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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2006

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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

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

MARTIN P. DELGADO, MAUREEN HOLOHAN, LESLIE BARRACK, and JOANNE L. PERDUE, *Staff Assistants*

PART 1A

FY 2006 JUSTIFICATIONS OF THE BUDGET ESTIMATES

USDA VOLUME 1

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Grain Inspection, Packers and Stockyards Administration	1093

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BUDGET SUMMARY

AND

ANNUAL PERFORMANCE PLAN

2006

U.S. Department of Agriculture

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INTRODUCTION

The Budget Summary describes the fiscal year (FY) 2006 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. The funding estimates presented for FY 2005 are based on the Consolidated Appropriations Act, 2005, P.L. 108-447. Throughout the booklet, "2002 Farm Bill" and "The Act" are used to refer to the Farm Security and Rural Investment Act of 2002.

The Summary is organized into five sections: Funding Overview, Highlights by USDA strategic goals, Food and Agriculture Defense Initiative, Mission Area/Agency Details, and Appendix Tables.

Basic budget and performance plan terminology:

- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.

- **Obligations** are commitments of government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.

- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.

- **Program Assessment Rating Tool (PART)** is an evaluation process that was developed to assess the effectiveness of Federal programs and to inform management actions, budget requests, and legislative proposals directed at achieving results. The PART examines various factors that contribute to the effectiveness of a program and requires that conclusions be explained and substantiated with evidence. The PART assesses if and how program evaluation is used to inform program planning and to corroborate program results.

- **Performance Goal** is the target level of performance at a specified time or period expressed as a tangible, measurable outcome, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. A performance goal is comprised of a performance measure with targets and timeframes.

- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.

- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.

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INTRODUCTION

- **Strategic Goal or Strategic Objective** represents a statement of aim or purpose included in a strategic plan that defines how a Department or an agency will carry out a major segment of its mission over a period of time.

Program level measures are used in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at bca@obpa.usda.gov or telephone at (202) 720-6176.

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FUNDING OVERVIEW

Mission Statement of the United States Department of Agriculture
USDA provides leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.

Strategic Plan Framework
USDA's strategic plan contains five strategic goals that describe the Department's major programmatic policies and objectives. The five strategic goals are:

Strategic Goal 1:	Enhance Economic Opportunities for Agricultural Producers
Strategic Goal 2:	Support Increased Economic Opportunities and Improved Quality of Life in Rural America
Strategic Goal 3:	Enhance Protection and Safety of the Nation's Agriculture and Food Supply
Strategic Goal 4:	Improve the Nation's Nutrition and Health
Strategic Goal 5:	Protect and Enhance the Nation's Natural Resource Base and Environment

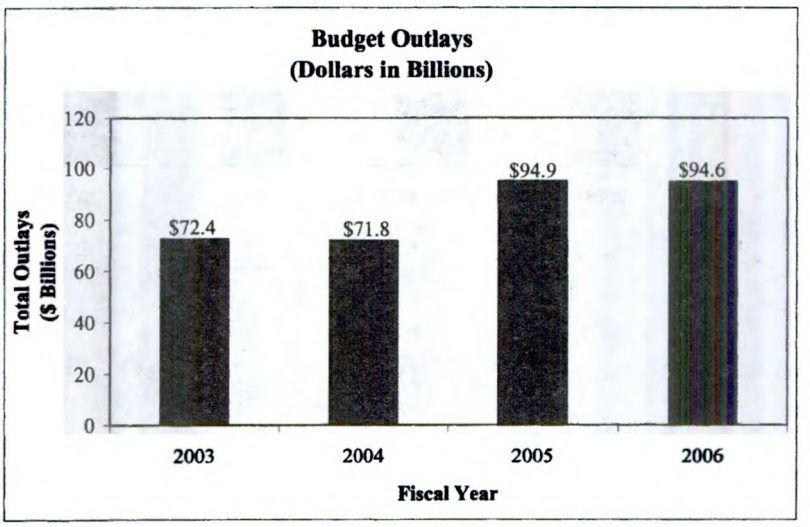
The Department's strategic plan identifies key policy and management objectives that have been integrated into USDA's 2006 budget request. Central to the budget and planning process is effective management of the Department's limited resources in an effort to effectively deliver its multifaceted programs.

Budget and Performance Integration
USDA developed and implemented a comprehensive budget and performance integration process for the 2006 budget that aligns funding and performance with the Department's strategic goals. The process involved an in-depth review of agency goals, objectives and performance measures as they relate to the Department's strategic goals and objectives. The results of this review, along with information from reviews conducted using the Performance Assessment Rating Tool and other analyses formed the basis for development of specific budget proposals. The result of this year's budget process is a budget that aligns the Department's strategic goals, program outcomes and performance with budget decisions. A summary of highlights by USDA strategic goal is presented beginning on page 6. Narrative sections of the Budget Summary include information on a number of performance targets.

2006 Funding Overview
USDA's total outlays are estimated to be about $94.6 billion, about $300 million below the 2005 level. Roughly 78 percent of outlays, about $73.4 billion in 2006, are associated with mandatory programs that provide services as required by law and include the majority of the nutrition assistance programs, commodity programs, export promotion programs and a number of conservation programs. This is an increase of about $270 million over 2005. The remaining 22 percent of outlays, estimated to be about $21.2 billion in 2006, are associated with discretionary programs. This is a $590 million decrease from the 2005 level. Discretionary program outlays include programs to address pest and disease threats; funds for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development loans and grants; research and education; soil and water

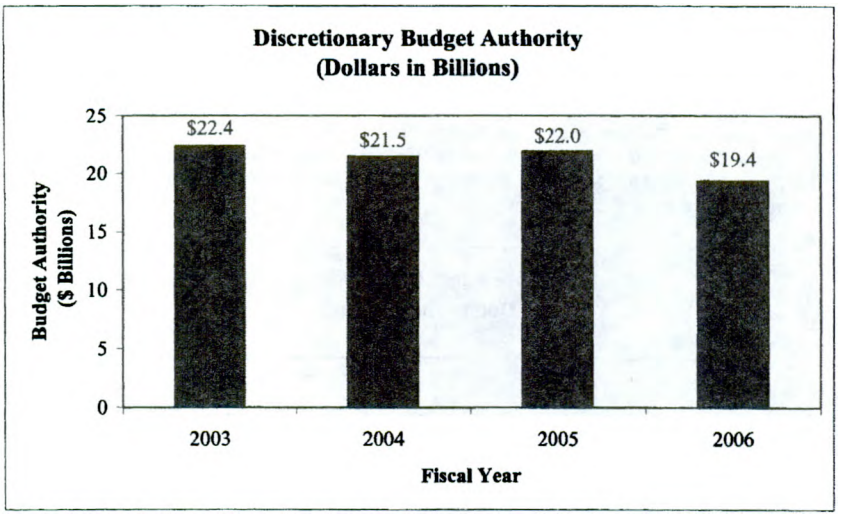
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conservation technical assistance; management of National Forests and other Forest Service activities; and domestic and international marketing assistance. In budget authority terms, the USDA total increases from $94.7 billion in 2005 to $95.4 billion in 2006. Within this total, discretionary funding is estimated to decline from about $22 billion in 2005 to $19.4 billion in 2006. The 2005 level includes about $1 billion in supplemental funding associated with forest fires and natural disasters which was designated as an emergency that is not continued in the 2006 budget. Further, the 2006 total reflects the impact of proposals to restrain funding levels for certain programs and reform programs. Details of funding levels for agencies and major programs are provided in the Mission Area sections of this document.



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FUNDING OVERVIEW



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FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE
(Dollars in Millions)

AGENCY/PROGRAM	Program Level 2004 Actual	2005 Estimate	2006 Budget	Change 2005 to 2006	Outlays 2004 Actual	2005 Estimate	2006 Budget	Change 2005 to 2006
FARM AND FOREIGN AGRICULTURAL SERVICES								
Farm Service Agency (p. 29):								
Farm Loan and Grant Programs	$3,218	$3,976	$3,807	-$169	$214	$334	$166	-$168
Conservation and Other Programs	1,868	2,092	2,021	-71	1,886	2,017	2,086	69
Commodity Programs	19,142	33,093	28,066	-5,027	8,415	21,773	16,771	-5,002
Commodity Credit Corporation Programs	(25,852)	(39,953)	(34,904)	(-5,049)	(10,576)	(24,064)	(19,053)	(-5,011)
Salaries and Expenses	1,286	1,295	1,365	70	1,286	1,304	1,355	51
Total, Farm Service Agency	25,494	40,456	35,259	-5,197	11,801	25,428	20,378	-5,050
Risk Management Agency (p. 31):								
Administrative and Operating Expenses	71	71	88	17	71	69	86	17
Crop Insurance Fund	3,541	3,599	4,014	415	3,198	3,297	3,640	343
Total, Risk Management Agency	3,612	3,670	4,102	432	3,269	3,366	3,726	360
Foreign Agricultural Service (p. 34):								
Export Credit Guarantees	3,716	4,528	4,396	-132	291	392	335	-57
Market Development Programs	173	188	173	-15	169	171	119	-52
Export Subsidy Programs	3	34	80	46	19	34	80	46
Trade Adjustment Assistance for Farmers	16	90	90	0	79	90	90	0
P.L. 480	1,809	1,491	1,109	-382	1,726	1,218	1,342	124
Bill Emerson Humanitarian Trust	0	225	0	-225	0	0	0	0
Section 416(b) Donations: Ocean Freight and Overseas Distribution Costs	19	15	19	4	75	16	17	1
Food for Progress Program	138	141	137	-4	113	143	139	-4
McGovern-Dole International Food for Education Program	50	91	106	15	150	84	94	10
Salaries and Expenses	197	203	214	11	158	153	166	13
Total, Foreign Agricultural Service	6,121	7,006	6,324	-682	2,780	2,301	2,382	81
Total, Farm and Foreign Agricultural Services	35,227	51,132	45,685	-5,447	17,850	31,095	26,486	-4,609
RURAL DEVELOPMENT								
Rural Utilities Service (p. 48):								
Loans and Grants	6,734	7,253	5,028	-2,225	1,002	765	712	-53
Rural Housing Service (p. 52):								
Loans and Grants	6,313	6,137	6,488	351	1,786	1,345	1,384	39
Rural Business - Cooperative Service (p. 56):								
Loans and Grants	1,135	1,368	1,280	-88	345	266	133	-133
Salaries and Expenses	625	639	683	44	133	149	161	12
Subtotal, Rural Development	14,808	15,397	13,479	-1,918	3,266	2,525	2,390	-135
Farm Bill Authorities	36	65	0	-65	24	51	108	57
Rural Community Advancement Program (p. 47)	(3,318)	(2,952)	(2,881)	(-71)	(906)	(898)	(842)	(-56)
Total, Rural Development	14,844	15,462	13,479	-1,983	3,290	2,576	2,498	-78
FOOD, NUTRITION, AND CONSUMER SERVICES								
Food and Nutrition Service (p. 58)								
Food Stamp Program	28,765	34,032	37,512	3,480	28,621	34,211	37,599	3,388
Child Nutrition Programs	11,795	12,367	12,913	546	11,606	12,564	12,877	313
Women, Infants and Children (WIC)	5,010	5,241	5,576	335	4,825	5,088	5,465	377
All Other	484	477	474	-3	338	332	335	3
Total, Food, Nutrition, and Consumer Services	46,054	52,117	56,475	4,358	45,390	52,195	56,276	4,081
FOOD SAFETY								
Food Safety and Inspection Service (p. 66)	905	937	973	36	763	822	859	37
NATURAL RESOURCES AND ENVIRONMENT								
Natural Resources Conservation Service (p. 70):								
Conservation Operations	848	831	768	-63	791	787	782	-5
Watershed Operations	275	359	20	-339	148	337	164	-173
Resource Conservation and Development	52	51	26	-25	51	51	31	-20
Farm Security and Rural Investment Programs	1,588	1,955	1,909	-46	1,428	1,790	1,788	-2
Total, Natural Resources Conservation Service	2,763	3,196	2,723	-473	2,418	2,965	2,765	-200

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FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE
(Dollars in Millions)

AGENCY/PROGRAM	Program Level 2004 Actual	2005 Estimate	2006 Budget	Change 2005 to 2006	Outlays 2004 Actual	2005 Estimate	2006 Budget	Change 2005 to 2006
Forest Service (p. 75):								
National Forest System	1,600	1,644	1,652	8	1,614	1,355	1,616	261
Forest and Rangeland Research	266	276	285	9	298	316	300	-16
State and Private Forestry	304	293	253	-40	375	482	486	4
Wildland Fire Management	1,390	1,440	1,444	4	1,937	1,739	1,465	-274
Capital Improvement and Maintenance	555	515	381	-134	599	696	498	-198
Land Acquisition	68	62	41	-21	100	153	48	-105
All Other	8	9	9	0	9	9	7	-2
Total, Discretionary Accounts	4,191	4,239	4,065	-174	4,932	4,750	4,420	-330
Repayments for Fire Borrowing/Emergency Fire Funding	937	394	0	-394	a/	a/	a/	a/
Mandatory	1,029	964	1,102	138	703	830	941	111
Total, Forest Service	6,157	5,597	5,167	-430	5,635	5,580	5,361	-219
Total, Natural Resources and Environment	8,920	8,793	7,890	-903	8,053	8,545	8,126	-419
MARKETING AND REGULATORY PROGRAMS								
Animal and Plant Health Inspection Service (p. 82):								
Salaries and Expenses	835	943	1,003	60	856	1,005	1,075	70
Emergency Funding	234	50	0	-50	117	142	25	-117
Other APHIS Programs	21	19	19	0	28	30	18	-12
Total, Animal and Plant Health Inspection Service	1,090	1,012	1,022	10	1,001	1,177	1,118	-59
Agricultural Marketing Service (p. 87)	259	281	292	11	220	211	229	18
Section 32 Funds	474	756	450	-306	470	756	449	-307
Grain Inspection, Packers and Stockyards Administration (p. 91)	72	79	82	3	32	37	43	6
Total, Marketing and Regulatory Programs	1,895	2,128	1,846	-282	1,723	2,181	1,839	-342
RESEARCH, EDUCATION, AND ECONOMICS								
Agricultural Research Service (p. 99):								
Ongoing Appropriations for Research and Information	1,103	1,120	1,014	-106	1,120	1,130	1,039	-91
Ongoing Appropriations for Buildings and Facilities	64	186	65	-121	94	117	123	6
Total, Agricultural Research Service	1,167	1,306	1,079	-227	1,214	1,247	1,162	-85
Cooperative State Research, Education, and Extension Service (p. 98)	1,132	1,184	1,041	-143	1,066	1,090	964	-126
Economic Research Service (p. 102)	71	74	81	7	66	73	80	7
National Agricultural Statistics Service (p. 103)	128	128	145	17	121	133	145	12
Total, Research, Education, and Economics	2,498	2,692	2,346	-346	2,467	2,543	2,351	-192
OTHER ACTIVITIES								
Departmental Activities (p. 105)	128	135	144	9	139	128	139	11
Centralized Activities	177	194	241	47	213	192	247	55
Office of Civil Rights (p. 108)	17	20	20	0	17	20	20	0
Office of Inspector General (p. 109)	77	78	81	3	72	78	81	3
Common Computing Environment (p. 110)	144	125	142	17	136	125	142	17
Receipts and Loan Repayments	0	0	0	0	-8,344	-5,588	-4,474	1,114
USDA TOTAL	$110,886	$133,813	$129,322	-$4,491	$71,769	$94,912	$94,590	-$322

a/ Outlays are reflected in the above Forest Service accounts after the repayments were made.

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HIGHLIGHTS BY GOAL

The Department's 2006 budget supports achievement of the five USDA strategic goals and the commitment to provide first-class service, state-of-the-art science, and consistent management excellence across the broad responsibilities of USDA. The Department promotes agricultural production and trade; protects animal and plant health; works to assure food safety; protects natural resources; fosters strong rural communities; and fights hunger in America and abroad. To reflect this, these goals contain thirteen objectives that cover all programs and services within USDA's responsibilities.

STRATEGIC GOAL 1: ENHANCE ECONOMIC OPPORTUNITIES FOR AGRICULTURAL PRODUCERS.

Expanding markets for agricultural products is critical to the long-term economic health and prosperity of the food and agricultural sector. USDA has four key objectives which support the achievement of this strategic goal. The four key objectives are: (1) expand international market opportunities; (2) support international economic development and trade capacity building; (3) expand alternative markets for agricultural products and activities; and (4) provide risk management and financial tools to farmers and ranchers. The following table displays funding within strategic goal 1:

Enhance Economic Opportunities for Agricultural Producers
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Farm and Foreign Agricultural Services	$33,201	$49,016	$43,482
Natural Resources and Environment	14	14	12
Marketing and Regulatory Programs	817	1,128	842
Research, Education and Economics	948	1,004	907
Total, Strategic Goal 1	$34,980	$51,162	$45,243

Key Proposals for the 2006 Budget:

- **Deliver an estimated $17 billion in farm program benefits while proposing reforms to better target agricultural assistance, promote more efficient production decisions, and extend expiring programs.** This includes the extension of the Milk Income Loss Contract Program for two years as well as proposals to reduce government costs by reducing payment limits, basing marketing loans on historical production, reducing crop and dairy payments to farmers by 5 percent, minimizing dairy price support expenditures, and establishing a sugar marketing assessment to be paid on sugar producers on all processed sugar. These changes will save an estimated $5.7 billion over the next ten years. This proposal along with the crop insurance proposal mentioned below is part of a multi-agency reconciliation package. (See page 27.)

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HIGHLIGHTS BY GOAL

- **Strengthen crop insurance delivery to ensure that farmers have adequate yield and price protection.** The value of crop insurance protection in 2006 will be about $41 billion, representing more than 80 percent of the Nation's acres planted to principal crops. Despite the high level of participation, demand still exists for ad hoc disaster assistance due in part to reliance on catastrophic coverage which affords the producer only 27.5 percent protection in the event of a total loss. The budget includes proposals to require recipients, who receive direct payments to purchase crop insurance at the 50 percent coverage level, modify the fee for catastrophic coverage, restructure premium rates to better reflect historical losses, and reduce delivery costs. These proposals would save an estimated $1.3 billion over the next ten years beginning in 2007. (See page 31.)

- **Expand international market opportunities through compliance monitoring and enforcement of trade agreements.** Compliance monitoring and enforcement of existing trade agreements are important components of the Department's efforts to expand international market opportunities as it ensures full and fair access to overseas markets for American agricultural producers and exporters. The budget provides additional funding for Foreign Agricultural Service (FAS) to ensure the agency's representation and advocacy activities on behalf of American agriculture can continue. The value of trade that will be preserved through FAS compliance monitoring and enforcement activities in 2006 is estimated to be $3 billion. (See page 42.) In addition, the Animal and Plant Health Inspection Service (APHIS) will facilitate $74 million in agricultural trade through efforts to resolve or avoid sanitary and phytosanitary (SPS) related issues.

- **Assist 2.6 million women and children through preschool and school feeding programs carried out in developing countries through the McGovern-Dole International Food for Education and Child Nutrition Program.** The budget increases funding for the McGovern-Dole program by more than 15 percent over the 2005 enacted level. The number of women and children who will benefit will increase from 2.2 million in 2005 to 2.6 million in 2006. These programs support economic development by contributing to a healthy, literate workforce that can support a more prosperous, sustainable economy and ensure long-term food security. (See page 40.)

- **Advance cutting edge agricultural research by shifting funding from noncompetitive and formula programs to competitive programs.** As a result, the National Research Initiative (NRI) is funded at $250 million, an increase of $70 million (40 percent) over 2005 and a new $75 million competitive grant program would be established to permit State Agricultural Experiment Stations to support research targeted to regional, State, and local needs. (See page 100.)

- **Advance agricultural genomics research.** Harnessing the inherent potential of genetic resources holds the promise for effectively meeting many of the challenges facing agriculture. Mapping and sequencing projects financed by the Agricultural Research Service (ARS) and the Cooperative State Research, Education, and Extension Service (CSREES) will be coordinated with genomics initiatives funded by other Federal agencies – the National Institutes of Health, the National Science Foundation, and the Department of Energy – and facilitated by interagency workgroups. These Federal agencies have assigned high priority to

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sequencing genomes of agriculturally-important species and USDA funds will be highly leveraged as these mapping and sequencing projects move forward. Within ARS, an increase of $4.7 million is requested for animal genomics research and $4.5 million for plant genomics research. An additional $11 million is proposed within the NRI to support the sequencing and annotation of the maize and swine genomes.

STRATEGIC GOAL 2: SUPPORT INCREASED ECONOMIC OPPORTUNITIES AND IMPROVED QUALITY OF LIFE IN RURAL AMERICA.

Rural America encompasses a diversity of economic and quality of life conditions, including many areas with high levels of poverty, limited employment and business opportunities, and a lack of basic amenities and services. USDA's rural development programs have been instrumental in improving conditions in rural America by providing technical and financial support for electric, telecommunication, water and waste disposal services, community facilities, homeownership, decent rental housing, and business ventures. These programs fill gaps that are not adequately served by private lenders and make the cost of financing more affordable for program participants. The following table displays funding within strategic goal 2:

Support Increased Economic Opportunities and Improved Quality of Life in Rural America
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Rural Development	$14,844	$15,462	$13,479
Natural Resources and Environment	144	135	75
Research, Education and Economics	197	195	189
Total, Strategic Goal 2	$15,185	$15,792	$13,743

Key Proposals for the 2006 Budget:

- **Support home ownership opportunities in rural America.** The budget request includes $1 billion in direct loans and $3.5 billion in new guaranteed loans to support 40,400 home ownership opportunities. USDA single family housing programs contribute to the President's Home Ownership Initiative. (See page 52.)

- **Protect the tenants of USDA financed multi-family housing projects and strengthen the management of those projects.** USDA has a portfolio of about 17,000 multi-family housing projects that provide housing for about 470,000 low-income tenants, many of whom are elderly. The Supreme Court recently ruled in favor of project owners who wish to prepay their loans and remove their property from the subsidized housing market. USDA recently released a contractor's assessment of the portfolio indicating that about 10 percent of the portfolio is potentially viable for commercial use, which would put about 46,000 tenants at risk of substantial rent increase and possible loss of decent housing. To address this matter, the 2006 budget request includes $214 million for a rent protection program based on

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existing authority to provide rural housing vouchers. USDA will continue to explore ways to provide for financing for the repair and rehabilitation of projects that remain in the portfolio, including options that would require legislation. (See page 53.)

- **Save or create 56,400 jobs in Rural America.** This will be achieved through Rural Development's business programs, primarily the business and industry guaranteed loan program and the intermediary relending loan program. The budget request includes $899 million for business and industry guaranteed loans. This is $304 million above the 2005 level. (See page 56.)

- **Provide about 570,000 rural households with new or improved water and waste disposal facilities.** The proposed $1.5 billion funding level includes $1.1 billion in loans which are substantially less costly to the Government than grants, having a subsidy rate of about 9 percent. Funding for grants is reduced by $77 million excluding one-time supplemental funds. The relatively low interest rates that have prevailed for the last several years and are expected to continue make loans affordable for most rural communities. However, fewer facilities are expected to be financed because building costs are increasing and more funds are needed for an average project. Hence there is a reduction of about 80,000 from the 2005 level in the number of households that can be served. (See page 47.)

- **Reform the Resource Conservation and Development (RC&D) Program.** Through the RC&D Program, the Natural Resources Conservation Service (NRCS) helps State and Local units of government and local nonprofit organizations in rural areas to plan, develop, coordinate, and carry out programs that help improve and manage natural resources. A recent PART review indicates that the RC&D program does not target funds based on performance and that approximately 50 percent of the local councils in the program are more than 20 years old. The budget proposes a new policy which would end Federal support for RC&D councils after 20 years. At this point, local communities should have the experience and capacity to identify, plan for and address their priorities. This new policy permits a savings of $25.6 million in the 2006 budget. (See page 73.)

STRATEGIC GOAL 3: ENHANCE PROTECTION AND SAFETY OF THE NATION'S AGRICULTURE AND FOOD SUPPLY.

USDA has unique and critical responsibilities to help ensure the safety of the U.S. food and fiber supply chain and the security of the U.S. agricultural production system. USDA has two key objectives which support the achievement of this strategic goal. The two key objectives are: (1) reduce the incidence of foodborne illnesses related to meat, poultry, and egg products in the U.S.; and (2) reduce the number and severity of agricultural pests and disease outbreaks. The following table displays funding within strategic goal 3:

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HIGHLIGHTS BY GOAL

Enhance Protection and Safety of the Nation's Agriculture and Food Supply
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Food Safety Programs	$905	$937	$973
Marketing and Regulatory Programs	1,078	1,000	1,004
Research, Education and Economics	674	749	655
Total, Strategic Goal 3	$2,657	$2,686	$2,632

Key Proposals for the 2006 Budget:

- **Provide for continued protection of the Nation's supply of meat, poultry and egg products.** The 2006 budget includes a program level of $973 million for the Food Safety and Inspection Service (FSIS). This is an increase of $36 million over 2005. Of this total, $850 million would be funded through appropriations, which includes $139 million to be derived from proposed new user fees, and $123 million would be funded through existing user fees and trust funds. The proposed program level includes sufficient resources to cover the costs of Federal inspection, maintain Federal support for State inspection programs, and meet FSIS responsibilities under the Food and Agriculture Defense Initiative. (See page 66.)

- **Prevent the introduction or spread of foreign animal diseases and pests that spread and cause severe economic or environmental damage or damage to the health of animals or humans.** USDA plays a critical role in protecting the Nation from deliberate or unintentional introduction of an agricultural health threat, and the budget request includes a $55 million increase for efforts to rapidly detect and respond to a foreign agricultural health threat. Increased funding would improve plant pest detection, bolster responses to animal health threats, increase the availability of animal vaccines, and enhance the tracking of select biological agents. (See page 82.)

- **Increase inspections of genetically-modified crop field tests.** The budget requests an additional $4.5 million to enhance regulation of biotechnology. USDA would start to build capacity to deal with transgenic animals, arthropods, and disease agents. In addition, inspections of genetically-modified crop field test sites would rise from 657 to almost 700.

- **Conduct testing and research related to Bovine Spongiform Encephalopathy (BSE).** The budget proposes $66 million to support efforts related to BSE, including continued funding to test 40,000 animals and develop a National Animal Identification Program. The budget proposes an increase of $7.5 million in new funding for the BSE research program in 2006. The goals of this research are to develop a scientific understanding of the disease and the technology needed by regulatory agencies to establish science-based policies and control programs. Currently, ARS has a core capacity of 15 scientists involved in BSE-related research. This research focuses on: developing improved diagnostic tests for prions in animal tissue and feed; assessing transmissibility of prions among livestock and wildlife species; differentiating BSE strains; and determining the pathobiology of disease infection.

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HIGHLIGHTS BY GOAL

- **Protect agriculture from emerging or exotic pests and diseases as part of the President's Food and Agriculture Defense Initiative.** Because of its size, complexity, and integration, U.S. agriculture is uniquely vulnerable to highly infectious disease and pests, particularly foreign diseases. To help combat these threats, funds are proposed to complete the renovation of the U.S. Department of Agriculture's National Centers for Animal Health in Ames, Iowa. The facilities, when completed, will provide state-of-the-art capabilities for research and diagnosis. An increase of $7 million in ARS will support research to develop more sensitive and rapid on-site diagnostic tests and vaccines for existing and emerging diseases of livestock, and an increase of $12.5 million is sought for research on controlling exotic and emerging diseases of crops. The ARS budget also provides an increase of $4.2 million for the National Plant Disease Recovery System which will ensure disease resistant varieties are continuously developed and made available to producers in the event of a natural or intentional catastrophic disease or pest outbreak. The CSREES budget includes an increase of $21.1 million to support non-Federal laboratories in the new unified Federal-State diagnostic network established in 2002 to reinforce and supplement the Federal diagnostic facilities maintained by APHIS. The budget also includes $5 million for establishing a Higher Education Agrosecurity Program that will provide capacity building grants to universities for interdisciplinary degree programs to prepare food defense professionals. (See page 16.)

- **Support research to ensure the safety of the Nation's food supply.** ARS' 2006 budget includes a $15 million increase for food safety research as part of the Food and Agriculture Defense Initiative. This increase supports the development of methodologies that will rapidly and accurately detect, identify, and differentiate the most critically and economically important foodborne pathogenic bacteria, viruses and chemicals of food safety concern.

