risks resulting from low-level chemical exposures in air, food, and water are rarely based on direct observation of human populations. Typically, they are based on extrapolations to humans from the experiences of rodents who are exposed to large doses of a chemical for a lifetime. Since the scientific uncertainties in extrapolating risks from high-dose rodent tests to low-dose human exposures are huge, any numerical risk estimate computed in this way should be regarded as speculative.

Within the field of environmental health, some risks are far less speculative than others. The risks of childhood lead poisoning, indoor air pollution, and occupational exposures to chemicals are relatively well documented but receive only modest attention by citizens and policymakers. Some of the noncancer health effects from pollution, ranging from aggravation of asthma to neurobehavioral effects, have a stronger technical foundation than is commonly realized. In contrast, many of the traditionally popular and expensive environmental protection programs, including control of hazardous wastes and chemicals in drinking water, have a weak foundation in risk analysis.

No magic risk number can substitute for informed and thoughtful consideration by accountable officials who work with the public to make balanced decisions. Public officials shoulder the responsibility of determining which involuntary threats to human health are unacceptable and which are acceptable.

The Art of Risk Assessment

by
Jill Snowden
President, SGA Associates

The true nature and impact of risk assessment can be understood by reading the dictionary. The dictionary defines the noun, risk, as the possibility of loss or injury. Science is defined as "knowledge." Hence, risk science may be considered knowledge of the possibility of loss or injury. The fundamental meaning of that sentence is "knowledge of the possibility." Risk science estimates the probability that a hazardous event will occur. A "hazard" is a source of danger. The key is to remember that risk science estimates the chance that a dangerous event will occur. Risk estimates do not predict the magnitude of that dangerous event (stubbing a toe versus breaking a leg), just the probability of it happening.

A humorous illustration comes from a joke Moms Mably used to tell about the mother and the child at the busy street corner. Moms looked at the mother beside her and said something to the effect of "why are you telling that child to watch the light? Watch the cars!!! That's what will kill you." And so it is in contemporary society, that we are so busy regulating "risk" that we completely lose sight of the hazard that the risk estimate is to help us avoid. This is especially true in the classification of "carcinogens." The categorization of compounds as "carcinogens" is by legal definition, not necessarily by scientific definition. This conservative approach is further exaggerated by assuming upper-bound levels of exposure. The travesty comes when the focus shifts to quantifying risk; inordinate amounts of time and money are used to (conservatively) estimate the probability of a hazard that only exists in theory! In other words, the chances are greater that no hazard exists than the chances that the event will happen. We are focusing on risk at the expense of controlling the hazard. Rather like erecting a traffic light in the middle of a corn field because maybe a car will come by at the same time that a pedestrian does.

Complicated Issues vs. Common Sense

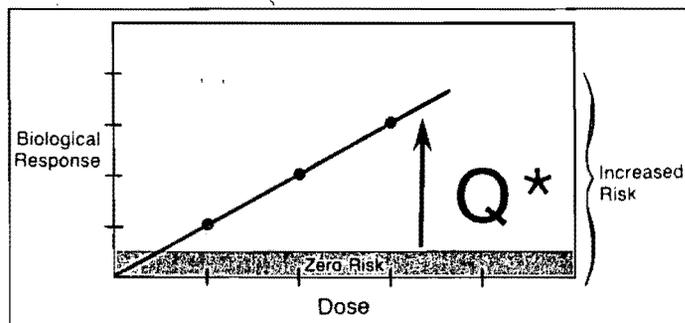
Part of the problem is that the issues are complicated and sophisticated; it makes common sense hard to use. Another part of the problem is that we are trying to prove safety. We are trying to prove that a negative won't happen. Rather like trying to prove that the building won't collapse in the next 10 minutes. Risk assessment of minuscule amounts of additives and residues in our diets could be called safety assessment. If the compounds had an obvious measurable toxic effect, then they wouldn't even be eligible to be considered as part of the food supply. Another aspect of this complex situation is that risk science frequently is calculating *estimates* of the risk; particularly when we don't know if a hazard exists. If the hazard doesn't exist, except in theory, then how do we measure it? We can't, but we do estimate it.

There are many complicated steps in the risk assessment process. The general nature of the toxic effect is evaluated from information in the scientific literature. Numerous scientific experiments are done to measure the potency, or strength, of the chemical. Then the exposure is estimated; exposure from food means the amount eaten times the quantity of the residue in the food. The potency and the exposure form the basis for risk assessment.