STRATEGIC GOAL 4: IMPROVE THE NATION'S NUTRITION AND HEALTH.

USDA promotes America's health through food assistance for low-income people and nutrition education, guidance and promotion to the general public and to target groups, as well as through research on human nutrition and healthy diets. USDA programs teach, inform and motivate Americans to use this information to improve their diets and physical activity patterns. USDA has three key objectives which support the achievement of this strategic goal. The three key objectives are: (1) improve access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve food program management and customer service. The following table displays funding within strategic goal 4:

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HIGHLIGHTS BY GOAL

Improve the Nation's Nutrition and Health
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Food, Nutrition and Consumer Services	$46,054	$52,117	$56,475
Research, Education and Economics	233	256	250
Total, Strategic Goal 4	$46,287	$52,373	$56,725

Key Proposals for the 2006 Budget:

- **Support for an estimated 29.1 million food stamp participants.** The budget anticipates an increase in participation of about 2.7 million recipients, about 10 percent above the 2005 estimates and projects modest food price inflation. The 2006 budget for the Food Stamp Program is $36 billion, an increase of $3.5 billion above 2005 and $8.6 billion above 2004. In addition, the budget proposes a $3 billion contingency fund to cover unanticipated increases in participation or average benefit. The budget also proposes indefinite funding authority which would make funds available in the last four months of the fiscal year if program needs exceed the anticipated level. Food Stamp Program funding also provides for nutrition education which is critical for achieving the key performance measures of reducing obesity and hunger and increasing the Healthy Eating Index (HEI) scores. Funding is also provided for efforts to improve participation rates among eligible applicants and to improve program accuracy rates. Further, the 2006 budget would continue to exclude special military pay when determining food stamp benefits for deployed members of the armed services. Legislation will be proposed to restrict categorical eligibility for food stamps to Supplemental Security Income (SSI) recipients and Temporary Assistance for Needy Families (TANF) recipients who receive cash benefits from these programs. This change will reduce food stamp costs by $57 million in 2006, with additional savings in each subsequent year. Additionally, the Administration will seek Congressional support to rename the Food Stamp Program to better represent the program's mission of providing nutritional support to low-income families. (See page 60.)

- **Support for a monthly average of 8.5 million low-income, nutritionally at-risk WIC participants.** The President's budget provides a total WIC program level of $5.6 billion, an increase of $335 million above the 2005 program level. A $125 million contingency fund is also available if program participation or costs exceed estimated levels. WIC has grown to be a vital part of the nutrition safety net, providing better nutrition and a gateway to healthcare for needy participants during the stage in life when such assistance can make the most difference. WIC is central to improving breastfeeding rates in America, as well as vital to the more general efforts to reduce obesity and hunger, and improve HEI scores. (See page 62.)

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HIGHLIGHTS BY GOAL

- **Support for balanced meals for school children via the School Lunch Program serving an average of 29.8 million children each day, and the School Breakfast Program serving 9.6 million children each day.** The 2006 budget funds the Child Nutrition Programs at a program level of $12.9 billion, an increase of approximately $550 million above 2005. This level provides an increase to meet projected participation growth and for food cost inflation. The School Lunch Program projects over 5 billion reimbursable meals in 2006, an increase of 1.3 percent over the 2005 level. The proposed funding is critical for achieving the key performance measures of reducing obesity and hunger, improving HEI scores, improving participation rates, ensuring that all free and reduced price meal eligibles are correctly certified, and improving the appeal and nutritional quality of meals. (See page 61.)

- **Produce new scientific information which will assist in promoting health and preventing obesity.** The ARS budget proposes an increase of $6.8 million for nutrition survey research. ARS will improve the accuracy and representation of the "What We Eat In America" survey by increasing the sample size and conducting a survey to determine the energy and nutrient content of foods consumed by U.S. minority populations. Additionally, an increase of $1.5 million is requested to conduct research that will address the obesity epidemic and promote healthier lifestyle choices. (See page 97.)

- **Support competitive research for understanding the factors associated with childhood obesity.** A major $7.5 million initiative funded by the NRI will support research that will identify the behavioral factors that lead to obesity and our understanding of how to change them to reduce and prevent obesity. Understanding the fundamental environmental causes of obesity will lead to prevention and long-term intervention strategies that promote lifelong healthy eating patterns and physical activity. The long-term goal of this program is that child and adolescent overweight will not exist in greater than 8 percent of the population.

STRATEGIC GOAL 5: PROTECT AND ENHANCE THE NATION'S NATURAL RESOURCE BASE AND ENVIRONMENT.

The management of the Nation's natural resources, both public and private, is a continual balancing act between competing concerns. In maintaining this balance, the Department employs a portfolio approach that incorporates various conservation management tools including technical assistance, cost-share, incentive, land retirement, easement and regulatory assistance programs. USDA has two key objectives which support the achievement of strategic goal 5. The two key objectives are to: (1) implement the President's Healthy Forest Initiative and other actions to improve management of public lands; and (2) improve management of private lands. The following table displays funding within strategic goal 5.

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HIGHLIGHTS BY GOAL

Protect and Enhance the Nation's Natural Resource Base and Environment
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Farm and Foreign Agricultural Services	$2,026	$2,116	$2,203
Natural Resources and Environment	8,762	8,644	7,803
Research, Education and Economics	446	488	345
Total, Strategic Goal 5	$11,234	$11,248	$10,351

Key Proposals for the 2006 Budget:

- **Provide record levels of funding for financial and technical assistance to enhance the conservation of natural resources on private lands.** The 2006 budget includes $3.84 billion for these programs, an increase of $30 million over the 2005 level and an increase of more than $1.2 billion since 2002. Total acreage for these programs would increase from 159.1 million acres in 2005 to 184.2 million acres in 2006. In addition, the budget continues the implementation of the Conservation Security Program which is funded in the 2006 budget at $274 million. The budget also includes $626 million for conservation technical assistance and $33 million for grazing lands within the Conservation Operations Programs. With 2006 funds, NRCS will help develop plans on more than 27 million acres of cropland and grazing land; apply conservation on 20 million acres of grazing lands; and reduce erosion on 4.6 million acres of cropland. Also included is an increase of $37 million to provide more conservation technical assistance to livestock producers to comply with Federal, State and local environmental regulations. With this additional funding plus existing resources, NRCS will work with farmers to develop 4,825 comprehensive nutrient management plans and apply nutrient management on over 470,000 acres of agriculture land. (See page 70.)

- **Reduce the risk from catastrophic fire and implement the President's Healthy Forests Initiative.** The 2006 budget maintains funding for National Fire Plan activities and funds commitments made to increase efforts to fight wildfires, reduce the risk of fire, and assist communities including: a minimum of $500 million will be used to continue implementation of the Healthy Forests Initiative ($281 million is for hazardous fuels reduction) which provides for the treatment of approximately 2.8 million acres (1.8 million acres with hazardous fuels funding); $676 million for fire preparedness; and $700 million for suppression activities which provides funding at the 10-year average. (See page 75.)

- **Enhance the ability of the National Forest System to meet multiple demands.** A total of $1.65 billion is provided for management of the National Forest System, including funding for hazardous fuel treatments. Funds are also provided for inventory and monitoring to track the rate of change in forests due to the implementation of the President's Healthy Forests Initiative and other projects on our National Forests. The budget also includes an additional

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$4 million for vegetation and watershed management in support of the invasive species treatment goals. In addition, the budget includes $278 million to support a timber sales offer level of approximately 2.0 billion board feet, depending on salvage sales volume. (See page 76.)

- **Provide research to support the President's Climate Change Research Initiative.** The ARS budget includes a $3.2 million increase to conduct interdisciplinary research leading to production technologies and practices for sustaining and enhancing production and carbon sequestration by agricultural systems, expand the existing ARS network of sites conducting measurements of greenhouse gases, and lead Federal agencies in producing two reports required by the Administration's Climate Change Science Program. These reports focus on 1) the relationship between observed ecosystem changes and climate change; and 2) adaptation options for climate-sensitive ecosystems and resources.

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FOOD AND AGRICULTURE DEFENSE INITIATIVE

UNITED STATES DEPARTMENT OF AGRICULTURE
2006 Food and Agriculture Defense Initiative
(Dollars in Millions)

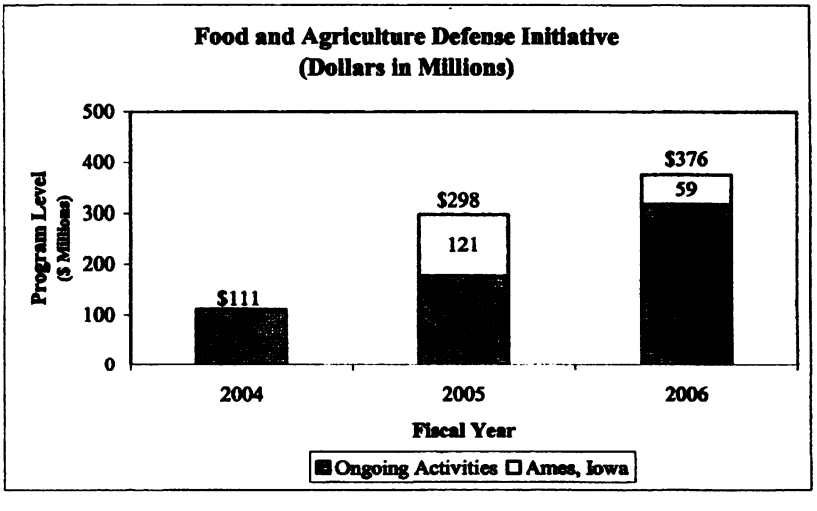
	Agency	2004 Actual	2005 Estimate	2006 Budget
Food Defense:				
Surveillance and Monitoring	FSIS	$1	$3	$3
Food Emergency Response Network (FERN)	FSIS	0	3	19
FSIS Enhanced Inspections	FSIS	2	2	2
Laboratory Upgrades and Physical Security	FSIS	3	3	6
Education/Training	FSIS	2	3	4
All Other	FSIS	4	4	4
Research	ARS	3	8	23
Total, Food Defense		**16**	**27**	**62**
Agriculture Defense:				
Research	ARS	17	21	37
National Plant Disease Recovery System	ARS	0	2	6
Foreign Disease Weed Science Laboratory, Frederick, MD	ARS	0	0	3
Regional Diagnostic Network	CSREES	8	9	30
Higher Education Agrosecurity Program	CSREES	0	0	5
Pest Detection/Animal Health Monitoring:				
Enhanced Surveillance	APHIS	38	80	123
Biosurveillance	APHIS	0	2	3
Plant Safeguarding Activities	APHIS	17	17	22
Select Agents - Plants and Animals	APHIS	0	3	5
National Veterinary Stockpile	APHIS	1	3	8
All Other	APHIS	14	14	14
Total, Agriculture Defense (Excluding Ames)		**95**	**150**	**255**
Subtotal, Food and Agriculture Defense Initiative (Ongoing Activities)		111	177	317
Complete Ames, IA BSL-3 Facility	ARS	0	121	59
Total, Food and Agriculture Defense Initiative		**$111**	**$298**	**$376**

Background/Purpose: Shortly after the events of September 11th, USDA formed a Homeland Security Council within the Department to develop a Department-wide plan and coordinate efforts among all USDA agencies and offices. Efforts have focused on three key areas: food supply and agricultural production, USDA facilities, and USDA staff and emergency preparedness. Activities began with the $328 million provided to USDA through an Emergency Defense Supplemental. These activities:

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FOOD AND AGRICULTURE DEFENSE INITIATIVE

- protected U.S. borders in cooperation with the Department of Homeland Security by preventing the introduction of agricultural health threats and hiring new meat and poultry import surveillance liaison officers at ports of entry;
- protected farm animals and crops from disease outbreaks and pest infestations by working closely with land-grant universities and State veterinary diagnostic laboratories; conducting ongoing Foreign Animal Disease Awareness Training Seminars; and issuing regulations with the U.S. Department of Health and Human Services in accordance with the Agriculture Bioterrorism Protection Act of 2002;
- protected the supply of meat, poultry and egg products by increasing the laboratory capacity to test for additional hazards and biological agents; and implementing a surveillance and sentinel system that monitors and tracks food-related consumer complaints;
- protected agricultural and food safety research and laboratory facilities by developing a tracking system for all foreign scientists and visitors to USDA facilities, beginning with the BSL-3 locations; upgrading the physical security at laboratory facilities; increasing research on rapid detection; and beginning construction of a consolidated state-of-the-art BSL-3 animal research and diagnostic laboratory at Ames, Iowa; and,
- enhanced emergency preparedness and response by establishing a Homeland Security Staff to coordinate the USDA response and tested a single, comprehensive approach to domestic incidents in the Administration-wide Liberty Shield exercise.



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FOOD AND AGRICULTURE DEFENSE INITIATIVE

2005 Activities: A Homeland Security Council (HSC) Biodefense Assessment, conducted in cooperation with all relevant U.S. Government agencies, identified early attack warning and surveillance as a top priority to prepare against a potential bioterrorist attack. The 2005 appropriation will improve the Federal Government's capability to rapidly identify and characterize such an attack. The improved national surveillance capabilities in human health, food, agriculture, and environmental monitoring will promote data sharing and joint analysis among these sectors at the Federal, State, and local levels. It will also establish a comprehensive Federal-level multi-agency integration capability led by the Department of Homeland Security (DHS) to rapidly compile these streams of data and preliminary analyses and integrate and analyze them with threat information.

2006 Priorities: The highlights of the USDA 2006 request for increased Food and Agriculture Defense activities include:

Enhancing food defense by:

- expanding the Food Emergency Response Network (FERN) with participating laboratories including implementation of the Electronic Laboratory Exchange Network (eLEXNET), an electronic laboratory diagnostic methods repository;
- upgrading laboratory capabilities to quickly identify chemical and radiological threats to the food supply; and
- strengthening research on diagnostic methods for quickly identifying various pathogens and contaminated foods and innovative biosecure foods.

Enhancing agriculture defense by:

- strengthening research on rapid response systems to bioterror agents, improved vaccines, and identifying genes affecting disease resistance;
- expanding the National Plant Disease Recovery System to ensure disease resistant seed varieties are continually developed and made available to producers in the event of a natural or intentional catastrophic disease or pest outbreak;
- substantially expanding the Regional Diagnostic Network with links to the National Agricultural Pest Information System;
- establishing a Higher Education Agrosecurity Program for capacity building grants to universities that provide interdisciplinary degree programs to prepare food defense professionals;
- substantially enhancing the monitoring and surveillance of pests and diseases in plants and animals, including National wildlife monitoring and surveillance;
- establishing connectivity with DHS integration and analysis to improve biosurveillance of pests and diseases in plants and animals;
- increasing activities to safeguard plants from intentional threats to spread pests and diseases;
- strengthening the system to track biological disease agents;
- improving USDA's ability to respond to a disease outbreak, including increasing supplies of vaccines for the National veterinary stockpile;
- providing funds to complete the consolidated state-of-the-art BSL-3 animal research and diagnostic laboratory at Ames, Iowa; and
- improving biocontainment safeguards at the Foreign Disease Weed Science Laboratory in Frederick, MD.

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FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of most programs and services that support USDA strategic goal 1, which is to enhance economic opportunities for American agricultural producers. The mission area conducts its activities in support of the following four key objectives that comprise this strategic goal: (1) expand international market opportunities; (2) support international economic development and trade capacity building; (3) expand alternative markets for agricultural products and activities; and (4) provide risk management and financial tools to farmers and ranchers.

Farm loan and income support programs are key components of USDA's efforts to provide America's farmers and ranchers with an economic safety net to help them maintain their operations during difficult times. These programs improve producer access to capital and mitigate market losses, including those resulting from disasters. They also contribute to the success of farms and ranches, a market-based agriculture sector, and thriving agricultural communities.

Key performance measures for these objectives include the value of trade preserved through trade agreement compliance monitoring and enforcement; number of women and children assisted overseas through McGovern-Dole preschool and school feeding activities; annual increase in U.S. bioenergy production; increase in the value of risk protection provided to producers through the Federal crop insurance program; and increase in the percent of loans extended to beginning and socially disadvantaged farmers and ranchers. Program performance may be affected by numerous external factors. For example, preserving market access through trade agreement monitoring and enforcement depends heavily on the actions of other governments and their willingness to meet their trade obligations. Also, the expected market price of farm commodities may dramatically affect the value of commodities protected by crop insurance and therefore the value of risk protection provided. Establishing linkages between program outputs, such as loan amounts, and program outcomes, such as improved economic stability for farmers, is difficult.

FFAS also plays an important role in support of USDA strategic goal 5, which is to protect and enhance the Nation's natural resource base and environment. FFAS administers and provides support for programs that contribute to improved management of private lands, which is one of two objectives supporting strategic goal 5.

The work of the FFAS mission area is carried out by its three agencies, the Farm Service Agency (FSA), Risk Management Agency (RMA), and Foreign Agricultural Service (FAS).

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FARM AND FOREIGN AGRICULTURAL SERVICES

FARM SERVICE AGENCY (FSA)

FSA supports USDA strategic goal 1 through the delivery of farm credit, disaster assistance, and commodity and related programs. FSA also administers some of the USDA conservation programs that support strategic goal 5. FSA provides administrative support for the Commodity Credit Corporation (CCC) which funds most of the commodity, export, and some of the conservation programs of USDA. To deliver its programs, FSA operates an extensive network of local Service Center-based offices.

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Farm Loan and Grant Programs	$3,218	$3,976	$3,807
Commodity Programs	19,142	33,093	28,066
Conservation and Other Programs	1,868	2,092	2,021
Salaries and Expenses	1,266	1,295	1,365
Total, FSA	$25,494	$40,456	$35,259

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FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Farm Loan and Grants Programs
Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual P.L.	2004 Actual B.A.	2005 Estimate P.L.	2005 Estimate B.A.	2006 Budget P.L.	2006 Budget B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized	$951	$32	$1,146	$37	$1,200	$36
Guaranteed Subsidized	278	35	283	38	266	33
Direct	610	88	647	65	650	65
Total, Operating Loans	1,839	155	2,076	140	2,116	134
Farm Ownership Loans:						
Guaranteed Unsubsidized	1,104	6	1,411	7	1,400	7
Direct	142	32	208	11	200	10
Total, Ownership Loans	1,246	38	1,619	18	1,600	17
Indian Land Acquisition Loans	2	0	2	b/	2	b/
Boll Weevil Eradication	97	0	100	0	60	0
Subtotal, Farm Loan Programs	3,184	193	3,797	158	3,778	151
State Mediation Grants	4	4	4	4	4	4
Emergency Loans a/	30	4	175	23	25	3
Total, Farm Loan and Grants Programs	$3,218	$201	$3,976	$185	$3,807	$158

a/ Amounts for 2004 and 2005 are from funds carried over as prior year unobligated balances.
b/ Less than $0.5 million.

The farm credit programs provide an important safety net for America's farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. Consistent with the Administration's policies on food and agriculture, the farm credit programs play an important role in enhancing the infrastructure of the food and agricultural system. The 2006 budget supports about $3.8 billion in direct and guaranteed farm loans. This compares to a total program level of $4.0 billion estimated for 2005. As a result of improved repayments and changes in economic assumptions, the amount of subsidy necessary to fund the farm credit programs has generally decreased. The program supports USDA Strategic Objective 1.4: provide risk management and financial tools to farmers and ranchers.

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Objective 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Increase the percent of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA Baseline: 2000 = 27%	30%	33%	34%	40%	35%	36%
Reduce average processing time for direct loans (days) Baseline: 2000 = 43	44	41	43	37	40	39
Reduce average processing time for guaranteed loans (days) Baseline: 2000 = 16	18	15	15	14	14	14

As has been the case for several years, greater levels of assistance will be offered through guaranteed loans rather than direct loans. Guaranteed loans have lower subsidy costs and are serviced by private lenders. Guaranteed farm operating loans are commonly used by private lenders to continue serving borrowers who become higher credit risks due to economic adversity. Guaranteed farm ownership loans are a critical source of credit for some borrowers because they allow real estate equity to be used to restructure short-term debt. Emphasis will continue to be placed on providing assistance to socially disadvantaged farmers. As required by statute, a portion of both direct and guaranteed farm operating and ownership loan funds is targeted to socially disadvantaged borrowers based on county level demographic data. Although targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers.

The 2006 budget proposes loan levels that generally reflect actual usage in recent years. The amounts a farmer may borrow under the direct and guaranteed loan programs are limited by statute. For direct loans, the borrowing limit is $200,000 for any combination of direct farm ownership or operating loans. For guaranteed loans, the borrowing limit adjusts annually for inflation; however, in 2006 the loan limit is expected to be about $800,000 for any combination of guaranteed farm ownership or operating loans.

For farm operating loans, the 2006 budget provides $650 million for direct loans and about $1.3 billion for guaranteed loans. These loan levels will serve an estimated 23,590 farmers, about 14,673 of whom will receive direct loans. The estimates of the number of borrowers served reflect historical average loan amounts of about $44,000 for direct loans and $168,000 for guarantees. The availability of farm operating loans provides farmers with short term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies.

For farm ownership loans, the 2006 budget provides $200 million in direct loans and $1.4 billion for guaranteed loans. The 2006 levels will provide almost 6,750 people with the opportunity to

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either acquire their own farm or keep an existing one. About 1,725 borrowers would receive direct loans and 5,025 would receive guaranteed loans. The estimates of the number of borrowers served reflect historical average loan amounts of about $44,000 for direct loans and $168,000 for guarantees.

The 2006 budget includes $25 million for emergency loans. In 2003-2005, no funding was provided for emergency loans due to the availability of carry-over funding from prior years' supplemental appropriations. The level of funding requested is expected to be sufficient to fund the emergency loan program given "normal" weather conditions. The 2006 budget also provides funding for Indian land acquisition loans and the Boll Weevil Eradication Loan Program. Due to the successful completion of some eradication programs, the 2006 budget requests $60 million for this program compared to $100 million estimated for 2005.

Funding for State Mediation Grants would be increased to $4.5 million. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide variety of agricultural issues. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm.

A Program Assessment Rating Tool (PART) review of the direct loan programs was conducted as part of the 2006 budget process. The PART analysis revealed that the purpose and management of the direct loan programs were focused and clear, but additional planning and performance measurements were needed. This result is similar to the finding of the PART analysis conducted on the guaranteed loan programs in 2005. As a result of the 2005 guaranteed loan analysis, the Administration began a process to develop meaningful outcome-oriented measures and goals for the direct and guaranteed loan programs. That process is expected to result in a new strategic plan and performance measurements for the farm loan programs. In addition, FSA has been participating with other loan programs within USDA to develop a consistent outcome-based efficiency measure. The cumulative effects of these efforts should enable the direct and guaranteed loan programs to improve their PART scores.

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FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Commodity Credit Corporation
(Dollars in Millions)

Program	Program Levels			Net Outlays		
	2004	2005	2006	2004	2005	2006
Commodity Programs:						
Price Support and Marketing Assistance Loans	$9,150	$11,944	$10,108	$1,246	$5,023	$3,505
Loan Deficiency Payments	461	4,684	4,074	461	4,684	4,074
Direct Payments	5,289	5,347	5,303	5,289	5,347	5,303
Countercyclical Payments	809	3,942	5,950	809	3,942	5,950
Milk Income Loss Contract Payments	221	500	50	221	500	50
Noninsured Assistance Payments	124	347	326	124	347	326
Farm Storage Facility Loans	63	83	67	5	15	1
Cotton User Marketing Payments	363	638	444	363	638	444
Tobacco Payments	5	958	958	5	958	958
Other Direct Payments	3	25	4	3	25	4
Purchases and Sales	1,257	848	591	-325	-2,545	-3,116
Processing, Storage and Transportation	143	150	122	143	150	122
Disaster Assistance	936	2,873	0	936	2,873	0
Interest Expenditures	129	221	413	88	153	278
Tobacco Assessments	0	0	0	0	-958	-1,189
Other	189	533	333	-953	621	738
Total, Commodity Programs Baseline	19,142	33,093	28,743	8,415	21,773	17,448
Conservation Programs:						
Conservation Reserve Program	1,850	1,942	2,021	1,801	1,937	2,021
Other Conservation Programs	0	0	0	98	41	2
Total, Conservation Programs	1,850	1,942	2,021	1,899	1,978	2,023
Export Programs:						
Export Credit	3,716	4,528	4,396	291	392	335
Market Access Program	125	140	200 a/	124	117	141
Foreign Market Development (Cooperator) Program	34	34	34	37	34	34
Emerging Markets Program	10	10	10	5	16	15
Technical Assistance for Specialty Crops Program	2	2	2	2	2	2
Quality Samples Program	2	2	2	1	2	2

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FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Commodity Credit Corporation
(Dollars in Millions)

Program	Program Levels			Net Outlays		
	2004	2005	2006	2004	2005	2006
Export Enhancement Program	0	28	28	0	28	28
Dairy Export Incentive Program	3	6	52	19	6	52
Food for Progress Program	138	141	137	113	143	139
Section 416(b) Donations b/	19	15	19	75	16	18
Other	11	12	12	12	12	12
Total, Export Programs	4,060	4,918	4,892	679	768	778
Subtotal, CCC	25,052	39,953	35,656	10,993	24,519	20,249
Pre-credit Reform Loan Repayments	0	0	0	-417	-455	-444
CCC Baseline	25,052	39,953	35,656	10,576	24,064	19,805
Limit MAP to $125 million	0	0	-75	0	0	-75
Limit Bioenergy Incentives to $60 million.	0	0	-90	0	0	-90
Subtotal, CCC	25,052	39,953	35,491	10,576	24,064	19,640
Less Net Reconciliation Savings	0	0	-587	0	0	-587
Total, CCC	$25,052	$39,953	$34,904	$10,576	$24,064	$19,053

a/ Reflects authorized level for MAP. The 2006 budget includes a proposal to limit MAP to $125 million.
b/ Ocean freight and overseas distribution costs.

The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA, selected conservation programs administered by FSA and NRCS, and export programs administered by FAS. CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress.

Changes over the last decade in commodity, disaster, and conservation programs due to policy, weather, and market conditions have dramatically changed the level, mix, and variability of CCC outlays. CCC net outlays have declined from a record high of $32.3 billion in 2000 to $10.6 billion in 2004. Projected outlays are about $24.1 billion in 2005 and $19.1 billion in 2006, reflecting the provisions of the 2002 Farm Bill. CCC outlays in 2005 and in some prior years also included substantial levels of emergency disaster and other *ad hoc* supplemental assistance.

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FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Commodity Program Outlays
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Commodity:			
Feed Grains	$2,841	$8,389	$7,573
Wheat	1,173	1,495	2,319
Rice	1,130	586	632
Upland and ELS Cotton	1,420	4,835	2,636
Tobacco	18	-87	-653
Dairy	295	633	195
Soybeans and Products	610	1,576	3,249
Minor Oilseeds	29	48	85
Peanuts	259	360	290
Sugar	61	-88	0
Honey	3	1	26
Wool and Mohair	12	11	11
Vegetable Oil Products	11	13	16
Other Crops	160	166	34
Subtotal	8,022	17,938	16,413
Disaster Assistance	936	2,873	0
Other a/	-543	962	1,035
Commodity Programs Baseline	8,415	21,773	17,448
Limit Bioenergy Incentives to $60 million	0	0	-90
Subtotal, Commodity Programs	8,415	21,773	17,358
Less Reconciliation Savings	0	0	-587
Total, Commodity Programs	$8,415	$21,773	$16,771

a/ Includes working capital, interest, operating expenses, reimbursable agreements, and an adjustment for Food for Progress commodity purchases.

Commodity loan and income support programs are administered by FSA and financed through CCC. These programs constitute the majority of CCC outlays. The commodity programs are mandated by provisions of the Farm Bill. The programs include direct payments to producers of feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and peanuts. The direct payments, based on historical program acreage and yields, are set by law and do not vary with market prices or current plantings.

The Farm Bill also provides counter-cyclical payments for producers of the above crops which provide payments when market prices decline below specified target prices. Producers were also

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given an opportunity to update historical acreage bases and yields for use in determining counter-cyclical payments. Nearly 1.9 million farms were enrolled in the program in 2004. The CCC marketing assistance loan programs are provided for the above commodities as well as for wool, mohair, honey, and pulses to provide protection against sharp declines in market prices.

Marketing assistance loan program levels are projected to rise from $9.1 billion in 2004 to $11.9 billion in 2005 and then to decline to about $10.1 billion in 2006. Loan deficiency payments which totaled $5.3 billion in 2002 declined to less than $0.5 billion in 2004 as prices for several commodities rose. However, with the reversal in price conditions due to abundant agricultural production, loan deficiency payments are projected to exceed $4 billion each in 2005 and 2006. A PART evaluation of the marketing loan assistance program conducted as part of the 2005 budget process determined that the program was "moderately effective."

The Farm Bill dramatically increased dairy program outlays by establishing a direct payment tied to milk prices. The Milk Income Loss Contract (MILC) program provides payments equal to 45 percent of the difference between $16.94 per hundredweight and the Class I milk price per hundredweight in Boston under the applicable Federal milk marketing order. Due to improved milk prices in 2004, dairy outlays declined to less than $300 million from nearly $2.5 billion in 2003. Due to slightly softening of milk prices, the dairy program outlays are expected to rise to about $600 million in 2005 and then to decline to $200 million in 2006 under the 2002 Farm Bill provisions which allow the MILC to expire at the end of 2005. However, following up on the Presidential commitment, an extension of the MILC is proposed to maintain support to dairy producers for two more years.

The 2006 budget proposes a broad package of deficit reduction measures including legislative changes to make a net reduction in farm program spending by about $587 million in 2006 and $5.7 billion over the ten year period 2006 through 2015. These proposals include: reducing the payment limitation for all CCC commodity payments including marketing loan gains to $250,000 along with removal of the "three entity" rule; making marketing assistance loans based on historical production; reducing all commodity payments to farmers by 5 percent; applying a 1.2 percent marketing assessment on sugar processors; and keeping the costs of the dairy price support program at a minimum.

The proposed legislative changes are consistent with PART evaluation results. A PART review of the MILC conducted for the 2006 budget indicated the program was moderately effective. An evaluation of the dairy price support program indicates that it may be possible to improve its cost effectiveness.

The 2006 budget proposes to continue to limit the CCC bioenergy incentive program, to $60 million instead of $150 million provided by the Farm Bill. Similarly, in 2005 the program was limited to $100 million. A PART review of this program conducted during the 2005 budget process suggested that additional incentives for ethanol were less critical than other Federal assistance, including tax credits and production mandates, and that greater emphasis should be placed on incentives for biodiesel production rather than ethanol. New tax incentives for biodiesel and ethanol enacted in the American Jobs Creation Act of 2004 further reduce the need for the CCC program.

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FARM AND FOREIGN AGRICULTURAL SERVICES

The Farm Bill also provides authority for conservation programs. The Conservation Reserve Program (CRP), a CCC program, is administered by FSA in addition to the Emergency Conservation Program. All other cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, Farm and Ranch Lands Protection Program, Conservation Security Program, and Wildlife Habitat Incentives Program are administered by the Natural Resources Conservation Service (NRCS).

CRP is USDA's largest conservation/environmental program. The purpose of CRP is to assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by retiring environmentally sensitive land from agricultural production and keeping it under long-term resource-conserving cover. CRP participants enroll acreage for periods of 10 to 15 years in return for annual rental payments and cost-share and technical assistance for installing approved conservation practices. The Farm Bill extended CRP enrollment authority through 2007 and increased the enrollment cap by 2.8 million acres to a total of 39.2 million acres.

Acreage that counts toward the total enrollment cap includes acres enrolled in the CRP through scheduled general signups and those enrolled through a continuous, noncompetitive signup that has been under way since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and similar conservation practices. Continuous signup includes an initiative announced in December 2003 to restore up to 500,000 acres of floodplains by planting bottomland hardwood trees. Continuous signup acreage also includes enrollment under the Conservation Reserve Enhancement Program (CREP) that is designed to target program benefits to address specific local and regional conservation problems. At this time, 24 States have approved CREP agreements. The Farm Bill also permits up to 1 million acres of wetland acreage to be enrolled under the Farmable Wetlands Program (FWP) as part of the 39.2 million total acreage for CRP. Up to 100,000 acres per State may be enrolled. The Farm Bill also permits managed harvesting of forage from CRP lands (subject to the requirement that environmental benefits be maintained or enhanced) and requires equal consideration be given to soil erosion, water quality, and wildlife.

As of December 2004, CRP enrollment totaled 34.7 million acres, including 31.8 million acres under general signup, 2.2 million acres under continuous non-CREP signup, 0.6 million acres under CREP, and about 120,000 acres under FWP provisions. Another 1.2 million acres have been accepted in the 29th general signup in 2004 which will be enrolled once the contracts are finalized.

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FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Bill Conservation Programs
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Commodity Credit Corporation:			
Conservation Reserve Program	$1,850	$1,942	$2,021
Natural Resources Conservation Service:			
Farm Bill Programs (Funded from CCC):			
Total Budget Authority:			
Environmental Quality Incentives Program	903	1,017	1,000
Ground and Surface Water Conservation	65	51	60
Klamath Basin	19	8	8
Wetlands Reserve Program	285	275	321
Wildlife Habitat Incentives Program	38	47	60
Farm and Ranch Lands Protection Program	91	112	84
Grassland Reserve Program	57	128	0
Conservation Security Program	40	202	274
Agricultural Management Assistance	14	14	0
Biomass Research and Development	14	14	12
Total, NRCS Farm Bill Programs	1,526	1,868	1,819
Total, Farm Bill Conservation Programs	$3,376	$3,810	$3,840

Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and (4) represent damage that is unusual and would not recur frequently in the same area. For the past several years, this program has been funded through emergency supplemental appropriations. The Hurricane Disaster Assistance Act of 2005 provided $150 million for ECP. The budget is proposing no new funding for the ECP in 2006 since needs are difficult to predict in advance.

The focus of USDA conservation programs administered by NRCS and FSA is to use environmentally sound management systems for agricultural production to meet food and fiber needs of the society. Key performance measures for conservation efforts pertinent to agricultural production on private lands are noted below:

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Objective 5.2: Improve Management of Private Lands.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers (million acres) Baseline: 2000 = 1.21	.95	1.24	1.45	1.62	1.62-2.00	1.75-2.00
Increase CRP restored wetland acres (millions acres) Baseline: 2000 = 1.73	1.65	1.74	1.79	1.84	1.80-2.20	2.20-2.25

Salaries and Expenses. The 2006 budget proposes a level of nearly $1.4 billion to support a ceiling of 5,474 Federal staff years and 10,284 non-Federal staff years. Federal staff years will decline by 24 in 2006. Staff levels have been reallocated among FSA's key goals to reflect the decreased workload associated with farm income program support and other areas while accommodating rising workload needs for conservation and other programs. Permanent full time non-Federal county staff years are estimated to remain at the 2005 level.

Funding for IT modernization and related Geospatial Information Systems (GIS) initiatives has been provided in the Common Computing Environment (CCE) account managed by the Office of the Chief Information Officer (OCIO). The development of modern digitized databases with common land unit information integrated with soils and crop data and other farm records and related initiatives is vital to the development of more efficient and effective customer services at our Service Centers and will greatly facilitate realization of the potential benefits from electronic (e) Government. The Administration expects significant long-term savings and improved services to clientele to result from improvements made in the information technology services and GIS systems, as well as in the IT administrative support services of the three county-based agencies (FSA, NRCS, and the Rural Development mission area). FSA will also make administrative improvements in its servicing of farm credit loans.

Farm Service Agency
Staff Years

Program	2004 Actual	2005 Estimate	2006 Budget
Federal	5,883	5,498	5,474
Non-Federal:			
Permanent Full-Time	9,316	9,284	9,284
Temporary	1,701	1,250	1,000
Total, Non-Federal	11,017	10,534	10,284
Total, FSA Staff Years	16,900	16,032	15,758

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FARM AND FOREIGN AGRICULTURAL SERVICES

RISK MANAGEMENT AGENCY (RMA)

Crop Insurance Program
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
SUMMARY OF GOVERNMENT COSTS:			
Delivery and Other Administrative Expenses a/	$941	$845	$860
Gross Indemnities	3,150	3,654	3,937
Underwriting Gains	378	424	367
Subtotal, Crop Insurance Program Level	4,469	4,923	5,164
Administrative and Operating Expenses	71	71	88
Total, Program Level b/	4,540	4,994	5,252
Less: Producer Premium and CAT Administration Fees	-928	-1,324	-1,150
Total, Government Costs	$3,612	$3,670	$4,102

a/ Includes reimbursements to private companies and certain costs for research, development and other activities.

b/ Appropriation provides "such sums as may be necessary" for the costs of the crop insurance program, values reflect current estimates of those costs.

Crop insurance was designed to be the primary risk management tool for farmers and ranchers. Crop insurance helps producers cope with natural disasters, such as flood and drought, so they do not have to leave farming. In addition, the widespread use of crop insurance was meant to eliminate the need for *ad hoc* disaster payment assistance. However, since 2000, four *ad hoc* disaster programs have been authorized, covering six crop years for a total cost of about $10 billion.

Part of the problem stems from the low coverage level of catastrophic crop insurance (CAT), which was designed primarily to encourage widespread participation by charging producers only a $100 fee. However, CAT provides a maximum of 27.5 percent of the crop value for a total crop loss. While the cost to aid uninsured or underinsured producers might not be large, Congress does not want producers who bought adequate crop insurance to be put at a disadvantage, or to discourage them from purchasing coverage in the future. Consequently, disaster payments are structured to ignore crop insurance payments in determining eligibility for assistance.

Therefore, in continuing the Administration's efforts to more effectively budget and administer disaster insurance programs, the 2006 budget includes a proposal to compel producers to purchase more adequate coverage by tying the receipt of direct payments or any other Federal payment for crops to the purchase of crop insurance. This change will ensure that the farmer's revenue loss would not be greater than 50 percent. Other changes include modifications to the

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fee for catastrophic coverage which is intended to make the program more equitable in its treatment of both large and small farms, restructuring premium rates to better reflect historical losses, and reductions in delivery costs. The combination of changes is expected to save the government approximately $140 million per year, beginning in 2007. Accordingly, this proposal does not impact the Government cost numbers presented in the table above. In total, this change should ensure that the majority of producers have crop insurance and that the minimum coverage level is sufficient to sustain the producer in times of loss.

RMA administers the Federal crop insurance program which provides a critical means of support for USDA strategic goal 1. The program provides an important safety net that protects producers from a wide range of risks caused by natural disasters as well as the risk of price fluctuations. In recent years, an increasing proportion of risk protection has been provided by revenue insurance which protects against both a loss of yield and price declines.

Objective 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Increase value of FCIC risk protection coverage (billions) Baseline: 1999 = $30.9	$36.7	$37.3	$40.6	$46.7	$40.0	$41.0

The program is expected to provide about $41 billion in risk protection on about 220 million acres in 2006, about the same number of acres as 2004. This represents about 84 percent of the Nation's acres planted to principal crops. In 2004, over 50 percent of the policies sold were revenue products which provide protection against both a loss of yield and a decline in commodity prices. Commodity prices are a key external factor which can significantly affect performance measurements for the crop insurance program. In 2004, high commodity prices increased the value of risk protection provided, particularly with respect to coverage under revenue products, to a record $46.7 billion. Current estimates of commodity prices indicate that the value of risk protection provided in 2006 will be down from 2004.

Participation in the Crop Insurance Program by producers is voluntary; however, participation is encouraged through premium subsidies. Crop insurance is delivered to producers through private insurance companies that share in the risk of loss and opportunity for gain. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience. The 2006 budget requests "such sums as necessary" for the mandatory costs associated with the Crop Insurance Program, including premium subsidies, indemnity payments (in excess of premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures. The 2006 indemnities of $4 billion reflect the statutory loss ratio of 1.075. In addition, producers are expected to pay about $1.5 billion in premiums.

Discretionary costs for the Federal crop insurance program cover Federal salaries and related expenses. The 2006 budget includes about $88 million for these costs, compared to about $71 million for 2005. The increase includes $5.8 million for emerging information technology architecture (EITA). The EITA will replace a decade old information technology system which

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has reached the end of its useful life, resulting in increased costs to maintain and upgrade to accommodate the expanding role of the crop insurance program. The EITA will provide a web-based entry point for companies participating in the crop insurance program that will, among other advantages, facilitate the detection of fraud, waste and abuse in the crop insurance program by improving data sharing with FSA.

The budget also includes an increase of $6.4 million to maintain and upgrade the legacy information technology systems until the EITA can be developed and $1.8 million for 17 additional staff years. The additional staffing would be focused on reducing fraud, waste and abuse in the crop insurance program and research and development of new insurance products.

The budget includes language to provide $3.6 million for data mining to fill the gap when funding authorized by the Agricultural Risk Protection Act (ARPA) of 2000 expires at the end of 2005. These funds would maintain the data mining/data warehousing system to improve compliance with and the integrity of the Federal Crop Insurance Program.

A PART review of the Crop Insurance Program was conducted as part of the 2004 budget process. The PART analysis revealed that the purpose of the Federal Crop Insurance Program was focused and clear, but additional planning and performance measurements were needed. As a result of the evaluation, the Administration initiated a process to establish adequate long-term and short-term measures and goals, and to identify improvements in the program that will get it closer to becoming a complete risk management tool. This effort has resulted in the development of a new strategic plan, and the program is expected to be reevaluated under the PART during the 2007 budget process.

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FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

International Programs and Activities
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102)	$2,926	$3,413	$3,365
Intermediate-term Guarantees (GSM-103)	0	5	5
Supplier Credit Guarantees	790	1,100	1,006
Facilities Financing Guarantees	0	10	20
Total, Export Credit Guarantees	3,716	4,528	4,396
Market Development Programs:			
Market Access Program	125	140	125
Foreign Market Development (Cooperator) Program	34	34	34
Emerging Markets Program	10	10	10
Technical Assistance for Specialty Crops Program	2	2	2
Quality Samples Program	2	2	2
Total, Market Development Programs	173	188	173
Export Subsidy Programs:			
Export Enhancement Program	0	28	28
Dairy Export Incentive Program	3	6	52
Total, Export Subsidy Programs	3	34	80
Trade Adjustment Assistance for Farmers	16	90	90
Foreign Food Assistance:			
P.L. 480 Title I Credit and Food for Progress Grants	154	145	145
P.L. 480 Title II Donations a/	1,655	1,346	964
Bill Emerson Humanitarian Trust	0	225	b/
Food for Progress - CCC Funded	138	141	137
McGovern-Dole International Food for Education Program.	50	91	106
Section 416(b) Donations:			
Ocean Freight and Overseas Distribution Costs	19	15	19
Value of Commodities	(154)	(132)	(132)
Total, Foreign Food Assistance c/	2,016	1,963	1,371
FAS Salaries and Expenses	197	203	214
Total, International Programs	$6,121	$7,006	$6,324

a/ An additional $300 million for emergency food aid funding is being requested in AID's International Disaster and Famine Assistance account for 2006.

b/ Up to 500,000 tons are available annually for unanticipated emergency food assistance.

c/ Total does not include the value of commodities donated under Section 416(b).

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FARM AND FOREIGN AGRICULTURAL SERVICES

FAS is the lead agency for the Department's international activities. Operating on a global basis, FAS has five key objectives that provide the means to enhance economic opportunities for American producers: (1) increasing access to overseas markets through trade policy negotiations and compliance monitoring; (2) developing overseas markets for U.S. agricultural products through market development, outreach, and export promotion programs; (3) providing information and analysis on overseas agricultural production and trade developments; (4) administering commercial credit and risk assistance programs to enhance U.S. competitiveness in global markets; and (5) supporting economic development and trade capacity building in developing countries through foreign food aid, technical assistance, training, and related activities.

Expanding markets for agricultural products is critical to the long-term health and prosperity of the U.S. agricultural sector and, with 96 percent of the world's population living outside the United States, future growth in demand for food and agricultural products will occur primarily in overseas markets. FAS' international activities play a critical role in helping to open new markets and in facilitating U.S. competitiveness and, by doing so, help to secure a more prosperous future for American agriculture. Support for economic development and trade capacity building reinforces these efforts by helping developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products.

CCC Export Credit Guarantee Programs. The CCC export credit guarantee programs, administered by FAS in conjunction with FSA, provide payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

The budget includes an overall program level of $4.4 billion for CCC export credit guarantees in 2006. This estimate reflects the level of sales expected to be registered under the export credit guarantee programs. However, the actual level of programming is likely to vary from this estimate, depending upon program demand, market conditions, and other relevant factors during the course of the year.

Of the total program level for export credit guarantees expected to be issued by CCC in 2006, $3.4 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years), and $5 million will be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms).

For supplier credit guarantees, the budget includes an estimated program level of $1.0 billion for 2006. Under this credit activity, CCC guarantees payments due from importers under short-term financing that exporters extend directly to the importers for the purchase of U.S. agricultural products. Sales registrations under the supplier credit guarantee program have exhibited strong annual growth since inception of the program in 1996, but that growth is now expected to moderate in future years.

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The budget also includes an estimated program level of $20 million for facility financing guarantees in 2006. Under this activity, CCC provides guarantees to facilitate the financing of goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand is constricted due to inadequate storage, processing, or handling capabilities.

A PART review of the CCC export credit guarantee programs was carried out as part of the 2006 budget process, which resulted in an overall rating of "moderately effective". The review found that the programs are generally well managed but have some weaknesses in strategic planning. In response to those findings, FAS has developed a new long-term performance measure designed to gauge the programs' market development effectiveness and is developing meaningful performance targets for the programs. FAS also will take steps to develop a process to provide for regular independent evaluations to examine program effectiveness. The 2006 budget reflects the PART findings by including funding to improve claims recoveries for the programs and reducing administrative costs based on demonstrated efficiencies in program management and operations.

Market Development Programs. FAS administers a number of programs in partnership with private sector cooperator organizations, which support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the Market Access Program (MAP), CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for high value products, the fastest growing component of U.S. agricultural exports. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies which qualify as small business concerns. The budget provides funding for MAP of $125 million in 2006, a reduction of $15 million from the 2005 level but unchanged from 2004.

Under the Foreign Market Development (Cooperator) Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. For 2006, the budget continues funding for the Cooperator Program at the current level of $34.5 million.

The budget also includes funding for the Emerging Markets Program at the current annual level of $10 million. Under the program, CCC funds are made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training and business workshops.

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The 2002 Farm Bill authorized a new Technical Assistance for Specialty Crops Program to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome phytosanitary and related technical barriers to trade. For 2006, the budget provides $2 million for the program, which will be carried out with CCC funding.

The budget also includes $2.5 million of CCC funding for the Quality Samples Program (QSP). Under the program, CCC provides funding to assist private entities to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products.

Export Subsidy Programs. The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

EEP programming has been limited for the past several years due to world supply and demand conditions, and no bonuses were awarded under the program during 2004. In view of this recent performance, the budget assumes an EEP programming level of $28 million for both 2005 and 2006. However, the 2002 Farm Bill established a maximum annual program level for EEP of $478 million, the maximum allowable level under the Uruguay Round export subsidy reduction commitments. Should market conditions warrant, the program can be reactivated and the awarding of bonuses resumed up to the authorized level.

For DEIP, the budget assumes a program level of $52 million for 2006, an increase of $46 million from the current estimate for 2005, based on more competitive world market conditions expected next year. The program level established for DEIP is an estimate of the level of subsidy funding needed to facilitate export sales consistent with projected U.S. and world market conditions. The program level may increase or decrease from the projected level depending upon the relationship between U.S. and world market prices during the course of the programming year.

Trade Adjustment Assistance for Farmers. The Trade Act of 2002 established a new Trade Adjustment Assistance (TAA) Program for Farmers. Under the program, USDA is authorized to make payments to eligible producer groups when the current year's price of an agricultural commodity is less than 80 percent of the national average price for the 5 marketing years proceeding the most recent marketing year, and the Secretary determines that imports have contributed importantly to the decline in price. Procedures for determining rates and amounts of payments to eligible producers are set forth in the statute. The statute also authorizes USDA to use not more than $90 million annually to carry out the program through 2007.

During 2004, the first full year of implementation, 12 petitions for TAA were approved. Commodities that were certified as eligible for assistance included wild blueberries, Pacific

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salmon, shrimp, catfish, and lychees. Total program costs for 2004 are estimated at just over $16 million.

Foreign Food Assistance. The United States plays a leading role in global efforts to alleviate hunger and malnutrition and enhance world food security through international food aid activities. USDA contributes to these efforts by carrying out a variety of food aid programs, which support economic growth and development in recipient countries. These activities are administered by FAS working in close cooperation with FSA and other agencies.

A PART review of USDA food aid activities that was first conducted as part of the 2004 budget process has been updated for this budget. The overall rating for those activities has now been upgraded to "moderately effective". The original PART found that the programs had strategic planning deficiencies, including the need to identify annual performance goals that are linked to government-wide measures for U.S. foreign food aid. FAS has taken a number of steps to address deficiencies identified in the original PART, including development of a new food aid effectiveness performance measure and baseline. Financial management improvements also have been made, and FAS has contracted for a review of food aid information and reporting systems that will identify improvements in IT systems that should result in efficiencies in program administration.

Public Law 480 (P.L. 480). Assistance provided under the authority of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480) is a primary means by which the United States provides foreign food assistance. In recent years, P.L. 480 assistance has been provided through two program authorities.

- **Title I** provides for sales of U.S. agricultural commodities to developing country governments and private entities through concessional financing agreements and for donations through Food for Progress grant agreements. In allocating assistance under the Title I program, priority is given to agreements that provide for the export of U.S. agricultural commodities to those developing countries which have the greatest need for food, are undertaking measures to improve their food security and agricultural development, and have demonstrated the potential to become commercial markets. The Title I program is administered by FAS.

- **Title II** provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements and to meet economic development needs that address food security. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, primarily the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

For 2006, the budget supports an overall program level for P.L. 480 food assistance of just over $1.1 billion. This includes appropriated funding of $965 million requested in the budget, plus projected unobligated carryover funds and reimbursements to be received from the Maritime

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Administration for prior year cargo preference related expenses. Together, this funding is expected to support total P.L. 480 commodity assistance of approximately 2.3 million metric tons.

For Title I credit sales and grants, the budget requests appropriated funding of $80 million. Although the request for appropriated funding is reduced from level included in last year's budget, Title I programming should remain unchanged from the 2005 current estimate of $145 million because of the availability of unobligated carryover funds and projected Maritime Administration reimbursements. Based on current price projections, total Title I commodity assistance during 2006 is expected to be 540,000 metric tons.

For Title II donations, the budget supports an overall program level of $964 million, which is expected to provide over 1.7 million metric tons of commodity assistance. The Title II program level is based on an appropriations request of $885 million, plus projected reimbursements for prior year cargo preference costs. The Title II appropriations request has been reduced by $300 million from the level requested in recent annual budgets, and an equivalent level of funding is being requested in AID's International Disaster and Famine Assistance account to support emergency food assistance activities to be administered separately by AID. This change is intended to expedite the response to emergencies overseas by allowing food aid commodities to be purchased in markets closer to their final destination, while increasing the total amount of commodities that can procured for emergency response.

Bill Emerson Humanitarian Trust. The Bill Emerson Humanitarian Trust is a commodity reserve designed to ensure that the United States can meet its international food assistance commitments. Up to 4 million metric tons of wheat, corn, sorghum, and rice can be held in the Trust. The authorizing statute also allows the Trust's assets to be held as cash in lieu of commodities. The Secretary of Agriculture is authorized to release commodities from the Trust for programming under P.L. 480 under two conditions: (a) when U.S. domestic supplies are insufficient to meet the annual P.L. 480 commodity availability criteria and (b) to provide commodities for Title II donations in response to unanticipated needs for emergency assistance.

During 2005, the Secretary has authorized the release of 200,000 metric tons of wheat from the Trust in order to respond to emergency food needs in Sudan. The commodities are expected to meet the needs over a 5-month period of 2.5 to 3 million Sudanese who are displaced inside Darfur or have fled to neighboring Chad. The total value of the assistance, to be distributed primarily through the World Food Program, is estimated at $225 million including freight and overseas distribution costs. Following release of these commodities, the Trust will hold approximately 1.4 million metric tons of wheat and $87 million in cash.

Food for Progress. The Food for Progress Act of 1985 authorizes U.S. agricultural commodities to be provided to developing countries and emerging democracies that have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements may provide for the commodities to be supplied on either long-term credit or grant terms. P.L. 480 Title I funds may be used for the procurement and transportation costs of the

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commodities. Alternatively, either CCC-owned commodities may be made available or CCC may purchase commodities if not in its inventory, with transportation and other non-commodity expenses paid with CCC funds subject to a limitation of $55 million.

The 2006 budget assumes a program level for the CCC-funded portion of Food for Progress programming of $137 million, which is expected to support approximately 300,000 metric tons of commodity assistance. That tonnage level will be supplemented by additional Food for Progress programming carried out with P.L. 480 Title I funds.

McGovern-Dole International Food for Education and Child Nutrition Program. The McGovern-Dole International Food for Education and Child Nutrition Program provides for the donation of U.S. agricultural commodities and associated financial and technical assistance to carry out preschool and school feeding programs in foreign countries. Maternal, infant, and child nutrition programs also are authorized under the program. Its purpose is to reduce the incidence of hunger and malnutrition and improve literacy and primary education. These measures contribute to a healthy, literate workforce that can support a more prosperous, sustainable economy and ensure long-term food security.

During 2004, the program provided for the donation of approximately 66,000 metric tons of food commodities to 13 countries. The value of the commodities, associated transportation costs, and other related expenses totaled just under $50 million. The assistance was provided through six private voluntary organizations, the World Food Program, and one foreign government, and will benefit an estimated 2 million women and children.

Assistance provided under the McGovern-Dole program is expected to increase in both 2005 and 2006. During 2005, the total level of assistance should reach $91 million, based on enacted appropriations and anticipated reimbursements from the Maritime Administration. That level should support the programming of nearly120,000 metric tons of commodities and benefit approximately 2.2 million women and children.

For 2006, the budget requests appropriated funding of $100 million for the program, an increase of 15 percent above the 2005 enacted level. This will be supplemented by an additional $6 million of anticipated cargo preference reimbursements. Together, these funds are expected to provide for the donation of about 140,000 metric tons of commodities which will assist an estimated 2.6 million women and children.

Objective 1.2: Support International Economic Development and Trade Capacity Building.

Key Performance Measure	2001	2002	2003	2004	2005	2006
A. Number of women and children assisted under McGovern-Dole (millions)	N/A	N/A	2.5	2.0	2.2	2.6
B. Average percentage increase in school enrollment (boys and girls)	N/A	N/A	10.0	10.0	10.0	10.0

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Section 416(b) Donations. Section 416(b) of the Agricultural Act of 1949 authorizes the donation of surplus CCC-owned commodities in order to carry out programs of assistance in developing countries and friendly countries. Commodities eligible for donation include those in inventory that have been acquired by CCC through price support operations, or otherwise acquired by CCC in the normal course of its operations and which are excess to domestic program requirements. The commodities are made available for donation through agreements with foreign governments, private voluntary organizations and cooperatives, and the World Food Program.

Current CCC baseline estimates project that surplus nonfat dry milk will be made available for programming under section 416(b) authority during 2006. The budget assumes that 75,000 metric tons of nonfat dry milk will be programmed, should uncommitted stocks be available, which will provide assistance with a total value of $151 million.

Foreign Agricultural Service
Salaries and Expenses
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Market Access	$32	$33	$36
Market Development, Promotion and Outreach	36	37	39
Market Intelligence	30	32	35
Financial Marketing Assistance	11	11	12
Long-term Market and Infrastructure Development	27	28	30
Total, Appropriated Programs	136	141	152
CCC Computer Facility and Other IRM Costs Funded by CCC	11	12	12
Development Assistance Programs Funded by AID and Other Organizations	46	46	46
Other Reimbursable Agreements	4	4	4
Total, Reimbursable Program Activity	61	62	62
Total, FAS Program Level	$197	$203	$214

In support of its efforts to expand overseas market opportunities and support international economic development and trade capacity building, FAS conducts its activities and programs through offices in Washington, D.C. and at 62 overseas posts. Those posts represent and advocate for U.S. agricultural interests, and provide reporting on agricultural policies, production, and trade for about 130 countries. FAS operates an additional 16 Agricultural Trade Offices, located in key foreign trading centers, that assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts. FAS has approximately 1,000 employees, of whom about 25 percent serve in overseas locations.