If toxicity is measurable, a No Observable Effects Level (NOEL) can be determined by experiments. The NOEL

is divided by a safety factor of 100 to yield the Acceptable Daily Intake (ADI). If the level of exposure is less than the ADI, the compound is judged safe for use. If it is equal to or greater than the ADI, it is judged unacceptable. When toxicity is not easily measured, such as for chronic diseases like cancer, the risk assessment is more difficult.

Risk assessment for disease like cancer is indirect and based on multiple theories. High doses are used during animal experiments to "see" some results. It is assumed that if disease happens at high doses, then it will also happen at low doses. A model of biological response (number of tumors) at different doses is developed (see figure). No risk would mean that the line is flat and at zero. If tumors are formed, then the line rises. The risk is considered to be the slope of the line, or Q^* . By regulatory definition, there will never be a zero risk (a flat line) with any compound that causes a tumor in animals (the biological response). To protect the consumer, each assumption is made to err on the side of conservative. The result is that estimates of risk from "carcinogens" may be about 100,000 times higher than necessary. Investing in the research to develop better assays and better models for risk would result in more accurate estimates of risk.



The Food Safety Debate

Unfortunately, to a group of people in hot debate over "food safety," this is rather like saying that the emperor has no clothes. If there is less risk than has been claimed, then a lot of people think they might be out of a job. We all have a vested interest in risk. Public relations agencies, regulators, scientists, politicians, activists, lawyers ad nauseam all benefit by the presence of a hazard. All of us can tell you how much safer you would be if you would only . . . do whatever it is we are trying to persuade the other person to do and what terrible event will transpire if you don't. Indeed food safety is used as the masthead for so many causes that it has been redefined as "I'm-willing-to-scare-you-so-that-I-can-have-my-way." The tragedy is that public funds get diverted to the squeakiest food safety wheel and not necessarily to the food-borne disease hazards (such as Hepatitis A virus, the parasite *Giardia*, or the bacterium *E. coli* 0147) that actually make people sick.

The dictionary also tells us that "negligible" means "so small as to warrant little or no attention." Why then, are the leaders of the land spending their valuable time trying to choose a number that represents something that "warrants little or no attention?" This is not to trivialize the challenges of making decisions in the interest of protecting public health and the environment. Those are laudable goals. But it is a frivolous society that loses sight of common sense and regulates risk at the expense of controlling hazard.

Sent Email to
Mike S.
9/17
OK

FAX SHEET

**FROM: RON BLACKLEY
 CHIEF OF STAFF
 OFFICE OF THE SECRETARY
 U.S. DEPARTMENT OF AGRICULTURE**

**TO: KATHRYN HIGGINS, Chief of Staff, Office of the Secretary, Labor
 Fax # (202) 219-8822**

**BRUCE J. KATZ, Chief of Staff, Office of the Secretary, HUD
 Fax # (202) 708-2476**

**TOM COLLIER, Chief of Staff, Office of the Secretary, USDI
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**KATHLEEN ATERNO, Chief of Staff, Office of the Secretary, EPA
 Fax # (202) 260-0279**

**JOHN ANGELL, Chief of Staff, Office of Management and Budget
 Fax # (202) 395-3888**

10 Pages



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

SEP 16 1993

SUBJECT: Pacific Northwest Economic Adjustment Initiative
Department Representatives to the Multi-Agency Command

TO: Carol Rasco
Assistant to the President
for Domestic Policy

Your Department is included as a participant in the Memorandum of Understanding for Economic Adjustment in the Pacific Northwest (a copy of the Memorandum is attached). One of the pressing requirements is the creation of the Multi-Agency Command group (MAC) tasked with creating a strategic plan for economic adjustment and then with the responsibilities of oversight and assisting with implementation.

The Memorandum of Understanding directed Secretary Espy to designate a Chair for the MAC; he has designated the Under Secretary for Small Community and Rural Development, Bob J. Nash. I understand that Mr. Nash would like to convene the initial meeting of the MAC within the next two weeks.

I request that you designate an individual to serve as the representative of your Department on the MAC. Preferably, this individual will have the authority to make decisions for your Department on matters that are brought before the MAC.

Please fax the name, title, and telephone and fax numbers of this representative to Chris Alsop, Rural Development Administration, U.S. Department of Agriculture, fax 202-690-0097, telephone 202-690-0353, by c.o.b. on Monday, September 20, 1993.


RON BLACKLEY
Chief of Staff

Attachment



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

SEP 16 1993

SUBJECT: Pacific Northwest Economic Adjustment Initiative
Department Representatives to the Multi-Agency Command

TO: Robert Rubin
Assistant to the President
for Economic Policy

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RON BLACKLEY
Chief of Staff

Attachment

DRAFT--8/4/93

INTERAGENCY MEMORANDUM OF UNDERSTANDING

I. PARTIES

This is an agreement among eleven parties:

- the Secretary of Commerce;
- the Secretary of Labor;
- the Secretary of the Interior;
- the Secretary of Agriculture;
- the Secretary of Housing and Urban Development;
- the Administrator of the Environmental Protection Agency;
- the Administrator of the Small Business Administration;
- the Deputy Director of the Office of Management and Budget;
- the Director of the Office on Environmental Policy;
- the Assistant to the President for Domestic Policy; and
- the Assistant to the President for Economic Policy.

II. PURPOSE

The purpose of this Memorandum is to improve interagency cooperation in order to enhance the delivery, tracking, and evaluation of economic adjustment assistance to workers, families, and timber dependent communities in the Pacific Northwest and Northern California. This memorandum establishes the principles that will guide the parties' cooperation in this undertaking, sets forth the objectives of this collaborative effort, and outlines the responsibilities of the parties. It also defines the structure of federal coordination, designed to work closely with state and local governments, Tribal Nations, and others, in order to make the best use of federal resources. This memorandum complements the Memorandum of Understanding concerning coordination and cooperation among federal land management agencies.

III. STRUCTURE

A. *Equal Status:* The parties are equal members of this cooperative relationship.

B. *Multi-Agency Command:* Each of the parties shall, within 7 days of the signing of this Memorandum, designate an individual to serve as the liaison with the other parties and to report directly to the appropriate principal. These individuals shall comprise the Multi-Agency Command (MAC). The MAC, under the guidance of the parties, shall have oversight and policymaking authority and responsibilities as consistent with the authority delegated by each party. The Secretary of Agriculture shall designate one of the representatives to serve as Chair of the MAC.

C. *Regional Community Economic Revitalization Team:* The Secretaries and the Administrators shall, within 14 days of signing this Memorandum, each designate one or more representatives to participate in the Regional Community Economic Revitalization Team (Regional CERT) based in the region. The Regional Community Economic Revitalization Team shall also include two representatives each from Oregon, Washington, and California. The Secretary of Agriculture shall designate one of the representatives to serve as Chair of the Regional CERT. The Regional Community Economic Revitalization Team, under the guidance of the Multi-Agency Command and the parties, shall have decision authority as consistent with the Strategic Plan described in Part IV and subject to the limitations set forth in Part V. Matters unsettled or disputed within the Regional CERT shall be forwarded to the Multi-Agency Command for resolution.

D. *State Community Economic Revitalization Team:* The parties and the Governors of Oregon, Washington, and California will establish State Community Economic Revitalization Teams (State CERTs) which shall have daily implementation and decision authority consistent with the Strategic and Implementation Plans. Such State CERTs should include representatives of each federal agency with program responsibility, and representatives of state and local government appointed by the Governor as consistent with the Strategic Plan.

E. *Memorandum of Understanding with the States:* The Multi-Agency Command shall, within 21 days of the signing of this Memorandum, enter into a Memorandum of Understanding with the Governors of Oregon, Washington, and California. That Federal-State Memorandum shall complement this Interagency Memorandum and set forth in greater detail the responsibilities of the Multi-Agency Command, the relevant state and local governments, and other parties, as well as the relationships between state and local representatives.

IV. RESPONSIBILITIES OF THE PARTIES

In the development and execution of economic adjustment activities, state and local governments, Tribal Nations, and others shall play a critical role in determining how best to meet the needs of the affected communities. Federal officials should resolve interagency differences, coordinate interagency activity, and remove any unnecessary regulatory impediments to economic adjustment and assistance.

A. *Development of Strategic Plan*

The Regional and State CERTs, working with representatives of the Tribal Nations and other persons the parties deem appropriate, shall prepare a Strategic Plan for Economic Adjustment and submit that plan to the MAC for preliminary approval. Within 45 days of the signing of this Memorandum, the Strategic Plan shall be approved by the parties and the Governors of Oregon, Washington, and California. The Plan, which should be consistent with the limitations set forth in Part V, should address a three-year period and include:

- a detailed statement of the goals of the Plan;
- a streamlined process for the delivery of economic assistance and services;
- a detailed description of authority delegated to federal officials in the region;
- quantifiable benchmarks of progress, such as new jobs created, numbers of persons retrained, numbers of community facilities funded, and capital investment levels, and related timetables; and
- a detailed description of the relationship among the federal, state, and local parties.