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FARM AND FOREIGN AGRICULTURAL SERVICES

An important component of FAS' work to expand international market activities is compliance monitoring and enforcement of existing trade agreements to ensure full and fair access to overseas markets for American producers and exporters. Each year, FAS personnel in Washington and at overseas posts monitor compliance and, when necessary, intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of unfair and illegal trade barriers. These monitoring and intervention activities are documented and incorporated in the following performance measure. For 2006, a performance target of $3 billion has been established for the value of trade to be preserved through FAS staff intervention and trade agreement monitoring activities.

Objective 1.1: Expand International Market Opportunities.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Dollar value of trade preserved through staff interventions and trade agreement monitoring (billions) Baseline: 1999 = $2.567	$1.329	$1.327	$2.713	$3.950	$2.500	$3.000

The budget provides a program level of $152 million for FAS activities in 2006, an increase of $11 million above the 2005 level. The budget has been developed to ensure the agency's continued ability to conduct its activities and provide services to U.S. agriculture. Particular emphasis has been placed on maintaining FAS' overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue.

Included in the budget is an increase of $5.4 million to meet higher operating costs at FAS' overseas offices, including increased payments to the Department of State for administrative services State provides at overseas posts. Recent significant declines in the value of the dollar, coupled with overseas inflation and rising wage rates, have led to sharply higher operating costs that must be accommodated if FAS is to maintain its overseas presence.

The budget also requests $2.7 million to meet FAS' contribution to the Capital Security Cost Sharing Program. Under this program, which is being implemented in 2005, agencies with an overseas presence will contribute a proportionate share of the costs of accelerated construction of new, safe U.S. diplomatic facilities over a 14-year period.

Funding of $650,000 is requested for establishing an FAS presence at the new U.S. embassy in Baghdad, Iraq. Forecasts indicate that Iraq's imports of agricultural products will grow quickly in the next few years, and therefore it is critical to have a USDA presence in country to supervise market development activities and work with the Iraqi Government to ensure fair access for U.S. products.

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FARM AND FOREIGN AGRICULTURAL SERVICES

The budget also includes an increase of $2.4 million to meet projected salary cost increases.

Additional funding in support of FAS trade agreement negotiation, enforcement, and standards-setting activities is expected to be made available from funds requested for the Office of the Secretary to conduct USDA cross-cutting trade negotiation and biotechnology activities. These resources will support FAS' participation in the World Trade Organization's multilateral negotiations to reform global agricultural trade practices, as well as numerous regional and bilateral trade negotiations. The funds also will be available to bolster FAS efforts to address market access constraints related to biotechnology.

In addition, the budget includes an estimated $62 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of AID, foreign governments, and international organizations. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and trade capacity building in developing countries.

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RURAL DEVELOPMENT

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

All funds for the Rural Development (RD) mission area support USDA strategic goal 2, which is to support increased economic opportunities and improved quality of life in rural America. USDA has two key objectives which support the achievement of this strategic goal. These objectives are (1) expand economic opportunities through USDA financing of business; and (2) improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities. Key performance measures include the number of jobs created or saved, the number of home ownership opportunities provided, and the number of rural residents served by USDA-financed facilities. Efforts are underway to improve these measures, for example, by including information of the quality of the jobs created or saved, and the extent to which those jobs increase income both locally and in surrounding areas. Program performance may be affected by numerous external factors and establishing linkages between program outputs such as loan amounts and program outcomes such as improved health benefits is difficult.

The RD mission area includes: the Rural Utilities Service (RUS), the Rural Housing Service (RHS) and the Rural Business-Cooperative Service (RBS). RD programs provide financial and technical assistance to rural residents, businesses, and private and public entities for a variety of purposes including infrastructure for meeting basic needs such as safe drinking water, electricity and telecommunication, decent housing, and business enterprise. RD programs are delivered through field offices that are consolidated within USDA Service Centers. The mission area also has a lead role in the coordination of rural development efforts among local, State and Federal levels.

RD programs have traditionally served as a source of financing for borrowers who could not obtain credit elsewhere, or could not afford to pay commercial rates of interest. That role has been altered by gradual improvements in the availability of credit and the relatively low interest rates that have prevailed over the past few years. Accordingly, more attention is being paid to addressing specific priorities, such as ensuring that rural areas have access to quality broadband services, that the community facility programs support the President's "first responders" and "faith-based" initiatives, that the business programs "venture" into areas of lending, such as "value-added" and "renewable energy" that have the potential for significant returns in terms of income and social benefits, and that USDA's portfolio of multifamily housing projects be revitalized and tenants of projects that prepay and leave the program be protected.

The following table displays RD funding within strategic goal 2:

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RURAL DEVELOPMENT

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual		2005 Estimate		2006 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Ongoing Rural Development Programs:						
Rural Utilities Service	$6,734	$698	$7,253	$687	$5,028	$490
Rural Housing Service	6,313	983	6,137	1,026	6,488	1,190
Rural Business - Cooperative Service	1,135	164	1,368	155	1,280	94
Salaries and Expenses	625	625	639	639	683	683
Subtotal, Rural Development	14,808	2,471	15,397	2,507	13,479	2,457
Farm Bill Authorities	36	31	65	10	0	0
Total, Rural Development	$14,844	$2,502	$15,462	$2,517	$13,479	$2,457

The 2006 budget includes $13.5 billion in salaries and expenses, loans, grants, and related assistance in ongoing programs for rural residents and communities. This level is $2 billion below the estimate for 2005. The reduction is due largely to lower loan levels for the electric and telecommunications programs and because no supplemental funding is anticipated for 2006, but is included in the 2005 data.

The major provisions of this level of assistance are as follows:

- The 2006 budget maintains flexibility to transfer funding among programs, within the funding streams authorized under the Rural Community Advancement Program (RCAP). This flexibility allows funds to be directed toward meeting local priorities. The table on page 47 indicates the programs and the anticipated program levels included in RCAP.

- Business and Industry loan guarantees are increased from $595 million in 2005 to $899 million in 2006. This increase would bring the program closer to the level of demand of about $1 billion in recent years. In addition, RBS will propose a regulation change to establish an annual service fee. This change will reduce the subsidy cost of the program.

- Loans and grants for water and waste disposal projects are supported at a combined level of $1.5 billion, which reflects a reduction of $77 million in grants while loans increase $8 million over the 2005 level. Because of the relatively low interest rate on loans, more rural communities are able to afford to repay loans so that the program can operate at a higher loan to grant ratio than it has over the past few years. The water and waste disposal program is expected to provide an estimated 570,000 rural households with new or improved service facilities.

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RURAL DEVELOPMENT

- Electric and telecommunication loans are funded at levels of expected demand, $2.5 billion for electric loans and $669 million for telecommunication loans. Borrowers will be asked to recertify that they are serving areas that are rural, rather than urban or suburban.

- The distance learning and medical link grant program is maintained at $25 million, the same level as available for 2005. In addition, the 2006 budget includes support through discretionary funding for $359 million in loans for broadband facilities and internet service access.

- The Administration proposes to establish the process and terms to implement a dissolution of the Rural Telephone Bank. Dissolution is more appropriate than privatization as the demand for loans has been fulfilled through other sources.

- The 2006 budget includes $214 million to establish a new program for protecting low income tenants of USDA financed multi-family housing projects. This funding is intended to address a recent Supreme Court ruling that allows project owners to prepay their loans and remove their property from the subsidized housing market. It will be used to provide rural housing vouchers for displaced residents. In addition, USDA will be examining alternatives for revitalizing the multi-family portfolio. A recent assessment of the capital needs of the portfolio indicated additional investments for repairs and rehabilitation will need to be made over the next several years. The 2006 budget includes $27 million in Section 515 loans for this purpose. No direct loan funding for new projects is provided, although the 2006 budget includes $200 million in guaranteed loans for new projects, a 100 percent increase over 2005.

- The 2006 budget also includes $650 million to fully fund all expiring rural rental assistance contracts for existing projects and to provide contracts for new construction of farm labor housing projects. Further, it is consistent with the policy established by Congress in 2004 to limit rental assistance contracts to a 4 year renewal cycle. However, funds may continue to be used for rental assistance beyond 4 years if it has not been fully utilized in that time.

- For Section 502 single family housing, the 2006 budget would support $1 billion in direct loans and $3.7 billion in guaranteed loans, including $207 million for refinancing. The decrease in direct loans was necessary due to increased subsidy costs reflecting higher costs for Government borrowing. The one-time fee on guaranteed loans was increased by Congress in 2005 from 1.75 to 2 percent, which is maintained in the 2006 budget. The 2006 program will provide an estimated 40,400 home ownership opportunities for rural families. Housing cost increases are greater than the usual inflationary increases and have reduced the number of home ownership opportunities that can be provided for the same amount of program level.

- The 2006 budget includes $683 million for RD's salaries and expenses. This level of funding includes resources to cover higher pay costs and to invest in information technology to improve the overall management of the programs.

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RURAL DEVELOPMENT

Rural Community Advancement Program
(Dollars in Millions)

Program	2004 Program Level	2005 Program Level	2006 Program Level
Water and Waste Disposal Programs:			
Direct Loans	$895	$992	$1,000
Guaranteed Loans	41	75	75
Grants	567	454	377
Emergency Supplemental	0	50	0
Individually Owned Household Water Well Programs	0	1	0
Solid Waste Management Grants	3	4	3
Community Facility Programs:			
Direct Loans	500	300	300
Emergency Supplemental	0	133	0
Guaranteed Loans	205	210	210
Grants	18	24	17
Emergency Supplemental	0	13	0
Rural Community Development Grants	7	6	0
Tribal College Grants	4	4	0
Economic Impact Initiative Grants	23	18	0
High Energy Cost Grants	31	28	0
Business and Industry Programs:			
Guaranteed Loans	971	595	899
Delta Regional Authority	2	1	0
Rural Business Opportunity Grants	3	3	0
Rural Business Enterprise Grants	48	41	0
Total, Loans and Grants	$3,318	$2,952	$2,881

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RURAL DEVELOPMENT

RURAL UTILITIES SERVICE (RUS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual		2005 Estimate		2006 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Direct 5 Percent	$240	0	$119	$3	$100	$1
Municipal	645	0	99	1	100	5
Direct Treasury Rate	1,181	0	1,000	0	700	a/
FFB Direct	1,765	0	2,000	0	1,620	0
Guaranteed CFC/CoBank	0	0	99	a/	0	0
Guaranteed Underwriting	0	0	1,000	0	0	0
Total, Electric Loans	3,832	0	4,317	4	2,520	6
Telecommunications Loans:						
Direct 5 Percent	145	0	145	0	145	0
Direct Treasury Rate	48	a/	248	a/	424	a/
FFB Direct	320	0	125	0	100	0
Total, Telecommunications Loans	513	a/	518	a/	669	a/
Rural Telephone Bank (RTB)	170	0	175	0	0	0
Total, Electric, Telecomm. and RTB	4,515	a/	5,010	4	3,189	6
Distance Learning Program:						
Distance Learning Treasury Rate Loans	30	0	50	1	0	0
Discretionary Broadband Loans:						
Direct 4% Loans	0	0	0	0	30	2
Direct Treasury Rate Loans	598	$13	545	12	299	7
Guaranteed Loans	0	0	0	0	30	1
Mandatory Broadband Loans (Sec. 6103, Farm Bill):						
Direct 4% Loans	4	a/	c/	c/	0	0
Direct Treasury Rate Loans	1	a/	c/	c/	0	0
Guaranteed Loans	0	0	c/	c/	0	0
Distance Learning and Telemedicine Grants	40	40	25	25	25	25
Public Broadcasting/Analog Conversion Grants	14	14	10	10	0	0
Broadband Grants	0	0	9	9	0	0
Total, Distance Learning Program	687	67	639	57	384	35
High Energy Costs Grants b/	31	31	28	28	0	0

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RURAL DEVELOPMENT

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual		2005 Estimate		2006 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Water and Waste Disposal Programs:						
Direct Loans b/	895	30	992	89	1,000	69
Guaranteed Loans b/	41	0	75	0	75	0
Water and Waste Disposal Grants b/	552	552	431	431	377	377
Water and Waste Disposal Grants Emerg. Supp.	0	0	50	50	0	0
Emer. and Imminent Com. Water Assist. Grants	15	15	23	23	0	0
Individually Owned Household Water Well b/	0	0	1	1	0	0
Solid Waste Management Grants b/	3	3	4	4	3	3
Total, Water & Waste Disposal	1,506	600	1,576	598	1,455	449
Total, RUS Loans and Grants	$6,739	$698	$7,253	$687	$5,028	$490
RECAP:						
Ongoing Programs	$6,734	$698	$7,253	$687	$5,028	$490
Farm Bill Authorities	5	a/	0	0	0	0
Total	$6,739	$698	$7,253	$687	$5,028	$490

a/ Less than $500 thousand.

b/ These are also included in the Rural Community Advancement Program. (See page 47.)

c/ Excludes a total of $39 million in budget authority carried over from prior years for direct and guaranteed loans. These carry over balances will support total direct and guaranteed loan levels of about $1.6 billion.

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize vital components of the infrastructure of rural America. These are long-standing programs that brought electrical power to areas that private utility companies refused to serve and, later, connected many of the same areas to the Nation's telecommunications network. The programs continue to serve a useful purpose because gaps still exist in the access that rural areas have to private investment capital.

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Objective 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Number of subscribers receiving new and/or improved electric facilities (millions)	4.501 Baseline	3.302	3.776	4.325	3.250	1.600
Number of subscribers receiving new or improved telecommunication services (Broadband) (millions)	0.315 Baseline	0.307	0.382	0.374	0.360	0.299
Number of subscribers receiving new and/or improved water and/or waste disposal service (millions) Baseline: 2000 = 0.67	N/A	0.79	0.59	0.65	0.65	0.57

Note: Subscribers include rural households, rural businesses and other users of the facilities financed. The numbers for each year reflect only those subscribers that are served by the facilities financed in that year. The measure for broadband reflects only those facilities financed with appropriated funding.

A Program Assessment Rating Tool (PART) review of the rural electric and telecommunications programs conducted as part of the 2004 budget process identified a need to reassess program goals and performance measures. In response, RUS initiated an analysis of the electric loans made in 2002 and 2003 to determine the characteristics of the communities to which the loans are going, who the loans are supporting, what benefits are derived from the loans by the communities, and how many loans and dollars are going to support poverty areas. In addition, RUS began work on developing program goals and performance measures to better define the purpose of the program and support the future needs of rural communities. As a result of these efforts, the score of the PART review was upgraded to "adequate" for demonstrating program performance. The 2006 budget provides $2.5 billion in electric loans, which is adequate to meet the expected demand. It does not include $1 billion in guarantees of underwriting the notes of private sector lenders, which Congress authorized in the 2002 Farm Bill and funded in recent Appropriation Acts. RUS also developed new performance measures for the telecommunications program which resulted in a change from results not demonstrated to "adequate."

Distance learning and medical link is a more recent program that has a more specific purpose than RUS' traditional electric and telecommunication programs. It is designed to provide rural communities that would otherwise be without access to learning and medical services, with a total system of telecommunication linkages for obtaining such access. The 2006 budget includes

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$25 million in grants for this program. This program received a PART review this year which has resulted in RUS beginning work on new performance measures.

Loans for Broadband and internet services were established as a pilot program in 2001 to finance the installation of various modes of broadband transmission capacity, including fiber optic cable for high speed internet access, and to provide local dial-up internet service to under served areas. Recipients included existing RUS telecommunication borrowers or their subsidiaries as well as other entities. The 2002 Farm Bill authorized a permanent program and provided mandatory funding through 2007. Recent appropriation acts have blocked the mandatory funding, but provided discretionary funding for the program. Mandatory funding provided in 2002 and 2003 remains available to support over $1 billion in loans. The 2006 budget includes discretionary funding to support about $359 million in loans.

The Administration proposes to establish the process and terms to implement a dissolution of the Rural Telephone Bank (RTB). Dissolution is more appropriate than privatization as the demand for loans has been fulfilled through other sources, such as private banks. Dissolution will result in the government being repaid for all outstanding stock and the borrowers, who are the other stockholders, receiving a cash payout for their outstanding stock. This will prevent the situation of a privatized RTB that needs continual Federal assistance to remain in operation. In addition, the budget provides other RUS telecommunications loan programs an additional $175 million in loan level to maintain the Federal assistance available to rural telecommunications providers.

The water and waste disposal program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. Grants are limited to a maximum of 75 percent of project costs and typically average about 35 to 45 percent of program costs. They are available only to those communities with low median household income levels. Program regulations stipulate that the grant amount should only be as much as necessary to bring the user rates down to a reasonable level for the area. The water and waste disposal grant and loan funds are usually combined based on the income levels of users and user costs.

The 2006 budget includes $1.0 billion in direct loans, $75 million in guaranteed loans and $381 million in grants for water and waste disposal projects. This funding is expected to provide 570,000 rural households with new or improved service facilities.

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RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual		2005 Estimate		2006 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single Family:						
Direct Loans (Sec. 502)	$1,352	$126	$1,141	$132	$1,000	$114
Guar. Loans Purchase (Sec. 502)	3,184	47	3,059	33	3,474	40
Guar. Loans Refinance (Sec. 502)	49	a/	223	1	207	1
Multi Family Housing:						
Direct Loans (Sec. 515)	115	49	99	47	27	12
Direct Loans Emergency Supplemental	3	1	0	0	0	0
Guaranteed Loans (Sec. 538)	99	6	99	3	200	11
Very Low-Income Repair (Sec. 504)	33	9	35	10	36	11
Very Low-Income Repair; Emergency Supplemental	1	a/	18	5	0	0
Self-Help Housing (Sec. 523)	2	a/	10	0	5	a/
Housing Site Development (Sec. 524)	3	0	5	0	5	0
Credit Sales, Single Family Housing	1	0	10	0	10	0
Credit Sales, Multi Family Housing	a/	a/	2	1	2	1
Total, Housing Loans	4,842	238	4,701	232	4,966	190
Grants and Payments:						
Very Low-Income Repair (Sec. 504)	31	31	31	31	30	30
Very Low-Income Repair; Emergency Supplemental	2	2	8	8	0	0
Mutual and Self-Help (Sec. 523)	35	35	34	34	34	34
Multi-Family Housing Revitalization - Vouchers	0	0	0	0	214	214
Supervisory & Tech. Assist. (Sec. 525)	2	2	1	1	1	1
Compensation for Construct. Defects	a/	a/	0	0	0	0
Rural Housing Preservation (Sec. 533)	9	9	8	8	10	10
Multi-Fam. Preserv. Demo Revolving Fund	0	0	0	3	0	0
Rental Assistance (Sec. 502 and 521)	581	581	587	587	650	650
Total, Grants and Payments	660	660	669	672	939	939
Farm Labor Housing Program:						
Loans (Sec. 514)	36	15	38	18	42	19
Grants (Sec. 516)	18	18	16	16	14	14
Grants (Sec. 516); Emergency Supplemental	0	0	5	5	0	0
Total, Farm Labor Program	54	33	59	39	56	33

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RURAL DEVELOPMENT

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual		2005 Estimate		2006 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Community Facility Programs:						
Direct Loans b/	500	0	300	12	300	10
Direct Loans Emergency Supplemental b/	0	0	133	5	0	0
Guaranteed Loans b/	205	0	210	1	210	1
Community Facility Grants b/	18	18	24	24	17	17
Community Facility Grants; Emergency Supplemental	0	0	13	13	0	0
Rural Community Development Initiative Grants b/	7	7	6	6	0	0
Tribal College Grants b/	4	4	4	4	0	0
Economic Impact Initiative Grants b/	23	23	18	18	0	0
Total, Community Facility Programs	757	52	708	83	527	28
Total, RHS Loans and Grants	$6,313	$983	$6,137	$1,026	$6,488	$1,190
RECAP:						
Ongoing Programs	$6,311	$981	$5,960	$990	$6,488	$1,190
Hurricane Emergency Supplemental	2	2	177	36	0	0
Total	$6,313	$983	$6,137	$1,026	$6,488	$1,190

a/ Less than $500 thousand.

b/ These are also included in the Rural Community Advancement Program. (See page 47.)

RHS has a portfolio of about 17,000 existing multi-family projects that provide housing for about 470,000 low-income tenants, many of whom are elderly. Most of these projects were built in the 1980's and many are in need of repairs and rehabilitations. The projects have an outstanding indebtedness of about $12 billion. The Supreme Court recently ruled in favor of project owners who wished to prepay their loans and remove their property from the subsidized housing market. A recent capital needs assessment indicated that about 10 percent of the projects are potentially viable for non-subsidized use and could leave the program. Such action would put existing tenants at risk of substantial rent increases and potential loss of their housing. In addition, there are concerns about the physical condition of the projects and the extent of assistance that may be needed for repairs and rehabilitations. Most of the projects have inadequate reserves for financing repairs and rehabilitation.

RHS recently published a comprehensive revision of its multi-family housing regulations that incorporated numerous recommendations for streamlining the program and protecting it against potential abuses. The final rule did not, however, include a provision of the proposed rule that would have required projects to maintain substantially higher reserves for repairs and rehabilitation. Implementation of this provision was postponed pending further review of the potential impact on rents and, hence, the cost to the Government for rental assistance payments. This review remains underway and various alternatives for financing repairs and rehabilitation,

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including some that would require legislative changes, are being considered. The capital needs assessment provided a substantial amount of data for conducting a proper analysis of these alternatives. It is anticipated that the proposals for addressing the need for financing repairs and rehabilitation will be reflected in the 2007 budget.

The 2006 budget addresses the immediate need to provide assistance for tenants of projects that prepay and leave the program. It includes $214 million for a multi-family housing revitalization project which establishes a tenant protection program that would provide vouchers to such tenants to pay for the higher rents they would experience if their projects are converted to commercial ventures, or to find alternative affordable housing. Rural housing vouchers are authorized by current law, although regulations will need to be developed for implementing the program.

The Section 515 multi family housing loan program provides direct loans to construct and maintain multi family rental projects that serve low and very low-income families. Projects receive payment assistance to make rents affordable. The average annual income of a Section 515 tenant is about $7,900. Direct loans have a rate of 1 percent, and most projects receive rental assistance payments to make them affordable to very low-income tenants. The 2006 budget includes $27 million for Section 515 direct loans. These loans would be used only for repairs and rehabilitation of existing projects. The Administration does not support the use of direct loans for new projects until the needs of the existing portfolio are properly addressed.

The Section 538 multi family housing loan guarantee program provides guarantees of loans that are made by private lenders. The program is designed to leverage other sources of financing. It serves rural families with incomes up to 115 percent of the area median income who can afford to pay unsubsidized rents. The program has operated for only a few years and is still evolving. Regulations for administering the program are being revised to make it a more attractive component of the complete funding package, including access to secondary market funds and use of tax credits and other subsidies. The 2006 budget includes $200 million for Section 538 guaranteed loans for new projects, almost double the amount available for 2005.

The rural rental assistance program provides funding for multi-year contracts with project owners for reducing rent payments to make up the difference between the 30 percent of income the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. Most of the funding for this program is used to renew expiring contracts on projects that are financed for up to 50 years although dependent on rental assistance that is funded in four-year term increments. The 2006 budget includes $650 million for fully funding the rental assistance contracts that are expected to come up for renewal and for funding a limited number of contacts for new farm labor housing projects.

The Section 502 single family housing program provides direct and guaranteed loans for the purchase of modest housing in rural areas. Direct loans can be made at an interest rate as low as 1 percent and as high as the note rate on the loan – depending on the borrowers' income. Direct loans are limited to families who have income under 80 percent of the area median income. The average annual income of a direct loan borrower is generally about 55 percent of area median income, or about $17,000 on a National basis. Loan guarantees primarily serve families with

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incomes of up to 115 percent of area median income. Interest rates on guaranteed loans are negotiated between the lender and borrower.

In October of 2002, the one-time fee on guaranteed loans was reduced from 2.0 percent to 1.5 percent for loans to purchase housing and to 0.5 percent for loans to refinance existing RHS loans. This action was taken as part of the President's initiative to increase homeownership, especially among minorities. This reduction resulted in a significant increase in demand. Accordingly, the 2005 budget reflected a partial offset, with the fee on new loans being increased from 1.5 percent to 1.75 percent. This change was intended to reduce subsidy costs and provide for a more manageable growth in the program. In addition, the 2005 budget proposed legislation to allow guaranteed loans to exceed 100 percent of appraised value by the amount of the fee on such loans. This proposal was intended help ensure that rural families are not denied home ownership for lack of funds to pay the cost of the fee. Congress provided for a one-time fee of 2.0 percent in 2005 which is maintained in the 2006 budget.

The 2006 budget provides $1 billion in direct loans and $3.7 billion in guarantees, including $207 million for refinancing, for the Section 502 single family housing program. It is anticipated that this level of funding will provide homeownership opportunities for 40,400 rural families. Recent increases in the cost of housing have resulted in substantial increases in the size of loans and guarantees, making it more difficult to serve the same number of families with limited funding.

Objective 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Number of rural households receiving financial assistance to buy a home Baseline: 1999 = 55,941	44,732	43,189	44,371	48,892	38,300	40,400
Number of rural residents who are provided access to new and/or improved essential community facilities – e.g. health and safety facilities (millions)	6.8 Baseline	7.2	10.3	12.0	12.0	10.5

The community facilities program provides direct loans, guarantees and grants to finance essential community facilities, with priority given to health and safety facilities. The 2006 budget provides $300 million in direct loans, $210 million in guarantees, and $17 million in grants for this program. This level of funding will support over 560 new or improved health care facilities, child care, fire and emergency services and other facilities lacking in rural America.

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RURAL DEVELOPMENT

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	2004 Actual P.L.	2004 Actual B.A.	2005 Estimate P.L.	2005 Estimate B.A.	2006 Budget P.L.	2006 Budget B.A.
Loans:						
Business and Industry:						
Guarantees a/	$963	$47	$595	$30	$899	$44
NADBank Guaranteed a/	8	b/	0	0	0	0
Rural Development Loan Fund	40	16	34	15	34	15
Rural Economic Development	15	3	25	5	25	5
Renewable Energy - (Discretionary)	0	0	610	11	286	5
Total, Loans	1,026	66	1,264	61	1,244	69
Grants:						
Renewable Energy - (Discretionary)	23	23	11	11	5	5
Rural Business Investment Prog. (Sec. 6029, Farm Bill)	1	1	65	10	0	0
Value-added Ag. Product Market Devel. (Disc.)	1	1	15	15	16	16
Value-added Ag. Product Market Development (Sec. 6401, Farm Bill)	30	30	0	0	0	0
Rural Business Enterprise a/	48	48	41	41	0	0
Rural Business Opportunity a/	3	3	3	3	0	0
Delta Regional Authority a/	2	2	1	1	0	0
Rural Cooperative Development	5	5	4	4	5	5
Appropriate Technology Transfer	2	2	2	2	0	0
Rural Economic Development	11	0	10	0	10	0
Grants to Assist Minority Producers	1	1	1	1	0	0
Agricultural Marketing Resource Center	0	0	1	1	0	0
EZ/EC, National Sheep Industry Impr. Center	13	13	13	13	0	0
Total, Grants	140	129	169	104	36	26
Total, RBS Loans and Grants	1,166	195	1,433	165	1,280	94
RECAP:						
Ongoing Programs	$1,135	$164	$1,368	$155	$1,280	$94
Farm Bill Authorities	31	31	65	10	0	0
Total	$1,166	$195	$1,433	$165	$1,280	$94

a/ These are also included in the Rural Community Advancement Program. (See page 47.)
b/ Less than or equal to $500 thousand.

RBS administers the Department's rural business assistance programs, including technical assistance, development, and research on agricultural cooperatives. The agency delivers a wide

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variety of services to its clients. Business and Industry (B&I) loan guarantees, for example, provide protection against loan losses so that private lenders are willing to extend credit to establish, expand, or modernize rural businesses. Special efforts are being made to help rural communities diversify their economies, particularly into value-added processing, by focusing on cooperative ventures. For example, USDA is developing regulations to expand the renewable energy program into making loans as well as grants. This change will allow more projects to be funded at the same cost to the Government. RBS is also developing a regulation that would provide for an annual service fee on B&I loan guarantees.

Objective 2.1: Expand Economic Opportunities Through USDA Financing of Business.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Number of jobs created or saved through USDA financing of businesses	105,222 Baseline	76,301	88,611	79,594	63,856	56,400

Overall, the 2006 budget provides for over $1 billion in loans and grants for the business programs administered by RBS. This level of assistance is expected to save or create an estimated 56,400 jobs. The B&I program accounts for about $900 million of the program level.

The Rural Development Loan Fund's relending program is funded at $34 million. This program provides 1 percent interest loans to eligible intermediaries that relend the money at a higher rate of interest to other entities for business purposes. The spread in interest rates pays for the costs incurred by the intermediaries.