B. *Development of Implementation Plan*

The Regional and State CERTs, working with representatives of the Tribal Nations and other persons the parties deem appropriate, shall prepare an Implementation Plan. The Implementation Plan shall address a three-year period and include:

- a detailed plan for integrating and implementing the relevant programs and services of the Departments of Labor, Commerce, Interior, Agriculture, Housing and Urban Development, the Small Business Administration, and the Environmental Protection Agency;
- a detailed plan for a clearinghouse of services for state and local officials, individuals, and firms;
- a detailed and comprehensive list of temporary and permanent legislative and regulatory provisions necessary for the prompt and efficient delivery of assistance to affected communities and individuals;
- a plan for a uniform system for reporting to the MAC;
- dates for the final submission of projects, with deadlines for approval;
- limits on administrative expenses and overhead; and
- a detailed plan and timetable for the actual receipt of assistance by affected communities and individuals.

The MAC and the Governors of Oregon, Washington, and California shall approve the Implementation Plan within 45 days of the approval of the Strategic Plan.

C. *Execution*

The parties shall make available the resources (including adequate personnel and support

services) necessary to execute the Implementation Plan, including the financial resources set forth in Part V, and subject to the conditions set forth in Part V.

Working with state and local officials and other persons the parties deem appropriate, the State and Regional CERTs shall implement the three-year Implementation Plan.

As set forth in the Memorandum of Understanding concerning federal land management, the Regional Executive Committee (REC) established for purposes of federal land management shall have the ultimate authority for the implementation of the watershed restoration projects and attendant "jobs in the woods" efforts. The Regional CERT and the REC shall work together to prepare a plan for implementing those projects that will ensure (i) creation of family-wage jobs, a preference for displaced timber workers, integration with job training and placement programs, and minimal administrative overhead; and (ii) integration of these employment criteria with environmental criteria.

The Regional CERT shall identify options for improving the Strategic Plan and recommend any such improvements to the Multi-Agency Command. The Multi-Agency Command, in consultation with the Governors of the three States, must act on any such suggestions within 30 days.

The Multi-Agency Command, working with appropriate local and state officials, shall review and evaluate the structure set forth in this Memorandum, determine whether that structure is appropriate for the continued delivery of economic adjustment assistance to the region, and develop and propose any revisions to the structure the MAC deems necessary. The MAC shall submit a report on these issues within six months of the approval of the Strategic Plan.

V. FINANCIAL COMMITMENTS

The parties agree to make available the following financial resources under the following specified conditions:

The Department of Labor (DOL): Subject to sufficient appropriations by Congress, DOL agrees to make available, out of Job Training Partnership Act (JTPA) funds reserved by the Secretary pursuant to Title III, twelve million dollars (\$12 million) per year, for the three-year period beginning July 1, 1993, to support the purposes set forth in Part II of this Memorandum. Such funds shall be available subject to the following conditions:

1. That each State involved, namely Washington, Oregon, and California, certifies that formula funds made available to the State pursuant to Title III of JTPA for each year of the three-year period are not and will not be available for the purposes described in Part II of this Memorandum, and that the State is utilizing and will continue to utilize, to the maximum extent possible, JTPA Title III funds for such purposes;

2. That the final decision regarding the award of any of the Secretary of Labor's reserve funds made available under Title III of JTPA shall be made by the Secretary pursuant to the applicable law; and

3. That, if a sufficient number of meritorious proposals are not submitted by the named States by at least three months prior to the end of each program year (June 30) for each of the three years for which the \$12 million commitment is made, there will be no obligation to commit the balance of the \$12 million to any or all of the named States for the purposes described in Part II of this Memorandum.

The Department of Agriculture: The Department of Agriculture agrees to provide assistance through both the US Forest Service (USFS) and the Rural Development Administration (RDA).

The Rural Development Administration: RDA agrees to request appropriations and/or reprogramming in the following amounts in the following programs. All eligibility criteria under current regulations governing these programs must be met in order to obtain financial assistance.

The continued funding at the program levels indicated below and for FY1995 and FY1996 is subject to sufficient Congressional appropriations for those Fiscal Years. For all listed programs, with the exception of the Rural Business Enterprise Grant (RBEG) Program, one-half of unobligated funds available to the region will revert to the Agency's National Office Reserve in April with the balance of unobligated funds reverting to the Agency's National Office Reserve in August. Unobligated RBEG Program funds will revert to the Agency's National Office Reserve in July.