The renewable energy program is funded at $10 million for loans and grants; however, the loan program will not begin until regulations are finalized. A higher program level is estimated based on the expectation that the loan program will begin in 2005.

The 2006 budget also continues RBS programs that provide research and technical assistance for cooperatives. These programs are relatively modest in size, yet provide opportunities to encourage farmers and rural residents to organize cooperatives as a way to expand their income base. The 2006 budget also continues support for the value-added grant program.

No funds are included in the 2006 budget for the rural business enterprise and rural business opportunity grant programs or the EZ/EC program. The Administration proposes to establish a new grant program that would combine these programs with several other Federal grant programs where the program purpose is to stimulate economic development. The new program will be administered by the Department of Commerce.

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FOOD, NUTRITION, AND CONSUMER SERVICES

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

The activities and funding of Food, Nutrition, and Consumer Services, including the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP), support USDA Strategic Goal 4, Improve the Nation's Nutrition and Health. USDA has three objectives which support achievement of this strategic goal. These objectives are to: (1) improve access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve food program management and customer service. Key performance measures that will be a focus for 2006 include increasing the proportion of food stamp eligible persons who actually participate in the program; increasing the proportion of low-income children that receive meals during the summer months through the Child Nutrition Programs; and improving the food stamp payment accuracy rate.

Food and Nutrition Service
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Food Stamp Program	$27,352	$32,537	$35,996 a/
Nutrition Assistance for Puerto Rico	1,413	1,495	1,516
Total, Food Stamp Program	28,765	34,032	37,512
Child Nutrition Programs	11,795	12,367	12,913
Special Supplemental Nutrition Program (WIC)	5,010	5,241	5,576 b/
Commodity Assistance Program:			
Commodity Supplemental Food Program	109	110	107
Soup Kitchens, Food Banks and The Emergency Food Assistance Program (TEFAP)	190	190	190
Seniors Farmers' Market Nutrition Program c/	15	15	15
Farmers' Market Nutrition Program	28	20	20
Pacific Island Assistance and Disaster Assistance	1	1	1
Total, Commodity Assistance Program	343	336	333
Nutrition Programs Administration	141	141	141
Total, FNS	$46,054	$52,117	$56,475

a/ In addition, $3 billion is available in 2006 for a contingency reserve.
b/ In addition, $125 million is available in 2006 for a contingency reserve.
c/ Funds provided by transfer from CCC.

FNS administers the Department's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires confidence. FNS fulfills its mission via nutrition promotion and direct nutrition assistance provided through the programs

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identified in the table above. The Food Stamp Program is the cornerstone of the Department's commitment to helping low-income people secure an adequate diet. The other programs target other specific categories of the population. Improving public understanding of proper nutrition, a major Departmental objective, is also fostered by the nutrition assistance programs.

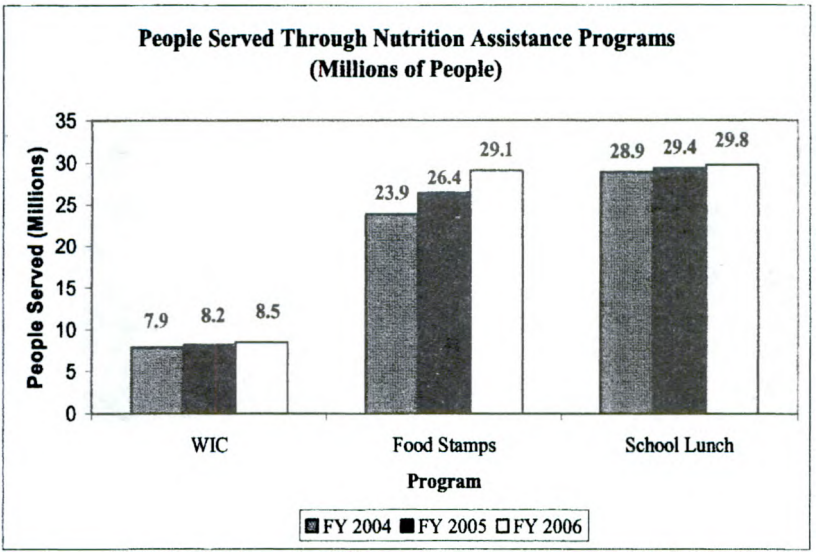
The 2006 budget funds the anticipated needs for each of these programs. Increases are proposed for the Food Stamp Program, Child Nutrition Programs, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) sufficient to provide for anticipated changes in participation and food cost inflation. Greater emphasis will be directed towards improving program access and program operations in 2006, steps necessary to improving the nutritional status of recipients. Both FNS and CNPP will continue efforts to promote healthy eating and active lifestyle behaviors, in part by the continued use and promotion of the updated *Dietary Guidelines for Americans* released in 2005.

The nutrition assistance programs work in concert to achieve several key performance measures including:

- Reduce hunger for low-income persons from 11.2 percent in 2002 towards the target of 7.7 percent in 2006.

- Increase the Healthy Eating Index (HEI) scores for low-income children from 63 out of 100 in 1996, towards the target of 68 in 2006.

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Food Stamp Program. The 2006 budget anticipates an increase in participation of about 2.7 million recipients, about 10 percent above the 2005 estimates, and assumes modest food price inflation. Funding for State administrative expenses will increase, and the program will continue to focus on encouraging all eligible persons to take advantage of food stamps. Food stamps will continue to provide critical assistance to ease the transition from welfare to work and the 2006 budget continues nutrition education and program information activities. Funding for the Nutrition Assistance Program for Puerto Rico is requested at $1.5 billion.

Implementation of electronic benefit transfer for the delivery of food stamp benefits is now complete. The Department will maintain its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 93.8 percent in 2006. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

Objective 4.3: Improve Food Program Management and Customer Service.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Improve Food Stamp payment accuracy rate	91.3% Baseline	91.7%	93.4%	93.4%	93.5%	93.8%

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The 2006 budget will continue to exclude special military pay when determining food stamp benefits for deployed members of the armed services. Military personnel often receive supplements to their basic pay when they serve in combat. This proposal supports the families of servicemen and servicewomen fighting overseas by ensuring that they do not lose Food Stamp Program benefits as a result of this additional income.

The Administration is committed to ensuring an uninterrupted flow of food stamp benefits to program participants. Yet, Food Stamp Program costs are not fully predictable, particularly in a changing economic environment. In the event that actual program needs exceed current estimates, the 2006 budget includes a $3 billion contingency reserve, the same as in recent years. The budget also proposes indefinite funding authority which would make funds available in the last four months of the fiscal year if program needs exceed the anticipated level.

In order to assist States in improving program integrity, the Administration is proposing to allow States to access the National Database for new hires to match information with program applications and reports. In addition, the Administration is proposing legislation to restrict categorical eligibility for Temporary Assistance for Needy Families (TANF) recipients to those receiving actual cash assistance. Under current law, households in which all members receive any TANF services, including non-cash assistance such as receipt of an informational pamphlet published with TANF funds, can be deemed categorically eligible for food stamps.

A Program Assessment Rating Tool (PART) review was completed on the Food Stamp Program in 2003. The review found that the program is effective overall, but is better designed to reduce hunger and malnutrition related to inadequate income than to achieve further improvements in the dietary status of low-income people. FNS developed a plan for improving nutrition among food stamp participants in response to the PART, and will be engaged in a significant effort through 2006 to improve outcomes from the Food Stamp Nutrition Education Program, a program component cost-shared by the States.

Child Nutrition Programs. Ensuring access to food for children and improving their eating habits continues to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing quality meals in participating schools and child care settings. While children from all income levels are eligible to receive some assistance from these programs, the preponderance of funding supports meals served to low-income children for free or at a greatly reduced price. Child Nutrition Program subsidies for meals at school and particularly for meals at child care centers and homes, help support child care, a critical tool for working families.

For 2006, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs including implementation of mandatory changes enacted in the Child Nutrition Reauthorization Act, signed into law June 30, 2004. In response to the PART on the School Breakfast Program, FNS will increase efforts in three continuing areas. FNS will continue to work with the States to improve the appeal and nutritional quality of meals with

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primary emphasis on helping schools serve appealing meals that are consistent with *The Dietary Guidelines for Americans*. Also, FNS will work harder to increase overall participation rates for the School Breakfast Program, with particular emphasis on low-income children. Further, FNS will work with the lunch program and implement changes in procedures fostered by the Child Nutrition Reauthorization Act to improve the accuracy of the certification process for free and reduced price meals. Of interest in this area, $4 million has been earmarked to help ensure that CACFP payments are correctly made.

WIC. The President's budget request will provide $5.6 billion, a $335 million increase in program level above the 2005 estimate. The funding for the WIC Program will support a monthly average of 8.5 million participants. The total includes $3 million to conduct an assessment of cost-containment strategies to help ensure that food costs are kept to a minimum.

The WIC Program helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC works by providing participants with vouchers redeemable for foods dense in nutrients known to be lacking in their diets and providing nutrition education and referrals to other important health and social services. Nearly half of all infants born in the United States each year are WIC beneficiaries.

Commodity Assistance Program (CAP). CAP distributes USDA purchased commodities through several programs. The Emergency Food Assistance Program (TEFAP) provides support to a network of food banks and other programs which assist households in need of immediate, short-term food assistance. TEFAP includes components of both discretionary and mandatory funding. For program administration, $50 million in discretionary funding is requested, part of which, at State discretion may be used for additional commodities. Under the Food Stamp Act, mandatory funding of $140 million is also available to be used to purchase commodities. In 2006, the Department anticipates delivering approximately the same amount of commodities, including bonus commodities, as delivered in 2005.

The 2006 budget funds administrative cost inflation and food costs for the Commodity Supplemental Food Program (CSFP) supporting a caseload of approximately 491 thousand persons, primarily the elderly. A PART review was completed on the program, and FNS will work to devise annual and long-term program performance measures, revise the elderly food package to emphasize the unique nutritional needs of the elderly, and implement procedures to periodically review State management of CSFP operations.

For the Senior Farmers' Market Nutrition Program, the 2002 Farm Bill authorizes the transfer of $15 million each year from CCC in fiscal years 2003 through 2007.

In 2006, $20 million is requested for the Farmers' Market Nutrition Program for women, infants and children.

Nutrition Programs Administration (NPA). Funding of $140.8 million is requested to fund NPA, the Federal-level administrative salaries and expenses that support management and oversight of the Federal investment in nutrition assistance programs; with requested funding of

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$56.5 billion in 2006. The Federal staff must maintain both program operations and work with State and other program stakeholders in a continuous effort to improve and refine program operations, particularly by fostering State development and sharing of best operational strategies, and ensuring that statutory and other changes are implemented. Of particular interest is the coordinated effort at all levels to increase program participation rates for food stamps, summer food, and school breakfast, as well as to ensure increased knowledge of healthy diets and lifestyles. These steps are needed to improve nutritional outcomes for program recipients, as well as for all Americans, and NPA funds the staff central to making this happen.

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FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service
Key Indicators

	2004 Actual	2005 Estimate	2006 Budget
Average Participation, Millions:			
Food Stamps	23.9	26.4	29.1
Free School Lunch	14.1	14.5	14.6
Total, School Lunch	28.9	29.4	29.8
Free Breakfast	6.5	6.8	7.1
Total, Breakfast	8.9	9.3	9.6
WIC	7.9	8.2	8.5
Commodity Supplemental Food Program (CSFP):			
WIC	0.06	0.06	0.06
Elderly	0.46	0.47	0.42
Food Distribution Program on Indian Reservations (FDPIR)	0.10	0.11	0.11
Unemployment Rate (percent)	5.6	5.4	5.2
Average/Person/Month Food Benefit in $:			
Food Stamps	$86.03	$93.73	$95.06
WIC	37.75	38.71	39.23
CSFP: WIC (FNS Funded) a/	16.30	16.39	17.96
CSFP: Elderly (FNS Funded) a/	12.49	12.41	14.08
FDPIR (FNS Funded) a/	36.29	40.28	41.14
Per Meal Subsidies Including Commodities in $: b/			
School Lunch:			
Free	$2.14	$2.20	$2.27
Reduced Price	1.74	1.80	1.87
Paid	0.37	0.38	0.40
School Breakfast:			
Free	1.20	1.23	1.27
Paid	0.22	0.23	0.23

a/ Excludes bonus commodities. In 2004, an average $3.63, $4.06, and $0.87 was added for each participant monthly for WIC, elderly and FDPIR respectively.

b/ Excludes bonus commodities. Rates are for school years (2004 = SY 2003/04, 2005 = SY 2004/05, 2006 = SY 2005/06).

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FOOD SAFETY

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

All funds for the Food Safety mission area support USDA strategic goal 3, which is to enhance protection and safety of the Nation's agriculture and food supply. This mission area contributes to the accomplishment of one key objective under this goal. This key objective is to enhance the protection of meat, poultry, and egg products from foodborne hazards in the United States. The Food Safety mission area is the public health mission area of USDA and provides scientific focus, leadership and expertise in addressing the important domestic and international public health and safety issues related to meat, poultry, and egg products. Key performance measures include the reduction in the prevalence of pathogens on meat and poultry products and raising public health awareness.

The Food Safety mission area includes the Food Safety and Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of the Codex Alimentarius Commission (Codex). FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate commerce, and also reviews and approves foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to, and review of, States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,300 establishments, including approximately 130 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS also coordinates the development of its policies with other USDA agencies, the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), the Centers for Disease Control and Prevention (CDC), as well as international organizations, to ensure an integrated farm-to-table approach to food safety. For Codex, FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Commission.

The following table displays FSIS funding within strategic goal 3.

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FOOD SAFETY

Food Safety and Inspection Service
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Federal Food Safety and Inspection	$815	$852	$887
State Food Safety and Inspection	50	52	55
International Food Safety and Inspection	23	23	24
Field Automation and Information Management	14	7	4
Codex Alimentarius	3	3	3
Total, FSIS Program Level	905	937	973
Existing User Fees and Trust Funds	-119	-120	-123
Total, FSIS Appropriations	$786	$817	$850 a/

a/ Includes $139 million to be derived from proposed new user fees.

To ensure that FSIS continues to achieve the goals for improving food safety that are identified in the USDA Strategic Plan, the 2006 budget proposes a program level of $973 million, a net increase of $36 million over 2005. Of the total, $850 million would be funded through appropriated funds, which includes $139 million to be derived from proposed new user fees. Funds are requested to cover the costs of Federal inspection and to maintain Federal support of State inspection programs. The budget requests resources necessary to support FSIS food safety activities and fund approximately 7,670 meat and poultry inspectors, which are necessary to provide inspection services without disruption to the industry. The 2006 budget includes $21.7 million for programmatic increases aimed at achieving USDA's strategic goal of enhancing the protection and safety of the Nation's agriculture and food supply.

For 2006, a top budget priority for USDA is to provide for Food and Agriculture Defense. Of the total $78 million increase for this activity USDA-wide, $18.0 million is requested to expand the FSIS participation in the Food Emergency Response Network (FERN) and upgrade FSIS laboratory capabilities for evaluating a broader range of threat agents. With the additional funds, FSIS laboratories as well as other Federal and State laboratories would be upgraded to ensure that adequate laboratory capacity will be available in the event of a biohazard emergency that requires large volume testing of food products. These laboratories would be linked to form a nationwide laboratory infrastructure that will have the capacity to quickly identify an agent and the method of delivery, as well as to respond rapidly and limit the loss of life. In addition, the budget requests $1.4 million to increase biosurveillance activities and bio-security training of FSIS personnel to improve the ability to detect and respond to food security emergencies.

The 2006 budget also requests an increase of $2.2 million to create a more effective front-line inspection workforce. With the additional funds, FSIS will be able to more effectively utilize highly skilled Veterinary Public Health Officers by redirecting their efforts to more complex activities related to public health, including food safety assessments, food security analysis,

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enforcement, and analysis to support recalls. This will be done by hiring 22 additional Consumer Safety Inspectors to assist the more highly skilled veterinarians in completing routine administrative and supervisory duties. The additional relief inspectors will allow veterinarians to focus their efforts on more critical food safety responsibilities.

In 2006, FSIS estimates it will collect $123 million through existing user fee activities for providing overtime, holiday, and voluntary inspection services. Under the 2006 budget, legislation will be proposed to collect an additional $139 million in user fees annually by recovering the cost of providing inspection services beyond an approved eight-hour primary shift. The Federal government would continue to fund 100 percent of the costs of meat, poultry, and egg products inspection services for one complete primary work shift in all establishments. Current overtime and holiday policies will not change. Recovering a greater portion of these funds through user fees would result in savings to the taxpayer. The overall impact on producer and consumer prices as a result of these fees would be significantly less than one cent per pound of meat, poultry, and egg products.

Pathogen reduction relates directly to USDA's strategic objective of reducing the level of foodborne illness by targeting for control the three most common and dangerous pathogens. Although the presence of safe and wholesome food products may decrease the likelihood of foodborne illness, it does not guarantee that after purchase food will be stored, handled, and prepared to maintain safety. For this reason, FSIS has been conducting public education campaigns to educate the public about safe food handling methods. The 2006 budget provides the resources necessary for FSIS to maintain its level of performance in ensuring the safety of the meat, poultry, and egg products supply as indicated by the following performance:

Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Prevalence of *Salmonella* on broiler chickens	11.9%	11.5% Baseline	11.7%	13.6%	11.7%	11.7%
Prevalence of *Listeria monocytogenes* in ready-to-eat meat and poultry products	1.26%	1.03% Baseline	0.90%	0.89%	0.80%	0.80%
Prevalence of *E. coli* 0157:H7 in ground beef	0.59%	0.77% Baseline	0.37%	0.19%	0.37%	0.37%
Viewings of food safety messages (millions)	N/A	90 Baseline	90	92	94	94

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FOOD SAFETY

FSIS' program responsibilities include:

Federal Food Safety and Inspection. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues and microbiological contaminants. Meat and poultry processing operations are inspected by FSIS at a minimum on a daily basis. Typical processing operations include cutting, boning, curing, freezing, and canning. Inspector activities include inspections of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory, continuous in-plant inspection to egg product processing plants. FSIS inspectors check the sanitation of plant and equipment, and determine if the egg products have been properly processed. FSIS operates three laboratories to perform scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter. Other responsibilities ensure that establishments develop and implement acceptable HACCP plans, sanitation standard operating procedures, and humane methods of slaughter.

State Food Safety and Inspection. FSIS has authority to approve State meat and poultry inspection programs for products traveling in intrastate commerce. FSIS reviews State inspection programs to assure that standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States Program, up to 50 percent of each State's costs. Currently, 28 States participate in the program. FSIS also provides special assistance in the form of training and technical assistance to a variety of State and local agencies that play important roles in reducing risks associated with meat and poultry products.

International Food Safety and Inspection. FSIS reviews and approves inspection systems in countries exporting meat, poultry, and egg products to the U.S. and inspects imported products at ports-of-entry.

Field Automation and Information Management (FAIM). FAIM provides automated technology, scheduling information, regulatory information, and improved telecommunications capability among the widely dispersed field inspection workforce and State inspection programs.

Codex Alimentarius Commission. The Commission is the major international mechanism for encouraging fair international trade in food while promoting the health and economic interests of consumers. FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Codex Alimentarius Commission. FSIS enhances U.S. leadership in international food safety issues by training U.S. delegates in Codex procedures and gathering international support for the science-based factors needed to design international food safety standards.

User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law, are also charged a user fee to recover the full costs of the inspection.

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NATURAL RESOURCES AND ENVIRONMENT

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The mission of the Natural Resources and Environment area is to promote the conservation and sustainable use of natural resources on the Nation's private lands and to sustain production of all the goods and services that the public demands of the National Forests. This mission supports USDA strategic goal 2, which is to support increased economic opportunities and improved quality of life in rural America, and strategic goal 5, which is to protect and enhance the Nation's natural resource base and environment. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

NRCS supports strategic goal 2, objective 2.2, to improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities, through the Resource Conservation and Development and Watershed Implementation, Planning and Rehabilitation programs.

Strategic goal 5 is achieved through two objectives: implement the President's Healthy Forests Initiative and other actions to improve management of public lands; and improve management of private lands. Both NRCS and FS contribute to this goal through a variety of programs aimed at preserving natural resources on public and private lands.

Key performance measures for NRCS include: conservation plans written for cropland and grazing lands; Comprehensive Nutrient Management Plans planned and applied; reduction in the acreage of cropland soils damaged by erosion; grazing lands with conservation applied to protect the resource base and environment; and agricultural wetlands created, restored or enhanced. FS' key performance measures include treatment of hazardous fuel in and outside of the wildland urban interface. Details for each of these key performance measures are provided in the following sections.

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NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Conservation Operations:			
Conservation Technical Assistance	$742	$720	$659
All Other Conservation Operations Programs	106	111	109
Total, Conservation Operations	848	831	768
Watershed and Flood Prevention Operations	86	75	0
Watershed Surveys and Planning	10	7	5
Watershed Rehabilitation Program	30	27	15
Resource Conservation and Development	52	51	26
Farm Bill Programs (Funded from CCC):			
Total Budget Authority:			
Environmental Quality Incentives Program	903	1,017	1,000
Ground and Surface Water Conservation	65	51	60
Klamath Basin	19	8	8
Wetlands Reserve Program	285	275	321
Wildlife Habitat Incentives Program	38	47	60
Farm and Ranch Lands Protection Program	91	112	84
Grassland Reserve Program	57	128	0
Conservation Security Program	40	202	274
Agricultural Management Assistance	14	14	0
Biomass Research and Development	14	14	12
Conservation Reserve Program Technical Assistance	62	87	90
Total, Farm Bill Programs	1,588	1,955	1,909
Subtotal, NRCS Ongoing Programs	2,614	2,946	2,723
Emergency Watershed Protection	149	250	0
Total, NRCS Programs	$2,763	$3,196	$2,723
RECAP:			
Ongoing Appropriations	$1,026	$991	$814
Emergency Watershed Protection	149	250	0
Funded from CCC	1,588	1,955	1,909

The President's 2006 budget for NRCS focuses on ensuring that the ongoing conservation programs authorized in the Farm Bill are implemented efficiently. NRCS directs its financial and technical assistance programs to land users through the USDA Service Centers and through local conservation districts, which are units of State or local governments organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a

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Memorandum of Understanding with each conservation district, and these formal agreements provide a basis for the Department's working relationship with each district. The Farm Bill expanded the availability of technical assistance to producers by encouraging the use of third parties, called technical service providers, to assist USDA in delivering conservation technical services helping farmers and ranchers reach their conservation goals. This process is now being carried out under a final rule that was published on November 29, 2004.

In previous years, both financial and technical assistance for the Farm Bill conservation programs were paid out from the program levels, with the exception of the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP) which received technical assistance support through funds transferred from four "donor" programs: the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Farm and Ranch Lands Protection Program and the Grasslands Reserve Program. On December 23, 2004, the President signed P.L. 108-498 which limits the transfer of certain CCC funds between conservation programs for technical assistance, thereby preventing funds from being transferred from the four "donor" programs to support implementation of CRP and WRP. Instead, technical assistance to support each program will be provided within total funds available for each program.

Conservation Operations (CO). The 2006 budget proposes $768 million for CO which includes $659 million for conservation technical assistance (CTA). This will continue the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department addresses many of the Nation's critical natural resource issues such as maintaining agricultural productivity and water quality and leverages additional investment from non-Federal sources.

The CTA total reflects a decrease of $61 million from the 2005 estimate. For 2006, the Administration proposes to eliminate 2005 Congressional earmarks. These earmarks have been steadily increasing over the years, and in 2005, they amounted to more than $122 million within Conservation Operations. The program will continue to focus on providing help to producers through technical assistance on private lands and on protecting the natural resource base. The budget for CTA includes an increase of $37 million to provide more conservation technical assistance to livestock producers to comply with Federal, State and local environmental regulations. With this additional funding and existing resources, NRCS will work with farmers to develop 4,825 comprehensive nutrient management plans. The total provided for CTA also includes an increase of $9.7 million for the Grazing Lands Conservation Initiative to enhance prevention, management and restoration activities that address invasive species to support an interagency budget coordinated by the National Invasive Species Council.

Within strategic goal 5 is the objective to improve the conservation and management of private lands. The 2006 key performance measures for meeting this objective that are supported by CTA include writing conservation plans on more than 27 million acres of cropland and grazing lands; applying conservation on nearly 9 million acres of grazing lands; reducing the damage caused by erosion on 2.5 million acres of cropland; and applying 2,700 comprehensive nutrient management plans (see below). The Department's strategies for achieving these measures include providing individual technical assistance to farmers and ranchers in the development of

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resource specific conservation plans; promoting watershed or regional approaches to grazing conservation; and increasing the role of Technical Service Providers (TSP's) which are non-USDA technical specialists who are certified to deliver conservation technical assistance.

Objective 5.2: Improve Management of Private Lands.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Conservation plans written for cropland and grazing lands (million acres)	N/A	13.1	31.4 Baseline	32.7	30.0	27.6
Grazing lands with conservation applied to protect the resource base and environment (million acres)	N/A	9.0 Baseline	9.9	9.7	8.5	9.0
Reduction in the acreage of cropland soils damaged by erosion (million acres)	N/A	3.4 Baseline	3.3	3.3	3.0	2.5
Comprehensive Nutrient Management Plans applied (number)	N/A	2,292 Baseline	2,132	2,372	1,500	2,700

A review of the CTA program using the Program Assessment Rating Tool (PART) was conducted as part of the 2005 budget process. The review found that CTA helps support the conservation partnership by addressing resource concerns that are identified at the local level. Also, as a result of this evaluation, the Department has begun to develop long-term, outcome-based performance measures for the CTA program, develop efficiency measures and improve the annual measures to better reflect the activities beyond the field-level technical assistance provided to producers.

Watershed and Flood Prevention Operations. Watershed Operations programs provide technical and financial assistance to local communities to plan, design, and construct flood protection, water supply, and water quality improvement projects. The 2006 budget proposes to eliminate funding for the P.L. 566 and P.L. 534 watershed programs and redirect these resources to other high priority conservation programs. Funds are also not being requested for the Emergency Watershed Protection Program because these activities vary from year to year, and it is very difficult to predict what actual needs will be. Emergency assistance will be evaluated and addressed as disasters arise.

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NATURAL RESOURCES AND ENVIRONMENT

Watershed Surveys and Planning. NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding, water and land management, and sedimentation problems. These plans then form the basis for installing needed improvements. The agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. In 2006, this activity will be funded at a level of $5.1 million to ensure that this important work is continued.

Watershed Rehabilitation Program. One of the agency's strategic goals is to reduce risks from drought and flooding to protect community health and safety. A key tool in meeting this goal is providing financial and technical assistance to communities to implement high priority watershed rehabilitation projects to address the more than 11,000 dams installed with USDA assistance. The budget proposes $15.1 million to continue the work begun in prior years.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for RC&D. NRCS also helps coordinate available Federal, State, and local programs. A PART assessment was conducted on the RC&D program in 2005 which found that it is duplicative of other USDA and Federal resource conservation and rural development programs. It also indicated that the RC&D Program does not prioritize and target funding based on need or performance. As a result, the 2006 budget proposes to phase out Federal support for local planning councils after 20 years of funding assistance under the assumption that local communities would have obtained the experience and capability to identify, plan, and address their own priorities. A level of $25.6 million, a 50 percent reduction from the 2005 level, is requested to continue support for 186 of the current 375 RC&D areas.

Environmental Quality Incentives Program (EQIP). The purpose of EQIP is to provide assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. EQIP was reauthorized by the Farm Bill through 2007. In 2006, nearly 35,000 producers will be able to participate in the program, covering more than 20 million acres of land.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The Farm Bill increased the program cap to 2,275,000 acres, and the budget estimates that 200,000 acres will be enrolled in 2006. WRP is also the principal supporter of the 2006 key performance measure to create, restore or enhance more than 280,000 total acres of agricultural wetlands.

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Objective 5.2: Improve Management of Private Lands.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Agricultural wetlands created, restored, or enhanced (thousand acres)	N/A	321.2 Baseline	288.9	239.7	257.7	280.0

Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitat that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. The Farm Bill authorized this program through 2007. In 2006, program practices will be installed on approximately 640,000 additional acres.

Farm and Ranch Lands Protection Program (FRPP). Through FRPP, the Federal Government establishes partnerships with State, local or tribal government entities or nonprofit organizations to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FRPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits. FRPP provides matching funds of no more than 50 percent of the purchase price for the acquired easements. The Farm Bill authorized this program through 2007. In 2006, NRCS will be able to purchase easements on more than 100,000 acres of important farmland.

Grassland Reserve Program (GRP). The Farm Bill authorized the GRP to assist landowners in restoring and protecting grassland by enrolling up to 2 million acres under easement or long-term rental agreements. The program participant also enrolls in a restoration agreement to restore the functions and values of the grassland. The Farm Bill authorized $254 million for implementation of this program during the period 2003-2007. The program was initiated in 2003 and will reach its total funding cap in 2005. No funds are being requested for 2006.

Conservation Security Program (CSP). CSP, as authorized by the Farm Bill, is a voluntary program that provides financial and technical assistance on Tribal and private agricultural working lands to support ongoing conservation stewardship. The program provides payments to producers who maintain and enhance the condition of natural resources. The budget includes $274 million for CSP in 2006, a 35 percent increase. During the first year of enrollment in 2004, the Department signed long-term CSP contracts with 2,200 farmers and ranchers in 18 priority watersheds around the country (out of 2,119 eligible watersheds). In 2005, the USDA will expand the program by offering enrollment opportunities in about 200 watersheds, and in 2006 the budget anticipates that USDA will continue to expand the program into additional watersheds.

Conservation Reserve Program (CRP). CRP is administered by the Farm Service Agency (FSA) and is described on page 28.

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NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Discretionary Accounts:			
Forest and Rangeland Research	$266	$276	$285
State and Private Forestry	304	293	253
National Forest System:			
Land Management Planning	70	63	59
Inventory and Monitoring	170	167	167
Recreation, Heritage and Wilderness	255	257	257
Wildlife and Fisheries Habitat Management	136	135	125
Grazing Management	46	48	45
Forest Products	265	273	278
Vegetation and Watershed Management	194	190	194
Minerals and Geology Management	53	56	74
Land Ownership Management	92	92	84
Law Enforcement Operations	83	86	87
Valles Caldera National Preserve	3	4	1
Centennial Service Challenge	0	10	0
Hazardous Fuels Reduction	233 a/	263 a/	281
Total, NFS	1,600	1,644	1,652
Wildland Fire Management:			
Preparedness	672	676	676
Suppression	597	649	700
Other Fire Operations	121	115	68
Total, Wildland Fire Management	1,390	1,440	1,444
Capital Improvement and Maintenance	555	515	381
Land Acquisition	68	62	41
Other Accounts	8	9	9
Subtotal, Discretionary Accounts	4,191	4,239	4,065
Emergency Fire Funding and Repayments	937	394	0
Total, Discretionary Accounts	5,128	4,633	4,065

a/ This activity was funded through the Wildland Fire Management account in 2004 and 2005.

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NATURAL RESOURCES AND ENVIRONMENT

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Mandatory Programs:			
Permanent Appropriations	641	638	726
Working Capital Fund	245	187	237
Trust Funds	143	139	139
Total, Mandatory Accounts	1,029	964	1,102
Total, FS Program Level	$6,157	$5,597	$5,167

The Forest Service (FS), with approximately 36,000 staff years in 2006, is the largest employer in USDA. For 2006, the total request for FS discretionary activities is $4.065 billion. The work of the FS supports objective 5.1: Implement the President's Healthy Forests Initiative and other actions to improve management of public lands; and objective 5.2: Improve management of private lands. Brief discussions of the major FS program areas follow.

Forest and Rangeland Research. For 2006, the amount available for Forest and Rangeland Research is proposed at $285 million. The FS maintains one of the world's largest forest research organizations. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System (NFS). The $9 million increase from 2005 ensures full implementation of the Forest Inventory and Analysis program.

State and Private Forestry. For 2006, total funding for State and Private Forestry programs is proposed at $253 million. FS makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on non-industrial private forest lands. Cooperative Fire programs provide technical and financial support for State wildfire fighting organizations. The Forest Legacy Program helps conserve environmentally important forests threatened by conversion to non-forest uses, through the acquisition of land or interests in land through States. In cooperation with States, the Forest Stewardship Program assists forest landowners with planning and implementation of sustainable forest management. The $40 million decrease from 2005 primarily reflects savings in the Forest Health Management Cooperative lands and State Fire Assistance programs, and the elimination of Economic Action Program funding.

National Forest System (NFS). For 2006, total funding for NFS is proposed at $1.65 billion. The FS manages approximately 192 million acres of public land in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the NFS, are managed for multiple uses on a sustained-yield basis to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. National forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife, fish and watershed protection, to timber, forage and minerals.

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The 2006 budget for NFS includes funding for hazardous fuel treatment and inventory and monitoring to track the rate of change in forests due to the implementation of the President's Healthy Forests Initiative and other projects on our national forests. The budget also includes an additional $4 million for vegetation and watershed management in support of the invasive species treatment goals. In addition, the budget includes $278 million to support a timber sales offer level of approximately 2.0 billion board feet, depending on salvage sales volume.

Healthy Forests Initiative. In August 2002, the President announced the Healthy Forests Initiative, a joint effort of the USDA and the Department of Interior designed to reduce the risk of catastrophic fire and improve the health of our Nation's forests by expanding local involvement and reducing unnecessary delays on forest health projects. The 2006 budget continues implementation of the Healthy Forests Initiative and will result in improved forest and rangeland management, healthier landscapes and reduced risk of catastrophic fire.

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Forest Service - National Fire Plan
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
State and Private Forestry:			
State Fire Assistance	$33	$33	$21
Volunteer Fire Assistance	5	6	6
Total, State and Private Forestry	38	39	27
National Forest System:			
Hazardous Fuels Reduction	233 a/	263 a/	281
Wildland Fire Management:			
Preparedness	672	676	676
Suppression	597	649	700
Other Fire Operations:			
Rehabilitation and Restoration	7	13	2
Research and Development	22	22	17
Joint Fire Sciences	8	8	0
Forest Health Management	25	24	12
State Fire Assistance	51	40	29
Volunteer Fire Assistance	8	8	8
Total, Other Fire Operations	121	115	68
Total, Wildland Fire Management	1,390	1,440	1,444
Subtotal, National Fire Plan	1,661	1,742	1,752
Emergency Fire Funding and Repayments	937	394	0
Total, National Fire Plan	$2,598	$2,136	$1,752

a/ This activity was funded through the Wildland Fire Management account in 2004 and 2005.

Wildland Fire Management and the National Fire Plan. The budget includes $1.75 billion for the National Fire Plan. In order to reduce the risk of catastrophic fire and improve the health of the land, the Department is dedicated to implementing the President's Healthy Forests Initiative, the Healthy Forests Restoration Act, and the National Fire Plan. The American people, their property, and the environment, particularly the forests and rangelands of the West, are threatened by catastrophic fires and environmental degradation. Hundreds of millions of trees and invaluable habitat are destroyed each year by these severe wildfires. These unnaturally extreme fires are caused by a crisis of deteriorating forest and rangeland health, the result of decades long build-up of hazardous fuels coupled with reductions in active forest management. The budget supports renewed efforts to restore our public lands to healthy conditions.

The 2006 budget maintains funding for priority activities to fight wildfires, reduce the risk of fire, and assist communities including: a minimum of $500 million will be used to continue implementation of the Healthy Forests Initiative ($281 million in hazardous fuels funding) which

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provides for the treatment of approximately 2.8 million acres (1.8 million with hazardous fuels funding); $676 million for preparedness; and $700 million for suppression activities (an increase of $51 million).

Objective 5.1: Implement the President's Healthy Forests Initiative and Other Actions To Improve Management of Public Lands. (acres in thousands)

Key Performance Measure	2001	2002	2003	2004	2005	2006
Number of acres of hazardous fuel treated that are in the wildland urban interface	612 Baseline	764	1,114	1,311	1,281	1,450
Number of acres of hazardous fuel treated that are outside the wildland urban interface	750 Baseline	434	339	492	519	350
Other acres treated	N/A	N/A	N/A	758 Baseline	700	1,000
Total acres treated	1,362	1,198	1,453	2,561	2,500	2,800

Improving Operational Efficiency. The Forest Service has improved its management and performance in recent years through implementation of the President's Management Agenda. Through competitive sourcing studies and administrative reforms, the Forest Service is consolidating upwards of 1,400 information technology, financial management, and human resources jobs from around the United States and locating them in a single services center located in Albuquerque, New Mexico. These efforts will save taxpayers more than $115 million over three years.

In addition to these efforts, the budget includes significant reforms for the Forest Service that improves its accountability and focuses on measurable results in the management of our national forests. These reforms will:

- Significantly reduce overhead, business management, and other indirect costs to improve efficiency and program delivery;
- Transform national forest operations by making additional "on-the-ground" resources available for resource management projects that meet the objectives of the President's Healthy Forests Initiative; and
- Enhance the administration and execution of programs through improvements in management accountability, reporting relationships, and oversight.

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Capital Improvement and Maintenance (CIM). The 2006 budget requests $381 million for CIM, a reduction of $134 million from 2005. The Forest Service currently owns approximately 20,000 administrative and research buildings. A large number of these facilities do not meet the agency's needs, and more than half of these facilities have exceeded their design life. Furthermore, the agency is experiencing a growth in its deferred maintenance backlog. The budget includes the establishment of a working capital fund for facilities management and enhanced authority for the Forest Service to retain the proceeds of sales of facilities, with proceeds to be used to address the agency's deferred maintenance needs. The funds generated reduce the need for current appropriations levels for the program.

A review using the Program Assessment Rating Tool (PART) was conducted on the Invasive Species program and a reassessment was conducted on the Forest Legacy program during the 2006 budget process. The assessment of the Invasive Species program found that the program purpose is clear and generally collaborates with related programs. Its effectiveness could improve with the adoption of adequate performance measures that link to the program budget and by creating incentives that promote high levels of efficiency or optimize benefits of invasive species projects. The original Forest Legacy program assessment resulted in recommendations to improve performance, transparency and the protection of taxpayer interests. The Forest Service has taken a number of steps to address the deficiencies which resulted in a "moderately effective" rating for the reassessment.

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MARKETING AND REGULATORY PROGRAMS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The mission of Marketing and Regulatory Programs (MRP) is to facilitate and expand the domestic and international marketing of U.S. agricultural products, to help protect the agricultural sector from plant and animal health threats, and to ensure humane care and treatment of certain animals. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of both consumers and producers of American agriculture. MRP supports two USDA strategic goals, Goal 1: Enhance Economic Opportunities for Agricultural Producers, and Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply. By enhancing protection of the Nation's agriculture, USDA will also help enhance economic opportunities for agricultural producers. In particular, USDA has a target of allowing zero significant introductions of foreign animal diseases and pests that spread and cause severe economic or environmental damage, or damage to the health of animals or humans.

The Marketing and Regulatory Programs are administered by three agencies: the Animal and Plant Health Inspection Service (APHIS); the Agricultural Marketing Service (AMS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

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MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI):			
Appropriated (discretionary)	$25	$25	$25
User Fees (mandatory) a/	119	135	137
Total, Agricultural Quarantine Inspection	144	160	162
Fruit Fly Exclusion and Detection	57	58	60
Trade Issues Resolution and Management	12	12	18
All Other Pest and Disease Exclusion	58	56	66
Total, Pest and Disease Exclusion	271	286	306
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance	95	144	152
Animal and Plant Health Regulatory Enforcement	9	9	10
Emergency Management System	10	13	23
Pest Detection	24	27	44
Select Agents	0	0	5
Bio Surveillance	0	2	3
Wildlife Disease Monitoring and Surveillance	0	0	2
Total, Plant and Animal Health Monitoring	138	195	239
Pest and Disease Management:			
Boll Weevil	51	47	16
Brucellosis Eradication	10	10	9
Chronic Wasting Disease	19	19	17
Emerging Plant Pests	93	101	127
Low Pathogen Avian Influenza	1	23	23
Johne's Disease	19	19	3
Scrapie	16	18	19
Tuberculosis	15	15	17
Wildlife Services Operations	71	73	76
All Other Pest and Disease Management	36	36	35
Total, Pest and Disease Management	331	361	342

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MARKETING AND REGULATORY PROGRAMS

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Animal Care	17	17	18
Biotechnology Regulatory Services	5	9	14
Veterinary Biologics and Diagnostics	35	35	45
Other Scientific and Technical Services	30	31	27
Physical/Operational Security	0	0	3
All Other	8	9	9
Total, APHIS Salaries and Expenses	835	943	1,003
Emergency Funding (CCC)	234	50	0
Trust Funds	16	14	14
Buildings and Facilities	5	5	5
Total, APHIS Program Level	1,090	1,012	1,022
Existing User Fees	-119	-135	-137
Emergency Funding (CCC)	-234	-50	0
Trust Funds	-16	-14	-14
Total, APHIS Appropriations	$721	$813	$871 b/

a/ Total collections are $313 million in 2004, $335 million in 2005 and $341 million in 2006. Of the total, $194 million, $200 million and $204 million are transferred to the Department of Homeland Security in 2004, 2005 and 2006 respectively.
b/ Includes $11 million to be derived from proposed new user fees.

APHIS helps achieve two USDA strategic goals: Enhance protection and safety of the Nation's agriculture and food supply; and enhance economic opportunities for agricultural producers. The major areas of activity are as follows:

- Providing inspection and quarantine services between the Mainland and Hawaii and Puerto Rico to prevent the introduction of foreign or exotic diseases or pests;
- Surveying for and monitoring the spread of plant pests and animal diseases for Federal, State, local, and private action and to document U.S. agricultural health status for trading partners;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, natural resources, or human health;

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- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and,

- Providing scientific and technical assistance or leadership on issues of biotechnology, disease diagnostics, and pest control methods development.

Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

The 2006 budget proposes a program level of about $1 billion for salaries and expenses, an increase of $60 million above the 2005 level. Notable increases stem from proposals to further enhance the security of the agriculture sector from plant and animal health threats. A brief description of key initiatives follows.

APHIS plays a critical role in protecting the Nation from deliberate or unintentional introduction of agricultural health threats, and the budget request for APHIS includes a $55 million increase for Food and Agriculture Defense efforts. These include: enhancing plant and animal health threat monitoring and surveillance; improving connectivity with the Department of Homeland Security; increasing plant safeguarding activities; strengthening tracking of select biological agents; and improving USDA's ability to respond to a plant or animal disease outbreak, including boosting animal vaccine availability.

Other increases relate to efforts to deal with emerging plant pests, including emerald ash borer and citrus canker. The budget assumes cost-sharing on the part of cooperators for specific pest and disease efforts. The budget requests an increase of almost $6 million to better deal with sanitary and phytosanitary trade barriers. An additional $4.5 million is requested to further enhance the Department's ability to deal with issues arising from emerging technologies employing genetically modified organisms. Physical and operational security efforts would also be bolstered.

With the requested budget, APHIS would, among other accomplishments, help ensure that there are no new outbreaks of foreign animal diseases, and detect 95 percent of significant introduced plant pests before they spread and cause substantial damage.

The major APHIS programs are:

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Agricultural Quarantine Inspection (AQI). USDA ensures that passengers and cargoes traveling from Hawaii and Puerto Rico comply with regulations to protect the health of the agricultural sector on the Mainland. Such services previously provided by APHIS at the Canadian and Mexican borders and at ports of entry are now conducted by the Department of Homeland Security. USDA has the responsibility of promulgating regulations related to the entry of passengers and commodities into the United States. The 2006 budget proposes $162 million for AQI activities compared with $160 million in 2005.

Other programs attempt to exclude from the United States fruit flies, screwworm, and other animal pests and diseases. APHIS pest and disease exclusion programs were evaluated under the Program Assessment Rating Tool and found to be "Effective."

Plant and Animal Health Monitoring and Surveillance. The budget requests $44 million in increases for plant and animal health monitoring and surveillance. This includes an increase of $17 million for improved plant pest detection and an increase of close to $10 million is requested to enhance the response to a detection of animal health threats. Funding would further increase the availability of specific animal vaccines and related products. An additional $8 million would be used to better protect the US livestock sector from emerging domestic and foreign animal diseases by bolstering animal health monitoring and surveillance. In addition, tracking of select biological agents would be enhanced. Since no US-born cattle have been found to have bovine spongiform encephalopathy, the budget does not anticipate a need to extend the current, enhanced surveillance effort. In June 2004, APHIS used Commodity Credit Corporation funds to implement its one-time, 12- to 18-month enhanced surveillance effort to test as many high-risk cattle as possible. As of December 2004, about 167,000 animals were sampled, and all tested negative. In 2006, APHIS seeks $17 million in appropriations to test about 40,000 animals, the same number as funded in 2005.

Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks.

Key Performance Measure	2001	2002	2003	2004	2005	2006
Number of significant introductions of foreign animal diseases and pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans	0	0 Baseline	1	0	0	0

Pest and Disease Management Programs. APHIS provides technical and financial support to help control or eradicate a variety of agricultural health threats. The 2006 budget requests $342 million compared to $361 million in 2005 for these efforts. The budget proposes increased funding for efforts against emerging plant pests (emerald ash borer, citrus canker, karnal bunt, citrus longhorned beetle), as well as an improved National emergency response infrastructure. Successes in boll weevil eradication efforts allow a reduction in that program, and funding is reduced for Johne's Disease in favor of other, higher priority program needs. Decreased funding

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is also proposed for Asian longhorned beetle, sudden oak death, olive fruit fly, and hydrilla. The Secretary retains authority to transfer funds from the CCC or other USDA accounts to combat any sudden, urgent and unforeseen pest and disease outbreaks.

Animal Care. The 2006 budget proposes $17.5 million for Animal Welfare Act activities and $0.5 million for the Horse Protection Act. This would be about $1 million more than 2005 for activities to enforce the Animal Welfare Act. The budget proposes collection of about $11 million in new user fees for animal welfare inspections. APHIS would marginally increase the percentage of facilities in complete compliance at the most recent inspection from 69 percent to 70 percent and similarly decrease the number of animals affected by noncompliance documented on inspection reports from 360,000 to 350,000.

Scientific and Technical Services. Within USDA, APHIS has chief regulatory oversight of genetically modified organisms. To help meet the needs of this rapidly evolving sector, the budget includes more than a $4 million increase to enhance regulation of biotechnology, including of transgenic animals, arthropods, and disease agents. APHIS also develops methods and provides diagnostic support to prevent, detect, control, and eradicate agricultural health threats. The budget requests an increase of about $6 million for veterinary diagnostics to support agricultural defense efforts (e.g., rapid testing for foreign animal diseases and support for the National Animal Health Laboratory Network). APHIS also works to prevent worthless or harmful animal biologics (e.g., vaccines) from being marketed. An increase of about $3 million is requested for quicker regulatory review of veterinary biologics to facilitate marketing of new products.

Buildings and Facilities. Continued funding of $5 million for general repairs and maintenance of APHIS buildings is requested in 2006.

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MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Marketing Services:			
Market News	$30	$30	$32
Egg Surveillance and Standardization	7	7	8
Market Protection and Promotion:			
Federal Seed Act	2	2	2
Country of Origin Labeling	0	0	3
Pesticide Data Program	15	15	15
Microbiological Data Program	6	6	6
Biotechnology	4	4	0
Organic Standards	2	2	2
Pesticide Recordkeeping	3	3	3
Web-based Supply Chain Management System	0	0	10
Wholesale Market Development	3	3	3
Transportation Services	3	3	3
Total, Marketing Services	75	75	87
Payments to States	3	10	1
Section 32 Funds:			
Funds for Strengthening Markets, Income, and Supply	449	729	422
Section 32 Administrative Funds:			
Marketing Agreements and Orders (MA&O)	15	16	16
Commodity Purchase Services	10	11	12
Total, Section 32 Administrative Funds	25	27	28
Total, Section 32 Funds	474	756	450
User Fees:			
Perishable Agricultural Commodities Act	7	8	8
Commodity Grading Services	174	188	196
Total, User Fee Funded Programs	181	196	204
Total, AMS Program Level	733	1,037	742
Existing User Fees	-181	-196	-204
Section 32 Funds	-474	-756	-450
Total, AMS Appropriations	$78	$85	$88 a/

a/ Includes $3 million to be derived from proposed new user fees.

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MARKETING AND REGULATORY PROGRAMS

The mission of AMS is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace, to the benefit of producers, traders, and consumers of U.S. food and fiber products. All AMS activities support the USDA's strategic goal 1, which is to enhance economic opportunities for agricultural producers. AMS programs promote a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and new technology. This mission is carried out through the following wide range of programs:

- **Marketing Services.** AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information; surveillance of shell egg handling operations; development of commodity grade standards; protection of producers from unfair marketing practices; random testing of commodities for pesticide residues and microbiological contamination; development of organic standards; research and technical assistance aimed at improving efficiency of food marketing and distribution; and pesticide recordkeeping.

- **Payments to States.** Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers.

- **Section 32 Funds.** Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under customs laws of the United States during the preceding calendar year. These funds are used to: encourage exports of agricultural commodities; encourage domestic consumption of such commodities; and re-establish farmers' purchasing power. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic nutrition assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal Government.

  Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated handlers. Section 32 funds are also used to finance the administration of marketing agreements and orders at the national level.

- **Perishable Agricultural Commodities Act (PACA).** This Act prohibits unfair and fraudulent practices in the marketing of perishable agricultural commodities by regulating shippers, distributors, and retailers. Full and prompt payment for fresh fruits and vegetables is a key objective of the program. The program is funded through annual licensing fees paid by those subject to the Act.

  A review of PACA using PART was conducted as part of the 2005 budget process. The review found that the program has been demonstrated to be effective and that efforts are being taken in cooperation with the industry to improve its efficiency. The evaluation also

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determined that additional analysis is needed to determine how best to adjust fees for the program before reserves augmented by appropriated funds are depleted. As a result of this evaluation, AMS will correct strategic planning deficiencies and develop long-term, outcome-based performance measures for PACA.

- **Commodity Grading Services.** AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

  A review of Commodity Grading Services using PART was conducted as part of the 2005 budget process. The review found that the accurate grading, certification, and audit services are beneficial in the marketing of agricultural products. The evaluation found that while most of the program costs are recovered through user fees, the costs associated with the development, review, and modification of grading standards are funded at taxpayer's expense. As a result of this recommendation, the 2006 budget includes a legislative proposal to allow AMS to recover and retain these costs through existing grading user fees. Also, AMS will develop improved annual and long-term performance measures as well as improved baselines and targets that demonstrate progress toward achieving the programs stated performance goals.

AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. Excluding Section 32, a majority of AMS programs are voluntary and funded by the users of the program. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas.

For 2006, the AMS budget proposes a program level of $742 million, of which $204 million (27 percent) will be funded by existing user fees, $450 million (61 percent) by Section 32 funds and $88 million (12 percent) by appropriations, including $3 million to be derived from proposed new user fees. AMS, in cooperation with the Food and Nutrition Service and the Farm Service Agency, purchases commodities to meet the needs of domestic feeding programs and to help stabilize market conditions. The 2006 budget includes the following programmatic changes:

- An increase of $0.5 million for a legislative proposal to amend the Livestock Mandatory Price Reporting Program to cover pork products. Currently, pork cut information is provided on a voluntary basis by buyers and sellers of pork products and includes only products traded on a negotiated basis, which only cover 5 percent of total pork cuts traded. Including pork cuts under the mandatory program would include negotiated sales as well as formula and contract transactions for domestic and international trade. Under mandatory reporting, approximately 80 percent of pork products traded would be reported.

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MARKETING AND REGULATORY PROGRAMS

- An increase of $3.1 million to implement a surveillance and enforcement program for Country of Origin Labeling. Beginning in 2005, AMS will be responsible for enforcing mandatory requirements for fish and shellfish. In 2007, this will be expanded to include all other covered commodities. Beginning in 2006, AMS will conduct random audits of designated retailers to achieve a nationwide compliance rate of 70 percent for covered commodities reviewed. From 2007 to 2010, AMS will increase its target compliance rate to 95 percent to ensure that the public receives credible and accurate information.

- An increase of $0.9 million to maintain the collection of information under the Pesticide Data Program and the Pesticide Recordkeeping Program. These programs rely on State participation for the collection and reporting of data to AMS. Funding is required to ensure that participating States have the funds needed to ensure their continued participation in these programs. Without State participation, AMS would be unable to achieve its target level of performance.

- A decrease of $4.0 million for the termination of the Biotechnology Program. The Biotechnology Program was initiated in 2002 to develop the agency's capacity to test bio-engineered fruits, vegetables, nuts, and seeds. Due to difficulties in developing new testing methodologies as well as lack of demand for these services, the fee for service program has not yet been established. Should demand for these services become apparent, AMS will work with the affected industries to determine if alternative mechanisms can be utilized to facilitate the movement of agricultural commodities by differentiating bioengineered from conventional commodities.

- Funding of $10 million within Marketing Services for the Web-based Supply Chain Management System (WBSCM) to improve information technology systems used to manage and control commodity orders, purchases, and delivery.

- A decrease of $3 million in appropriated funding to reflect the collection of new user fees for the development of commodity grade standards with an associated grading program. Users of grading services are direct beneficiaries of commodity standards and, therefore, should be charged for the development of commodity grades associated with the grading and inspection program. In order to implement this recommendation, legislation will be proposed to authorize the recovery of these costs.

- Funding of $1.3 million for the Payments to States Program. In 2006, the budget does not include funding for grants to Wisconsin for the development of specialty markets and to the Florida Department of Citrus.

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MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Salaries and Expenses:			
Grain Inspection Activities	$17	$17	$20
Packers and Stockyards Programs	19	20	20
Total, Salaries and Expenses	36	37	40
Inspection and Weighing User Fees	36	42	42
Total, GIPSA Program Level	72	79	82
Existing User Fees	-36	-42	-42
Total, GIPSA Appropriations	$36	$37	$40 a/

a/ Includes $25 million to be derived from proposed new user fees.

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency regulates and monitors the activities of dealers, market agencies, stockyard owners, live poultry dealers, packer buyers, packers, and swine contractors in order to detect prohibited unfair, unjust discriminatory or deceptive, and anti-competitive practices in the livestock, meat and poultry industries. The agency also reviews the financial records of these entities to promote the financial integrity of the livestock, meat, and poultry industries. As such, its efforts help USDA enhance economic opportunities for agricultural producers, one of the Department's strategic goals.

GIPSA supervises six State and 43 designated private agencies for grain inspection and weighing services at domestic locations; provides supervision and other services from 10 field offices; and handles appeals of grain inspection services in Kansas City, Missouri. GIPSA also has three Packers and Stockyards Programs regional offices that specialize in poultry, hogs, and cattle/sheep, respectively.

For 2006, the budget proposes a program level for salaries and expenses of about $40 million. Of this amount, about $20 million is devoted to the grain inspection activities including standardization, compliance, and methods development activities and $20 million to the Packers and Stockyards Programs. The budget includes a proposal for new user fees for Grain Standardization and the Packers and Stockyards programs.

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MARKETING AND REGULATORY PROGRAMS

The 2006 budget includes the following program increases:

- $1 million for eGov initiatives that would facilitate the electronic transfer of information to and from stakeholders, and efficient utilization by GIPSA of information such as program reviews and evaluations, agricultural product standards, inspection data, field test equipment reporting, etc. Another $250,000 is requested for recurring IT costs.

- About $1 million to develop new grain testing methods for ethanol co-products, wheat quality, and soybeans, thus enhancing domestic and export marketing opportunities.

- $0.8 million to establish and maintain an off-site back-up system for GIPSA's information systems.

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RESEARCH, EDUCATION, AND ECONOMICS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The Research, Education, and Economics (REE) mission area assumes Federal leadership responsibility for the discovery, application, and dissemination of information and technologies spanning the biological, physical, and social sciences through agricultural research, education, and extension activities and economic and statistical analysis. The 2006 REE budget supports all five of the Department's strategic goals.

Two key objectives in which REE plays an important role are: 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks and 4.2: Promote Healthier Eating Habits and Lifestyles. In order to address Objective 3.2, REE has expanded science-based technologies which will allow local, State and Federal officials to reduce the number and severity of agricultural and disease outbreaks. This will, in part, be accomplished through connection and data exchange among the Regional Diagnostic Network participants and the National Agricultural Pest Information System. REE also provides scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that impact animal and human health, as well as engages in monitoring and testing through the National Animal Health Laboratory Network. USDA faces many challenges in reducing the number and severity of pest and disease outbreaks. Some challenges stem from external factors that, should they occur, could prevent achievement of the program goals. To address USDA Objective 4.2, REE conducts research that determines food consumption patterns of Americans, including those of different ages, ethnicities, regions, and income levels. REE agencies provide sound scientific analyses of the U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.