1. The Business and Industry Program (B&I) provides guarantees for loans to improve, development, or finance business or industrial activity, and to improve the economic and environmental climate in rural communities. This type of assistance is available to businesses located in areas outside the boundary of a city of 50,000 or more and its immediate adjacent urbanized area. For FY1994-FY1996, a total of \$35.3 million each year will be made available.
2. The Community Facilities (CF) Program provides financial assistance to construct, extend, or otherwise improve community facilities providing essential services in rural areas and towns with a population of less than 20,000. For FY1994-FY1996, a total of \$41.6 million each year will be made available.
3. The Intermediary Relending Program (IRP) provides direct loans to nonprofit organizations to establish revolving loan funds. The funds then provide loans for businesses and community development projects not within the outer boundary of any city having a population of 25,000 or more. For FY1994-FY1996, a total of \$16.0 million each year will be made available.
4. The Rural Business Enterprise Grant (RBEG) program supports public and

nonprofit organizations that provide technical assistance to new and growing businesses, that fund revolving loan funds for such businesses, or that develop industrial park sites. The program assists business enterprises located in areas outside the boundary of a city of 50,000 or more and its immediately adjacent urbanized area. For FY1994-FY1996, a total of \$4.1 million each year will be made available.

5. The Water and Waste Disposal (WWD) Loan and Grant Program provides financial assistance for the development of water and waste disposal including solid waste disposal and storm drainage systems in rural areas and towns with a population of less than 10,000. For FY1994-FY1996, a total of \$87.0 million each year will be made available.

The Forest Service: USFS agrees to request appropriations and/or reprogramming in the following amounts in the following programs:

1. Under Subtitle G of the 1990 Farm Bill (Rural Revitalization Through Forestry), the Rural Community Assistance program supports rural development, economic recovery, and studies designed to help diversify economic conditions in these communities. USFS will make available through reprogramming and redirection an additional thirteen million dollars (\$13 million) in FY1994, and an additional ten million \$10 million each year in FY1995 and FY1996, for these programs.

2. The Old Growth Diversification program funds projects designed to improve markets for value-added wood products. USFS will make available through reprogramming and redirection an additional three million dollars (\$3 million) each year for FY1994-FY1996 for this program.

3. The Forest Stewardship Program and Stewardship Incentive Program provide technical and financial assistance to private non-industrial landowners. USFS will make available through reprogramming and redirection an additional four million dollars (\$4 million) each year for FY1994-FY1996 for this program.

4. USFS agrees to make available through reprogramming and redirection an additional sixteen million dollars (\$16 million) per year for FY1994-FY1998. These funds would support watershed restoration and "jobs in the woods" in the Pacific Northwest and northern California.

The Department of the Interior: The Department of the Interior agrees to request appropriations and/or reprogramming of thirty million dollars (\$30 million) each year for FY1994-FY1998. These funds would support watershed restoration and "jobs in the woods" in the Pacific Northwest and northern California.

The Department of Commerce: Subject to sufficient appropriations by Congress, the Department of Commerce agrees to make available an additional \$15 million in FY1994. These funds would

support increased activity by the Economic Development Administration (such as planning, technical assistance, lending, and grantmaking) in the affected region. If the event that such appropriations are not available, and in FY1995 and FY1996, the Department of Commerce will make available an additional \$3 million (over normal annual expenditures) to be used for capacity-building (planning and technical assistance).

The Environmental Protection Agency: The Environmental Protection Agency agrees to request appropriations and/or reprogramming of five million dollars (\$5 million) each year for FY1994-FY1998. These funds would support watershed restoration and "jobs in the woods" in the Pacific Northwest and northern California.

VI. REPORTS

Every six months, the Multi-Agency Command shall promptly prepare and file with the parties and the Governors of the three States an evaluation report which

- assesses the progress made in the preceding period toward the goals and objectives identified in the Strategic Plan; and
- suggests any adjustments or amendments in the cooperative relationship that the MAC considers desirable.

VII. LIABILITY

This is not a legally binding or enforceable agreement. No party assumes any liability for any third-party claims arising out of this agreement.

VIII. TERMS

The term of this agreement is forty months from the date of execution. At that time, the parties may, by unanimous action, extend this agreement for any additional period. This agreement may be amended by unanimous consent of the parties. This agreement may be terminated or modified by any of the parties, without cause.

AGREED:

Secretary of Agriculture

Secretary of the Interior

Secretary of Labor

Secretary of Commerce

Secretary of Housing & Urban Development

Administrator, Small Business Administration

Administrator, Environmental Protection Agency

Director, Office on Environmental Policy

Assistant to the President for Domestic Policy

Deputy Director
Office of Management & Budget

Assistant to the President for Economic Policy