REE responsibilities are carried out by four agencies:

- The Agricultural Research Service (ARS) is the principal in-house research agency in USDA in the area of natural and biological sciences. ARS has nine key objectives that support four of the USDA strategic goals. Examples from each of the four strategic goals include: (Goal 1) provide science-based knowledge and technologies to generate new or improved high quality value-added products and processes to expand domestic and foreign markets for agricultural commodities; (Goal 3) provide science-based knowledge on the safe production, storage, processing and handling of plant and animal products; (Goal 4) improve the nutritional value of the U.S. food supply; and (Goal 5) provide science-based knowledge and education to improve the management of forests, rangelands, and pastures.

- The Cooperative State Research, Education, and Extension Service (CSREES) is the Federal partner with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities. CSREES has thirteen key objectives which support all five USDA strategic goals. An example from each of the five strategic goals includes: (Goal 1) provide science-based knowledge and technologies to generate new or improved high quality products and processes to expand markets for the agricultural sector; (Goal 2) provide science-based technology, products and information to facilitate informed decision-making affecting the quality of life in rural areas; (Goal 3) reduce the incidence of food borne illnesses and contaminants through science-based

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knowledge and education; (Goal 4) promote healthier food choices and lifestyles through research and education; and (Goal 5) provide science-based knowledge and education to improve the management of forests and rangelands.

- The Economic Research Service (ERS) is the principal intramural economic and social science research agency in USDA. ERS' key objective is the successful completion of planned research that enhances understanding by policymakers, regulators, program managers, and those shaping the public debate concerning economic and policy issues related to agriculture, food, natural resources and rural America. This key objective supports all five USDA strategic goals.

- The National Agricultural Statistics Service (NASS) conducts the Census of Agriculture and provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector. NASS has seven key objectives that support four of the USDA strategic goals. An example from each of the four strategic goals includes: (Goal 1) provide agricultural markets with unbiased data to operate efficiently with fair and equitable price discovery; (Goal 2) provide statistically sound information for economic and business decision-making at the local level in rural communities; (Goal 3) provide chemical usage statistics to enable informed decisions using science-based risk analysis; and (Goal 5) provide statistical data for improved management of soil, air and water.

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RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Research and Information:			
Product Quality/Value Added	$101	$95	$98
Livestock Production	70	59	63
Crop Production	144	155	160
Food Safety	91	89	85
Livestock Protection	57	56	65
Crop Protection	147	156	156
Human Nutrition	75	77	82
Environmental Stewardship	171	173	178
National Agricultural Library	22	22	22
Repair and Maintenance of Facilities	18	18	18
Collaborative Research Program	6	0	0
Homeland Security	18	27	69
Subtotal, Ongoing Programs	920	927	996
Earmarked Projects	169	175	0
Total, Research and Information	1,089	1,102	996
Buildings and Facilities	64	186	65
Trust Funds	14	18	18
Total, ARS	$1,167	$1,306	$1,079

ARS provides access to scientific data, conducts research to develop new scientific knowledge, and transfers technology to the private sector to solve technical agricultural problems of broad scope and high national priority. The agency houses the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resource sciences. ARS has over 100 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the world's largest multi-disciplinary agricultural research facility.

The ARS programs represented by Strategic Goal 1: Enhance Economic Opportunities for Agricultural Producers underwent a PART assessment for 2006. The program received a rating of "Moderately Effective" with high scores for program purpose and design, strategic planning, and management. The agency has developed performance measures using the Research and Development Investment Criteria and is working to develop baseline data as recommended by the PART reviews.

The 2006 budget requests $996 million for ARS Research and Information. Increases totaling $97 million are proposed to fund critical research priorities. These increases are offset by the

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elimination of $175 million in funding for all Congressional earmarks and $28 million in project terminations. Highlights of the proposals for the main program areas follow:

- **Product Quality/Value Added.** ARS research enhances the economic viability and competitiveness of U.S. agriculture by maintaining the quality of harvested agricultural commodities or enhancing their marketability; by expanding domestic and global market opportunities through the development of value-added food and non-food products and processes; by reducing the Nation's dependence on foreign oil and improving the environment by developing alternate energy sources; and by increasing the use of agricultural crops as feedstocks for biofuels. The 2006 budget includes an increase of $2.5 million for bioenergy and biobased products research. Selected targets for 2006 include developing a system for more efficient harvesting and processing of biomass crops for energy production.

- **Livestock Production.** ARS conducts research that develops biotechnological methods to use animal germplasm and associated genetic and genomic repositories and databases to ensure an abundant and safe food supply of animal products. Research also provides the knowledge to assess scientifically farm animal well-being, reduce animal stress, increase animal health and improve the international competitiveness and sustainability of U.S. aquaculture. The 2006 budget includes $5.8 million for animal genomics and the preservation of animal germplasm. Selected 2006 targets include identifying regions of the poultry and cattle genomes that effect efficiency of food utilization.

- **Crop Production.** ARS safeguards and utilizes plant, microbial, and insect germplasm, associated genetic and genomic databases, and bioinformatic tools to ensure an abundant, safe, and inexpensive supply of food, feed, fiber, ornamentals, and industrial products. The agency conducts fundamental research on plants that forms the basis for greater crop productivity and efficiency, better product quality and safety, improved protection against pests and diseases, and sustainable practices that maintain environmental quality. The 2006 budget provides $7 million for crop genomics and preservation of crop genetic resources. This research will achieve the long-term performance measure of identifying the genes responsible for plant growth, product quality, and resistance to disease, pest, and weather losses.

- **Food Safety.** ARS research provides the means to ensure that the food supply is safe for consumers and that food and feed meet foreign and domestic regulatory requirements. Research also focuses on the reduction of the hazards of both introduced and naturally occurring toxicants in foods and feed, including pathogenic bacteria, viruses, parasites, chemical contaminants, mycotoxins produced by fungi growing on plants, and naturally occurring toxins produced by plants. ARS will continue to work with other USDA and Federal agencies to implement a comprehensive Food and Agriculture Defense Initiative. The 2006 budget includes an increase of $15 million to develop surveillance, sampling, and detection methods that rapidly and accurately detect and identify the most critical and economically important foodborne pathogenic bacteria, viruses, and chemicals of food safety concern. This funding supports the program's long-term goals of developing and transferring to stakeholders methodologies, as well as intervention strategies, for improving the safety of the food Americans eat.

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- **Livestock Protection.** ARS produces the knowledge and technology to reduce economic losses from infectious, genetic, and metabolic diseases of livestock and poultry and to eliminate the losses to animal production and products caused by arthropod diseases and arthropod borne trauma. This research also reduces the risk to humans of arthropod borne zoonotic diseases and enhances the safety of animal products. The 2006 budget includes an increase of $8.6 million for controlling emerging diseases and invasive species, a major portion of which is included in the Food and Agriculture Defense Initiative. Additionally, the budget seeks $7.5 million to implement an integrated bovine spongiform encephalopathy (BSE) research program. ARS' key performance measure is to provide the scientific information to protect animals from pests, infectious diseases and other disease causing entities that impact animal and human health. Targets for 2006 include developing systems for rapid response to bioterror agents, and implementing a vaccine research program for the control and eradication of biological threat agents. In 2004, ARS achieved its performance target for this measure by identifying eight resistance markers for various diseases, and by transferring three diagnostic tests to public and private institutions and other countries.

- **Crop Protection.** ARS provides the knowledge to reduce losses caused by plant diseases by defining practices that are effective, affordable, and maintain environmental quality. Research also provides the technology to manage pest populations below economic damage thresholds by the integration of environmentally compatible strategies that are based on an increased understanding of the pest's biology and ecology. The 2006 budget includes a proposed increase of $17.7 million for emerging and exotic diseases and invasive species, and a $4.2 million increase for the National Plant Disease Recovery System. This increase will support the agency's 2006 target of providing the information and technology necessary to support the exclusion, detection, and early eradication of invasive weeds, insects, and pathogens, as well as developing and releasing new varieties of plant stock with insect and disease resistance to producers.

- **Human Nutrition.** Six ARS centers conduct basic and applied research to identify and understand how nutrients and other bioactive food components affect the health of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. The ultimate goal of this food-based agricultural research is to identify foods and diets, coupled with genetics and physical activity, that will sustain and promote health throughout life. The 2006 budget includes an increase of $6 million to improve the accuracy and ethnic representation of the "What We Eat In America" survey and an additional $2.3 million for nutrition survey research to determine the energy and nutrient content of foods consumed by U.S. minority populations, as well as research to address the obesity epidemic and promote a healthier lifestyle.

- **Environmental Stewardship.** This broad area of research emphasizes the development of technology and scientific knowledge that will allow producers to manage, conserve, and protect the Nation's soil, water, and air resources while optimizing agricultural productivity. The 2006 budget proposes a $1.8 million increase in air and water quality research and $3.2 million for research in support of the President's Climate Change Research Initiative.

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RESEARCH, EDUCATION, AND ECONOMICS

- **National Agricultural Library.** The National Agricultural Library (NAL), one of four national libraries in the United States, provides access to scientific agricultural data. NAL provides agricultural information electronically and is expanding its efforts to catalog, manage, and disseminate agriculture-related data through the Internet. The budget requests an increase of $1.9 million to support the National Digital Library for Agriculture and improve information services.

- **Buildings and Facilities.** The 2006 budget seeks $58.8 million to complete the modernization of the National Centers for Animal Health in Ames, IA. Upon completion, the consolidated ARS/APHIS facility will consist of new research, diagnostic, and biologic laboratory facilities, along with new large animal housing facilities. Extensive site and infrastructure upgrades, miscellaneous office, animal care, and support facilities are integrated into the design. Additionally, $3 million is requested for repairs to the National Agricultural Library, and another $3 million is requested for planning and design at the Foreign Disease Weed Science Laboratory in Frederick, Maryland.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Research and Education	$618	$655	$545
Extension Activities	439	446	432
Integrated Activities	50	55	35
Native American Endowment Fund and Interest	11	14	15
Outreach for Socially Disadvantaged Farmers	6	6	6
Subtotal, Programs	1,124	1,176	1,033
Community Food Projects	5	5	5
Organic Agriculture Research and Education Initiative	3	3	3
Total, CSREES	$1,132	$1,184	$1,041

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RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service
Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Formula Grants:			
Smith-Lever 3 (b&c) Formula	$278	$276	$276
Hatch Act	179	179	89
1890 Research and Extension	68	70	72
McIntire-Stennis Cooperative Forestry	22	22	11
Animal Health	5	5	0
Total, Formula Grants	552	552	448
National Research Initiative Competitive Grants (NRI)	164	180	250
Regional, State and Local Grants Program	0	0	75
Selected Integrated Activities:			
Water Quality	12	13	0
Food Safety	13	15	0
Rural Development Centers	1	1	2
International Science and Education Grants	1	1	1
Critical Issues	0	1	3
Pest Control/Management Activities	28	29	26
Sustainable Agriculture Research and Extension	16	16	13
Higher Education Programs	29	35	35
Native American Endowment Fund and Interest	11	14	15
Indian Reservation Extension Agents	2	2	2
1890 Facilities	15	17	15
Extension Services at 1994 Institutions	3	3	3
Expanded Food and Nutrition Education Program (EFNEP)	52	58	63
Federal Administration	13	14	16
Food and Agriculture Defense Initiative:			
Regional Diagnostic Network	8	9	30
Higher Education Agrosecurity	0	0	5
Other Research, Extension and Integrated Programs	31	29	25
Outreach for Socially Disadvantaged Farmers	6	6	6
Subtotal, Ongoing Programs	957	995	1,033
Earmarked Projects and Grants	167	181	0
Subtotal, Programs	1,124	1,176	1,033
Community Food Projects	5	5	5
Organic Agriculture Research and Education Initiative	3	3	3
Total, CSREES	$1,132	$1,184	$1,041

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RESEARCH, EDUCATION, AND ECONOMICS

CSREES has the primary responsibility for providing linkages between the Federal and State components of a broad-based, National agricultural research, extension, and higher education system. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, land grant universities, colleges, and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding, competitive awards, and special grants. CSREES is responsible for administering USDA's primary competitive research grants program, the National Research Initiative (NRI), which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

The CSREES programs represented by Strategic Goal 1: Enhance Economic Opportunities for Agricultural Producers underwent a PART assessment for 2006. The program received a rating of "Moderately Effective" with perfect scores for strategic planning and program management. The PART findings did not identify any significant policy or performance measurement issues.

The 2006 budget requests $1.041 billion for CSREES. Increases totaling $38 million are proposed. These increases are offset by the elimination of $181 million in Congressional earmarks. Highlights of the proposals for the main program areas follow:

- **Formula Grants.** The 2006 budget proposes a reallocation of research formula funds made to eligible institutions under the Hatch Act, McIntire-Stennis and Animal Health programs. No funding is proposed for the Animal Health formula grant program in 2006, and the other selected Federal formula payments will be phased out over a two-year period in order to use the funds to support competitive funding through the National Research Initiative and a newly created $75 million regional, State, and local competitive grants program. Extension and education formula payments made under several authorities, as well as research formula funding under Evans-Allen, will continue to provide support for current Federal-State collaborative activities.

- **National Research Initiative (NRI).** The NRI is the Nation's premier competitive, peer-reviewed research program for fundamental and applied sciences in agriculture. The 2006 budget proposes $250 million for the NRI, an increase of $70 million above the 2005 estimate. The increase will fund initiatives in agricultural genomics, nanotechnology, food safety, water quality, pest related programs, and human nutrition and obesity. The budget also proposes to eliminate USDA specific limitations on indirect costs to put the NRI on an equal footing with other Federal competitive grant programs.

  The NRI is broad in scope with programs ranging from fundamental science to farm management and community issues. Funding at the proposed level will support research that will make an immediate impact on such issues as emerging diseases and pests, biosecurity, farm management, air quality, and food and nutritional improvements. The NRI enables USDA to develop new partnerships with other Federal agencies on topics of mutual interest. Moreover, the NRI makes a major contribution to developing the next generation of agricultural scientists.

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- **Regional, State, and Local Grants Program.** A new $75 million program to support State Agricultural Experiment Station-conducted research will be targeted to regional, State, and local issues. This competitively-awarded grants program will support system-wide research planning and coordination and research in areas such as new products/uses, social sciences, and the environment. This is the first phase of a two-year plan to shift funding from some formula based research programs.

- **Food and Agriculture Defense Initiative.** USDA, through the cooperative efforts of CSREES and the Animal and Plant Health Inspection Service, has established a unified network of public agricultural institutions to identify and respond to high risk biological pathogens in the food and agriculture system. The core of the network comprises 13 animal diagnostic laboratories and 6 plant diagnostic laboratories. The laboratories are responsible for conducting standardized diagnostic tests for the identification of exotic and domestic pests and pathogens. The entire network will be supported with secure, two-way communications, and a comprehensive database on test procedures, experts, and past pest and disease problems. The network was established with $20 million in the 2002 Homeland Security Supplemental. In 2006, the budget provides $30 million for an enhanced network, as well as $5 million for a Higher Education Agrosecurity Program. The education funds are targeted toward supplying educational and professional development for personnel in securing the Nation's agriculture and food supply by providing competitively awarded grants that focus on educational activities addressing biosecurity issues. CSREES' 2006 key performance measure is to expand the ability to detect plant and animal diseases to protect the Nation from disease outbreaks. In 2006, targets to be achieved include expanding connection and data exchange between diagnostic network participants, and increasing network capacity to minimize or mitigate environmental risk associated with pest management. In 2004, CSREES surpassed its performance targets for this measure by ensuring that personnel at plant and animal diagnostic labs possessed expert training and proficiency testing where personnel had to detect three high priority plant diseases and six specific animal diseases.

- **Higher Education Programs.** CSREES offers a variety of higher education programs designed to ensure that undergraduate and graduate institutions in the food and agricultural sciences meet the challenges of recruiting and training qualified individuals needed to address current and anticipated agricultural workforce issues. Additional funding for fellowships at the Master of Science level is especially important for recruiting minority graduate students.

- **Expanded Food and Nutrition Education Program (EFNEP).** EFNEP is a unique program operating in 800 counties throughout the U.S. and the American territories of Samoa, Guam, Micronesia, Northern Marianas, Puerto Rico and the Virgin Islands. The program assists low-income youth and low-income families with young children in acquiring the skills, attitudes, and changed behavior necessary to formulate nutritionally sound diets, and to contribute to their personal development and improvement of the total family diet and nutritional well-being. An increase of $5 million in the 2006 budget will allow for the participation of 1890 institutions and the expansion of this successful program to a greater number of people in more counties. This increased funding will also allow EFNEP to

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encourage States to incorporate new components, which will contribute to the decrease of obesity in the participant population.

- **Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers.** The Department encourages greater participation of African American farmers, tribal groups, Hispanic and other minority groups in the full range of commodity, loan, grant, and education programs offered to eligible individuals and community groups. The 2006 budget includes a recommendation to maintain Section 2501 funding at $6 million, the 2005 level. The funding supports the performance measure of increasing the number of socially disadvantaged minority farmers and ranchers who are knowledgeable and able to participate in USDA farm programs.

ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Economic Research Service	$71	$74	$81

The Economic Research Service (ERS) provides economic and other social science information and analysis on agriculture, food, environment, and rural development. ERS supplies such information and analyses for use by the general public and to help policymakers develop, administer and appraise agricultural and rural policies and programs.

The ERS budget reflects a net increase of $6.6 million including funds for pay costs and $5.8 million to support the following priority effort:

Consumer Data and Information System ($5.8 million). This initiative will continue the development of a data and analysis framework of the post-farm gate food system to identify, understand and track changes in food supply and consumption patterns for use in making policy decisions in the food, health and consumer arenas. Funds were provided in 2005 for implementing one element of the system, the Flexible Consumer Behavior Survey Module. The remaining components include:

- $3.6 million to create a Food Market Surveillance System of surveys and supporting analyses to identify food consumption patterns of customers and how these respond to changes in the food marketplace and in customers' lifestyles over time. This knowledge will help producers better target their products to consumer behavior, while providing policymakers with a better basis for formulating effective nutritional policy.

- $1.0 million for a Rapid Consumer Response Module to develop nearly instantaneous information on consumer reactions to current market events and government policies,

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linking consumer reactions to actual food purchases, sales, consumption and price information. This module will be instrumental in helping policymakers to evaluate consumer reactions to crises and to formulate appropriate responses.

- $0.6 million to support additional staff and activities to insure the successful design and implementation of system surveys, as well as to develop and implement a web-based data dissemination program to make survey data more accessible to data users.

- $0.6 million for a behavioral economic research program to identify strategies for developing effective nutrition messages that motivate consumers to adopt more helpful diets.

ERS plans to measure the initiative in terms of its relevance, quality and performance through the use of a quantitative assessment tool in conjunction with a review by an outside panel.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Agricultural Estimates	$103	$106	$116
Census of Agriculture	25	22	29
Total, NASS	$128	$128	$145

The mission of the National Agricultural Statistics Service (NASS) is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS statistics provide the information necessary to keep agricultural markets stable and efficient, and to help maintain a "level playing field" for all users of agricultural statistics.

A PART review of NASS programs was conducted during formulation of the 2006 budget. NASS received a rating of "Moderately Effective." NASS received a perfect score for its program purpose, design and management, and the agency is now working to establish an external, independent evaluation system, as was recommended in the PART findings.

The budget reflects a net increase of $16.7 million, which includes an increase of $1.3 million for pay costs and an increase of $15.4 million and 29 staff years for the following priority activities:

- **Improved Agricultural Estimates ($7.0 million).** This increase will build on 2004 and 2005 efforts to restore and modernize NASS' core survey and estimation program, which covers most agricultural commodities produced in the U.S. and encompasses economic, environmental and rural data. Prior to 2004, this program had not received an increase in funding since 1990, leading to a reduction in the quality of survey data on which NASS estimates are based. The program is designed to provide several principal economic

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indicators and to meet the needs of USDA, the Environmental Protection Agency, the Department of Labor, bankers, brokers, rural sociologists and other data users at an acceptable level of precision for State, regional and national level estimates. The initiative has three components: (1) restore sample sizes for greater statistical defensibility; (2) provide staff needed to manage surveys, review and summarize reported data, and other functions; and (3) meet research, training, travel, supplies and other direct expenses necessary to produce quality statistics. Funding for this initiative will allow NASS to continue to improve the statistical precision of its major surveys. Specifically, target precision levels for 83 percent of NASS' major survey data will be achieved with this funding, a 12 percent increase over the fiscal year 2004 precision levels. NASS' long-term target precision target is 90 percent.

- **Locality Based Agricultural County Estimation Program ($1.9 million).** This funding supports the NASS goal to improve statistically defensible survey precision for small area statistics. With this support, NASS can conduct proper follow-up data collection activities and redesign its survey systems to statistically improve its valuable county-level data, which is used by private industry, Federal, State, and local governments, and universities. The Risk Management Agency uses these statistics in indemnity calculations for Group Risk Plans and the Group Risk Revenue Plans as part of the risk rating process, which affects premium levels paid by producers. The Farm Service Agency uses the county acreage to weight posted county prices to National loan deficiency payments. In addition, agriculture input suppliers, agricultural marketing firms, and transportation companies who provide billions of dollars of goods and services to farmers and ranchers track county level data on livestock inventories and crop acreage yields and production. Furthermore, under the 2002 Farm Bill, producers updated their base acreage and yields by using the county-wide averages established by this program. The 2006 funding level will produce statistically defensible survey precision for one-third of the U.S. counties surveyed under this program.

- **Census of Agriculture ($6.5 million).** The Census of Agriculture provides comprehensive data on the agricultural economy with national, State, and county level details. This increase supports the normal increase in activity levels due to the cyclical nature of the 5-year Census program. Funding will be used to prepare for the 2007 Census of Agriculture and to conclude analysis and publication of the Census of Aquaculture in December 2006.

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DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND CENTRALIZED MANAGEMENT ACTIVITIES

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Departmental Offices:			
Office of the Secretary	$9	$13	$13
Departmental Administration Staff Offices	23	22	23
Office of the Chief Financial Officer	6	6	6
Office of the Chief Information Officer	15	16	17
Office of the General Counsel	35	36	40
Office of Communications	9	9	10
Executive Operations:			
Office of the Chief Economist	9	10	11
National Appeals Division	14	14	15
Office of Budget and Program Analysis	8	8	8
Homeland Security Staff	0	1	1
Total, Department Offices	128	135	144
Centrally Financed Activities:			
Homeland Security Funding	3	0	0
Funding to Address Trade Barrier Issues	2	2	2
Agriculture Buildings and Facilities	155	163	222
Hazardous Materials Management	16	15	16
WCF Corporate Information Systems	0	13	0
Trust Funds/Other	1	1	1
Total, Centralized Activities	177	194	241
Total, Departmental Offices and Centralized Activities	$305	$329	$385

The Departmental Offices and Centralized Management Activities provide leadership, coordination and support for all administrative and policy functions of the Department. These offices and activities are vital to USDA's success in providing effective customer service and efficient program delivery. The 2006 budget proposes funding to ensure that these offices maintain the staffing levels needed to provide management leadership, oversight and coordination.

The budget provides funding to support the President's Management Agenda as well as Department-wide and agency-specific reforms. All of these efforts are crucial to making the Department an efficient, effective and discrimination-free organization that delivers the best return on taxpayers' investments. Activities included in this request follow.

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DEPARTMENTAL ACTIVITIES

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department and maintaining liaisons with the Executive Office of the President, members of Congress and the public on all matters pertaining to Departmental policy. Liaison with members of Congress, the White House and Tribal organizations is coordinated through the Office of the Assistant Secretary for Congressional Relations, which also provides overall direction and coordination in the development and implementation of policies and procedures applicable to the Department's intra- and inter-governmental relations. The Department also faces a growing array of challenges related to biotechnology, including a rapidly expanding number of regulatory, market access, and trade barrier issues. USDA resources are needed to anticipate and address these issues, to avoid disruptions to trade and the loss of marketing opportunities overseas. The 2006 budget requests $15 million for OSEC, including an increase of $157,000 for pay costs.

Departmental Administration (DA) Staff Offices provide overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, emergency preparedness and physical security, hazardous materials management, facilities management, small and disadvantaged business utilization programs and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, the Judicial Officer, and the Board of Contract Appeals. The 2006 budget requests $23 million for DA offices, including increases of $396,000 for pay costs and $262,000 to enhance the security of information technology network for staff offices and to strengthen employee medical services.

The request for **Agriculture Buildings and Facilities** appropriation for 2006 is $222 million, including an additional $20 million for increases in rent and security costs associated with rental space. Also included is an additional $39 million above 2005 to provide for the increased costs of operating, maintaining, securing and repairing the headquarters complex, including the Beltsville office facility, and architectural and engineering planning and services. The budget also includes an increase of $132,000 for pay costs.

The **Hazardous Materials Management (HMM) Program** provides for the efficient management and cleanup of hazardous materials on facilities and lands under the jurisdiction, custody, and control of the Department and prevention of releases of hazardous substances from USDA facilities. The program is funded through a central appropriation and agency funds. The 2006 budget requests $16 million for HMM, an increase of $236,000 above 2005, including pay costs for current staff.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements and strategic and annual plans. It also oversees the provision of administrative accounting, payroll and related systems for USDA and other agencies through operation of the National Finance Center (NFC). The 2006 budget requests $6 million for OCFO, including an increase of $178,000 for pay costs, to continue these critical responsibilities and achieve key results, such as maintaining the clean audit opinion that USDA obtained on its 2003 and 2004 financial statements.

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DEPARTMENTAL ACTIVITIES

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership and coordination for the Department's information management, technology investment and cyber security activities in support of USDA program delivery. The 2006 budget requests $16.7 million for OCIO, including an increase of $264,000 for pay costs. In addition, OCIO is responsible for the management of the Common Computing Environment (CCE) for the Service Center agencies. Starting in 2005, OCIO is managing a new organization named Information Technology Services which consolidates the information technology support functions of the Service Center agencies under one office to insure the support and coordination of the infrastructure operations. Nearly 800 information technology staff from the three Service Center agencies have been transferred to OCIO for this work. (see page 110).

Legal oversight, counsel, and support for the Department's programs are provided by the **Office of the General Counsel (OGC)**. The 2006 budget requests $40 million for OGC, including an increase of $1.1 million for 11 staff years to meet increasing responsibilities. An increase of $1.2 million is also included for improvements in OGC's office automation and communication systems. A further increase of $2.5 million is included to fund pay costs and adequately support current staff.

The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communications strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2006 budget requests $9.5 million for OC, including an increase of $219,000 for pay costs.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation, serves as the focal point for the Nation's agricultural economic intelligence, analysis and review related to domestic and international food and agriculture markets and provides policy direction for biofuels and new uses of agricultural products. The 2006 budget requests $10.5 million for OCE, including an increase of $305,000 for pay costs.

The **National Appeals Division (NAD)** conducts evidentiary administrative appeal hearings and reviews arising from program operations of the Rural Development mission area, Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service. The 2006 budget requests $14.5 million for NAD, including an increase of $308,000 for pay costs.

The **Office of Budget and Program Analysis (OBPA)** provides analyses and information to the Secretary and other senior level policy officials to support informed decision-making regarding the Department's programs and policies, and budget, legislative, and regulatory actions. The 2006 budget requests $8 million for OBPA, including an increase of $136,000 for pay costs.

The **Homeland Security Staff (HSS)** was created with emergency supplemental funding in 2002 for the purpose of establishing a central oversight and assistance capability within USDA for its many homeland security activities. The 2006 budget requests $1.5 million for HSS, including an increase of $20,000 for pay costs and $677,000 to oversee agency implementation of several Homeland Security Presidential Directives and other security initiatives.

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OFFICE OF CIVIL RIGHTS

OFFICE OF CIVIL RIGHTS

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Office of Civil Rights	$17	$20	$20

The **Office of Civil Rights (OCR)** provides policy guidance, leadership and outreach, coordination, training and complaint prevention and processing for the Department and mission area agencies. OCR's mission is to facilitate the fair and equitable treatment of USDA customers and employees while ensuring the delivery and enforcement of civil rights programs and activities. Through its efforts, OCR strives to 1) reduce and prevent EEO and program complaints; 2) process EEO and program complaints timely; 3) process all complaints efficiently and cost effectively; 4) foster a positive civil rights climate at USDA; and 5) provide effective outreach programs to ensure equal and timely access to USDA programs and services to all customers. The 2006 budget requests $20 million for OCR, including an increase of $379,000 for pay costs.

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OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Office of Inspector General	$77	$78	$81

The **Office of Inspector General (OIG)** conducts and supervises audits to prevent and detect fraud and to improve the effectiveness of USDA programs, and as the law enforcement arm of USDA, investigates significant criminal activity involving the Department's programs and personnel. The 2006 budget requests $81 million for OIG, including an additional $3.4 million to cover increases for the Emergency Response Program, the Computer Forensic Unit, OIG's Information Technology, and pay costs.

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DEPARTMENTAL ACTIVITIES

SERVICE CENTER MODERNIZATION INITIATIVE AND COMMON COMPUTING ENVIRONMENT (CCE)

Program Level
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Common Computing Environment	$144	$125	$142

In recent years, the Department has co-located field offices of the Farm Service Agency, Natural Resources Conservation Service and Rural Development into one-stop USDA Service Centers to provide seamless, quality customer service to farmers and rural residents. A key element for the success of the Service Center Modernization Initiative is the replacement of aging business and technology systems with a Common Computing Environment (CCE) that will allow the Service Center agencies to share data among themselves and customers and to streamline business processes. The CCE also provides the infrastructure needed to ensure that customers can conduct business electronically with the Service Center agencies. Implementation of the CCE began in 1998 and most of its major hardware and software components are in place. This infrastructure has already been instrumental in helping the Department implement Farm Bill and other programs accurately and in a timely manner.

The information technology support functions of the Service Center Agencies have been consolidated into a new organization named Information Technology Services (ITS) that is part of the Office of the Chief Information Officer. The ITS was created in November 2004 by transferring nearly 800 information technology staff from the three agencies. The reason for converging the IT infrastructure support personnel from the Service Center Agencies was to insure the support and coordination of the infrastructure operations. Not all information technology functions were transferred to the new organization. Agency-specific application development, data content management, application support and application security functions remain within the three individual agencies.

The 2006 budget requests $142 million for CCE, including an increase of $17 million for the continued replacement of outdated CCE technology and the provision of adequate telecommunications capability, to maintain the Service Center agencies' level of performance. This funding also allows for the continued incorporation of Geographic Information Systems (GIS) data into the Department's agricultural digital mapping project. GIS is transforming the way USDA does business, by making possible the electronic analysis of soils and land-use data. This analysis, which previously took days or weeks of mapping by hand, will now take only minutes, and customers will be able to access this USDA information about their land over the Internet, rather than visiting an agency office. Furthermore, the expense of map printing, distribution, storage and updating will decrease greatly.

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APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Budget Authority
(Dollars in Millions)

AGENCY	2004 Actual	2005 Estimate	2006 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	$799	$1,143	$977
Commodity Credit Corporation Programs	27,259	23,983	18,825
Risk Management Agency	3,437	2,313	3,251
Foreign Agricultural Service	286	318	343
P.L. 480	765	624	514
RURAL DEVELOPMENT			
Rural Community Advancement Program	814	755	522
Salaries and Expenses	143	148	168
Rural Utilities Service	-448	-1,002	-954
Rural Housing Service	400	148	350
Rural Business - Cooperative Service	66	249	-215
Rural Empowerment Zones/Enterprise Communities	13	12	0
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	47,283	52,527	58,952
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	2,792	3,250	2,483
Forest Service	5,855	5,587	4,928
FOOD SAFETY			
Food Safety and Inspection Service	777	820	853
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	1,167	1,306	1,079
Cooperative State Research, Education, and Extension Service	1,131	1,322	898
Economic Research Service	71	74	81
National Agricultural Statistics Service	129	129	146
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	1,067	962	1,022
Agricultural Marketing Service	212	214	220
Section 32 Funds	1,147	748	1,149
Grain Inspection, Packers and Stockyards Administration	36	37	40
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	15	15	15
Common Computing Environment	118	125	142
Office of Civil Rights	17	20	20
Departmental Administration	23	22	23
Agriculture Buildings and Facilities	155	163	222
Hazardous Waste Management	16	15	16
Office of the Chief Financial Officer	6	6	6
Office of the Chief Information Officer	15	16	17
Office of the General Counsel	35	36	40
Office of Inspector General	77	78	81
Office of Communications	9	9	10
Executive Operations:			
Office of the Chief Economist	11	12	13
National Appeals Division	14	14	15
Office of Budget and Program Analysis	8	8	8
Homeland Security Support Staff	0	1	1
Working Capital Fund	8	13	0
Gifts and Bequests	1	1	1
Subtotal	95,729	96,221	96,262
Offsetting Receipts	-2,637	-1,481	-892
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	$93,092	$94,740	$95,370

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APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Budget Authority
(Dollars in Millions)

AGENCY	2004 Actual	2005 Estimate	2006 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	$1,490	$1,560	$1,526
Commodity Credit Corporation Programs	4	4	-160
Risk Management Agency	71	71	92
Foreign Agricultural Service	196	224	249
P.L. 480	1,299	1,103	965
RURAL DEVELOPMENT			
Rural Community Advancement Program	725	755	522
Salaries and Expenses	143	148	168
Rural Utilities Service	130	122	29
Rural Housing Service	1,368	1,384	1,587
Rural Business - Cooperative Service	70	72	-274
Rural Empowerment Zones/Enterprise Communities	13	12	0
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	4,930	5,578	5,858
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	1,177	1,232	307
Forest Service	5,123	4,785	4,063
FOOD SAFETY			
Food Safety and Inspection Service	774	817	850
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	1,153	1,288	1,061
Cooperative State Research, Education, and Extension Service	1,126	1,177	1,033
Initiative for Future Agriculture and Food Systems	0	0	-300
Economic Research Service	71	74	81
National Agricultural Statistics Service	128	128	145
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	932	813	871
Agricultural Marketing Service	78	85	88
Grain Inspection, Packers and Stockyards Administration	36	37	40
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	15	15	15
Common Computing Environment	118	125	142
Office of Civil Rights	17	20	20
Departmental Administration	23	22	23
Agriculture Buildings and Facilities	155	163	222
Hazardous Waste Management	16	15	16
Office of the Chief Financial Officer	6	6	6
Office of the Chief Information Officer	15	16	17
Office of the General Counsel	35	36	40
Office of Inspector General	77	78	81
Office of Communications	9	9	10
Executive Operations:			
Office of the Chief Economist	9	10	11
National Appeals Division	14	14	15
Office of Budget and Program Analysis	8	8	8
Homeland Security Staff	0	1	1
Working Capital Fund	8	13	0
Subtotal	21,562	22,020	19,428
Offsetting Receipts	-49	-55	-62
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	$21,513	$21,965	$19,366

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APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Outlays
(Dollars in Millions)

AGENCY	2004 Actual	2005 Estimate	2006 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	$773	$1,084	$1,034
Commodity Credit Corporation Programs	10,576	24,064	19,053
Risk Management Agency	3,269	3,366	3,726
Foreign Agricultural Service	375	315	337
P.L. 480	1,066	731	891
RURAL DEVELOPMENT			
Rural Community Advancement Program	907	899	842
Salaries and Expenses	132	148	161
Rural Utilities Service	-2,174	-1,052	-808
Rural Housing Service	507	-84	149
Rural Business - Cooperative Service	24	119	3
Rural Empowerment Zones/Enterprise Communities	14	15	16
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	44,990	51,795	55,876
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	2,382	2,924	2,763
Forest Service	5,635	5,580	5,361
FOOD SAFETY			
Food Safety and Inspection Service	763	822	859
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	1,214	1,247	1,162
Cooperative State Research, Education, and Extension Service	1,066	1,090	964
Economic Research Service	66	73	80
National Agricultural Statistics Service	121	133	145
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	1,001	1,177	1,118
Agricultural Marketing Service	220	211	229
Section 32 Funds	870	1,156	849
Grain Inspection, Packers and Stockyards Administration	32	37	43
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	35	15	15
Fund for Rural America	7	7	0
Common Computing Environment	136	125	142
Office of Civil Rights	17	20	20
Departmental Administration	31	20	23
Agriculture Buildings and Facilities	179	163	224
Hazardous Waste Management	15	16	18
Office of the Chief Financial Officer	4	6	6
Office of the Chief Information Officer	22	16	17
Office of the General Counsel	33	36	41
Office of Inspector General	72	78	81
Office of Communications	9	9	10
Executive Operations:			
Office of the Chief Economist	9	12	13
National Appeals Division	14	14	15
Office of Budget and Program Analysis	8	8	8
Homeland Security Staff	1	1	1
Working Capital Fund	-15	-4	-6
Gifts and Bequests	0	1	1
Subtotal	74,406	96,393	95,482
Offsetting Receipts	-2,637	-1,481	-892
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	$71,769	$94,912	$94,590

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APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Outlays
(Dollars in Millions)

AGENCY	2004 Actual	2005 Estimate	2006 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	$1,514	$1,542	$1,564
Commodity Credit Corporation Programs	4	4	-160
Risk Management Agency	71	69	86
Foreign Agricultural Service	196	224	249
P.L. 480	1,936	1,303	1,324
RURAL DEVELOPMENT			
Rural Community Advancement Program	716	827	799
Salaries and Expenses	132	148	161
Rural Utilities Service	110	136	123
Rural Housing Service	1,564	1,255	1,300
Rural Business - Cooperative Service	34	63	-62
Rural Empowerment Zones/Enterprise Communities	14	15	16
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	5,176	5,431	5,812
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	986	1,170	814
Forest Service	4,971	4,732	4,414
FOOD SAFETY			
Food Safety and Inspection Service	759	819	856
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	1,194	1,227	1,140
Cooperative State Research, Education, and Extension Service	1,011	1,056	957
Initiative for Future Agriculture and Food Systems	0	0	-15
Economic Research Service	66	73	80
National Agricultural Statistics Service	120	132	144
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	872	1,005	936
Agricultural Marketing Service	77	82	93
Grain Inspection, Packers and Stockyards Administration	35	37	43
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	35	15	15
Common Computing Environment	136	125	142
Office of Civil Rights	17	20	20
Departmental Administration	31	20	23
Agriculture Buildings and Facilities	179	163	224
Hazardous Waste Management	15	16	18
Office of the Chief Financial Officer	4	6	6
Office of the Chief Information Officer	22	16	17
Office of the General Counsel	33	36	41
Office of Inspector General	72	78	81
Office of Communications	9	9	10
Executive Operations:			
Office of the Chief Economist	9	10	11
National Appeals Division	14	14	15
Office of Budget and Program Analysis	8	8	8
Homeland Security Staff	1	1	1
Working Capital Fund	-15	-4	-6
Subtotal	22,128	21,883	21,300
Offsetting Receipts	-49	-55	-62
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	$22,079	$21,828	$21,238

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APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Staff Years

Agency	2004 Actual	2005 Estimate	2006 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	5,883	5,498	5,474
Risk Management Agency	520	568	585
Foreign Agricultural Service	1,025	1,002	982
Total, FFAS	7,428	7,068	7,041
RURAL DEVELOPMENT			
Rural Development	6,666	6,872	6,872
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	1,496	1,488	1,488
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	12,346	13,627	11,688
Forest Service	37,648	37,298	35,962
Total, NRE	49,994	50,925	47,650
FOOD SAFETY			
Food Safety and Inspection Service	9,503	9,761	9,783
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	8,756	8,794	8,794
Cooperative State Research, Education & Extension Service	416	451	451
Economic Research Service	439	455	459
National Agricultural Statistics Service	1,110	1,366	1,395
Total, REE	10,721	11,066	11,099
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	6,761	6,761	7,145
Agricultural Marketing Service	3,323	3,455	3,462
Grain Inspection, Packers & Stockyards Administration	690	725	725
Total, MRP	10,774	10,941	11,332
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	76	87	87
Office of the Chief Economist	55	71	71
National Appeals Division	116	130	130
Homeland Security Staff	3	6	7
Office of Budget and Program Analysis	61	67	67
Office of the General Counsel	321	330	341
Office of Inspector General	597	721	725
Office of the Chief Information Officer	307	1,113	1,137
Office of the Chief Financial Officer	1,196	1,392	1,393
Departmental Administration	521	599	599
Office of Civil Rights	148	191	191
Office of Communications	98	119	118
Total, Staff Offices	3,499	4,826	4,866
Subtotal, USDA	100,081	102,947	100,131
Thrift Savings Plan	403	363	363
Total, USDA Federal Staffing	100,484	103,310	100,494
FSA, Non-Federal Staffing	11,017	10,534	10,284
Total, USDA Staffing	111,501	113,844	110,778

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APPENDIX

Strategic Goal 1
Enhance Economic Opportunities for Agricultural Producers
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Objective 1.1: Expand International Market Opportunities:			
Foreign Agricultural Service	$4,029	$4,966	$4,874
Animal and Plant Health Inspection Service	12	12	18
Agricultural Marketing Service	733	1,037	742
Grain Inspection, Packers and Stockyards Administration	72	79	82
Cooperative State Research, Education and Extension Service	24	24	21
Economic Research Service	22	22	22
National Agricultural Statistics Service	90	92	101
Total, Objective 1.1	4,982	6,232	5,860
Objective 1.2: Support International Economic Development and Trade Capacity Building:			
Farm Service Agency	1,499	1,495	1,142
Foreign Agricultural Service	2,092	2,040	1,450
Cooperative State Research, Education and Extension Service	5	6	4
Economic Research Service	2	2	2
Total, Objective 1.2	3,598	3,543	2,598
Objective 1.3: Expand Alternative Markets for Agricultural Products and Activities:			
Farm Service Agency	150	100	60
Natural Resources Conservation Service	14	14	12
Agricultural Research Service	432	473	340
Cooperative State Research, Education and Extension Service	74	76	60
Economic Research Service	2	2	2
Total, Objective 1.3	672	665	474
Objective 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers:			
Farm Service Agency	21,819	36,745	31,854
Risk Management Agency	3,612	3,670	4,102
Cooperative State Research, Education and Extension Service	280	290	337
Economic Research Service	10	10	10
National Agricultural Statistics Service	7	7	8
Total, Objective 1.4	25,728	40,722	36,311
Total, Strategic Goal 1	$34,980	$51,162	$45,243

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APPENDIX

Strategic Goal 2
Support Increased Economic Opportunities and Improved Quality of Life in Rural America
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Objective 2.1: Expand Economic Opportunities Through USDA Financing of Businesses:			
Rural Community Advancement Program	$1,024	$639	$898
Rural Business - Cooperative Service	147	797	388
Cooperative State Research, Education and Extension Service.	58	59	55
Economic Research Service	4	4	4
National Agricultural Statistics Service	25	22	29
Total, Objective 2.1	1,258	1,521	1,374
Objective 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities:			
Rural Community Advancement Program	2,434	2,460	2,151
Rural Utilities Service	5,243	5,691	3,615
Rural Housing Service	5,996	5,875	6,427
Natural Resources Conservation Service	144	135	75
Cooperative State Research, Education and Extension Service.	105	106	96
Economic Research Service	5	4	5
Total, Objective 2.2	13,927	14,271	12,369
Total, Strategic Goal 2	$15,185	$15,792	$13,743

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APPENDIX

Strategic Goal 3
Enhance Protection and Safety of the Nation's Agriculture and Food Supply
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.:			
Food Safety and Inspection Service	$905	$937	$973
Agricultural Research Service	111	127	115
Cooperative State Research, Education and Extension Service	58	62	51
Economic Research Service	1	2	2
Total, Objective 3.1	1,075	1,128	1,141
Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks:			
Animal and Plant Health Inspection Service	1,078	1,000	1,004
Agricultural Research Service	294	333	348
Cooperative State Research, Education and Extension Service	205	220	134
Economic Research Service	2	2	2
National Agricultural Statistics Service	3	3	3
Total, Objective 3.2	1,582	1,558	1,491
Total, Strategic Goal 3	$2,657	$2,686	$2,632

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APPENDIX

Strategic Goal 4
Improve the Nation's Nutrition and Health
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Objective 4.1: Improve Access to Nutritious Food:			
Food and Nutrition Service	$45,649	$51,681	$56,009
Agricultural Research Service	65	73	53
Cooperative State Research, Education and Extension Service.	31	31	36
Economic Research Service	3	3	3
Total, Objective 4.1	45,748	51,788	56,101
Objective 4.2: Promote Healthier Eating Habits and Lifestyles:			
Food and Nutrition Service	207	234	257
Agricultural Research Service	11	14	13
Cooperative State Research, Education and Extension Service.	99	106	106
Economic Research Service	4	7	13
Total, Objective 4.2	321	361	389
Objective 4.3: Improve Food Program Management and Customer Service:			
Food and Nutrition Service	198	202	209
Agricultural Research Service	15	17	21
Economic Research Service	5	5	5
Total, Objective 4.3	218	224	235
Total, Strategic Goal 4	$46,287	$52,373	$56,725

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APPENDIX

Strategic Goal 5
Protect and Enhance the Nation's Natural Resource Base and Environment
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Objective 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands:			
Forest Service	$5,469	$4,895	$4,482
Agricultural Research Service	120	135	95
Cooperative State Research, Education and Extension Service	12	13	11
Total, Objective 5.1	5,601	5,043	4,588
Objective 5.2: Improve Management of Private Lands:			
Farm Service Agency	2,026	2,116	2,203
Natural Resources Conservation Service	2,605	3,047	2,636
Forest Service	688	702	685
Agricultural Research Service	119	134	94
Cooperative State Research, Education and Extension Service	181	191	130
Economic Research Service	11	11	11
National Agricultural Statistics Service	3	4	4
Total, Objective 5.2	5,633	6,205	5,763
Total, Strategic Goal 5	$11,234	$11,248	$10,351

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APPENDIX

Management Activities
(Dollars in Millions)

Program	2004 Actual	2005 Estimate	2006 Budget
Departmental Activities	$543	$552	$628

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APPENDIX

User Fee Proposals
(Dollars in Millions)

Agency and Program	2006 Budget Authority
Food Safety	
Food Safety and Inspection Service:	
Salaries and Expenses	$139
• This proposal would provide the authority to recover through user fees the cost of providing inspection services beyond a single primary approved shift. This proposal would not affect current user fees for overtime and holiday inspection services.	
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
Salaries and Expenses	11
• This proposal would provide the authority to collect and retain fees for animal welfare activities.	
Agricultural Marketing Service:	
Marketing Services	3
• This proposal would provide the authority to recover costs associated with the development of commodity grade standards.	
Grain Inspection, Packers and Stockyards Administration:	
Salaries and Expenses	25
• This proposal would establish a fee for grain standardization and a Packers and Stockyards license fee.	
Total, Fee Related Proposed Legislation	$177

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APPENDIX

Proposed Legislation
(Dollars in Millions)

Agency and Program	2006 Budget Authority
Farm and Foreign Agricultural Services	
Farm Service Agency:	
CCC Farm Programs	-$587
• Proposed legislation would reduce farm program spending by $5.7 billion over ten years. The Milk Income Loss Contract Program would also be extended for two years.	
Risk Management Agency:	
Crop Insurance Program	0
• Proposed legislation would compel producers participating in farm commodity programs to purchase crop insurance and would offer a mix of cost savings initiatives. The proposal would save $140 million annually, beginning in 2007.	
Food, Nutrition, and Consumer Services	
Food and Nutrition Service:	
Food Stamp Program	-56
• Proposed legislation would eliminate automatic eligibility for certain Temporary Assistance for Needy Families (TANF) participants. (-$57)	
• Proposed legislation would eliminate special military pay when determining food stamp benefits for deployed members of the armed services. ($1)	
• Proposed legislation would authorize State agencies to access the National Database for New Hires to match information with program applications and reports.	

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APPENDIX

Proposed Legislation
(Dollars in Millions)

Agency and Program	2006 Budget Authority
Natural Resources and Environment	
Forest Service:	
Facility Enhancement Fund	42
• Proposed legislation would authorize the Forest Service to retain and use proceeds from the sale of unused administrative sites for the maintenance and construction of facilities.	
Administration of Rights-of-Way and Other Land Uses	5
• Proposed legislation would extend to September 2009 the authority to implement a pilot program authorizing the assessment, collection, and expenditure of administrative fees collected from applicants for, and holders of, special use authorizations; to cover costs to process those applications and/or monitor the compliance with those authorizations.	
Marketing and Regulatory Programs	
Agricultural Marketing Service:	
Livestock Mandatory Price Reporting Program	0.5
• Proposed legislation would amend the Livestock Mandatory Price Reporting Program to cover pork products. Included pork products under the program would be from negotiated sales as well as formula and contract transactions for domestic and international trade.	

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U.S. Department of Agriculture

2006 BUDGET

EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS

VOLUME 1

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FY 2006 EXPLANATORY NOTES
Volume 1 - Contents

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PREFACE

The 2004 estimates in the Explanatory Notes have been adjusted to be on a comparable basis with the 2005 and 2006 estimates.

Statement of Available Funds and Staff Years

A statement is included for each agency, immediately following the introductory purpose statement, to reflect all sources of funds available to the agency and to show the staff years related to each source of funds.

These statements reflect the best available information at the time these Explanatory Notes were prepared in January 2005. However, it is not possible in many instances to determine in advance the extent to which agencies may be requested to perform additional services for other Federal and non-Federal agencies or organizations. Therefore, amounts of actual reimbursements and other funds received from sources other than appropriations directly to the agency may vary from those shown in the statements.

In those cases where the funds are not appropriated (reimbursements, trust funds, transfers, revolving funds, etc.), the dollar amounts shown represent actual or estimated obligations for the year.

In some instances there may be duplication of amounts shown. This results largely from cases involving reimbursements between different agencies within the Department and where amounts are paid from appropriations to the Working Capital Fund. There is no duplication of the staff years shown.

Summary of Budget and Performance

An exhibit is included for each agency displaying a crosswalk of their goals, objectives and programs and how they link to the Department's overall Strategic Goals.

A performance and funding matrix, based on available funds, is included for each agency to align the agency's budget, programs and staff with Departmental Strategic Objectives. The funding matrix compares the level of each program in fiscal years (FY) 2004 and 2005 with the levels proposed in FY 2006 by Departmental Strategic Objective.

A statement of Key Performance Outcomes and Measures that discusses a few of the most important, long-term performance measures for each agency goal is also included. For programs covered by a Performance Assessment Rating Tool (PART) in FYs 2004, 2005, or 2006, long-term performance measures compare the program's baseline performance to the target levels of performance.

A tabular presentation and a short description of selected performance targets in units and dollars is included for each priority activity. Data for all of an agency's performance measures is not included. Only the dollars that relate to key performance measures are displayed.

A statement of full costs by the Department's Strategic Objectives is included to reflect the sum of all budget resources used by an agency to achieve program outputs. If the full cost of an output or outcome could not be precisely calculated, the costs shown are the best estimate or approximation of the full costs at time these Explanatory Notes were prepared.

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Project Statements

The obligations shown in the Project Statements are based on the appropriations and activities proposed in the 2006 budget estimates. In some Project Statements, the activities are further divided into subcategories, reflecting a more detailed description of the work conducted under the appropriation items.

In those accounts where prior year balances are also available for obligation during the year, such amounts are shown in a separate Project Statement.

The amounts shown in Project Statements for the past year are taken directly from the accounting records to the maximum extent possible. Where the Department has adjusted obligations after Treasury has closed the books for the year, the most current estimate has been shown. These adjustments will be picked up by Treasury in subsequent reports.

Classification by Objects

A statement is included for each account showing total obligations by Object Classification. Obligations for personnel compensation are also broken between headquarters and field.

Loan Levels

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals.

"Direct" loans involve the Federal government disbursing the money to the borrower and receiving the money back from the borrower in regular installments in future years. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to repay, perform the administrative procedures to process the application, make and record the loan payment, receive and record the receipts for repayment, calculate the interest and remaining balance status, monitor the regularity of payments, follow up on delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss to the Federal government in the event of the borrower's default on the loan.

For international trade **"Credit Sales"**, the same basic process is involved except that the disbursement of the cash loan is replaced by the disbursement of cash to purchase and ship the commodities being exported to the foreign country involved.

Loan "Guarantees" involve the Federal government guaranteeing a private lending institution that a stipulated portion of a borrower's loan will be repaid. The Federal government does not disburse or receive funds involved in the loan and repayment between the lending institution and the borrower. If the borrower defaults on the loan, the Federal government would have to disburse to the lending institution the portion of the borrower's unpaid balance representing the amount of the Federal guarantee. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to pay, counsel and assist the borrower in arranging the loan with the lending institution, perform administrative procedures necessary to record the loan guarantee transaction, maintain liaison with the lending institutions to keep informed of the status of loan repayments, follow up on seriously delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss of the Federal government in the event of the borrower's default on the loan. The Rural Utilities Service (RUS), however, guarantees loans made by the Federal Financing Bank. Because RUS is guaranteeing loans made by another Federal agency, the transaction more closely resembles a direct loan.

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2006 Explanatory Notes
Office of the Secretary

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OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department's responsibilities including research, educational and regulatory activities, nutrition, conservation and farm programs, and forestry and international agriculture. It also involves maintaining relationships with organizations and others in the development of programs and maintaining liaisons with the Executive Office of the President and members of Congress on all matters pertaining to Departmental policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201-2202). The delegation of regulatory functions to the Department employees and authorization of appropriations to carry out these functions are contained in 7 U.S.C. 450c-450g. The authority of the Secretary to streamline and reorganize the Department is contained in the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

The Office of the Secretary also oversees special projects that are conducted at the behest of the Congress. These projects include short-term studies, investigations, and research on matters affecting agriculture or the agricultural community. Usually, specific appropriations are provided to carry out these projects. Project results are reported to the appropriate Congressional committees.

The OSEC's strategic goals and objectives are supported by the individual agencies within the Department.

The staff financed from this appropriation are all located in Washington, D. C. As of September 30, 2004, there were 78 employees.

The Office of the Secretary did not have any Office of the Inspector General or General Accounting Office evaluation reports during the past year.

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OFFICE OF THE SECRETARY

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Office of the Secretary.....	$13,254,000	76	$13,342,760	87	$13,380,000	87
Cross-cutting Trade Negotiations and Biotechnology Resources.....	1,650,000	--	1,627,000	--	1,627,000	--
Rescission.....	-88,000	--	-119,760	--		--
Subtotal, Office of the Secretary.....	14,816,000	76	14,850,000	87	15,007,000	87
Obligations under other USDA appropriations:						
Reimbursements:						
Advisory Committee Liaison Services.....	175,593	--	192,000	--	192,000	--
Personnel Details.....	257,289	--	--	--	--	--
Faith Based Initiative.....	243,342	--	214,000	--	214,000	--
Subtotal, Reimbursements.....	676,224	0	406,000	0	406,000	0
Cross-cutting Trade Negotiations and Biotechnology Resources.....	-1,516,003	--	-a/	--	-a/	--
Congressional Relations transfer to other USDA agencies.....	-1,851,000	--	-a/	--	-a/	--
Transfer to Working Capital Fund.....	-169,000	--	--	--	--	--
Total, Office of the Secretary	11,956,221	76	15,256,000	87	15,413,000	87

a/ Amount to be transferred to USDA agencies for Congressional Relations to be determined.

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OFFICE OF THE SECRETARY
Permanent Positions By Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Grade	Washington, DC	Washington, DC	Washington, DC
Executive Level I	1	1	1
Executive Level II	1	1	1
Executive Level III	7	7	7
Executive Level IV	3	3	3
Senior Executive Service	19	19	19
GS-15	10	10	10
GS-14	5	5	5
GS-13	4	4	4
GS-12	10	10	10
GS-11	10	10	10
GS-10	3	3	3
GS-9	11	11	11
GS-8	1	1	1
GS-6	1	1	1
Other Ungraded Positions	1	1	1
Total Permanent Positions	87	87	87
Unfilled Positions end-of-year	-14	--	--
Total, Permanent Full -Time Employment, end-of-year	73	87	87
Staff Year Estimate	76	87	87

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Size, Composition, and Annual Cost
(in thousands of dollars)
Number of Vehicles by Type*

Fiscal Year	Sedans and Station Wagons	Light Trucks 4x2	Light Trucks 4x4	Medium Trucks	Heavy Trucks	Ambulances	Buses	Total Vehicles	Annual Operating Cost ($ in thousands)
FY 2002 Change	2							2	25
FY 2004 Change	2							2	26
FY 2005 Change	2							2	27
FY 2006 Change	2							2	28

These vehicles are leased through the General Services Administration's Leasing Program.

NOTES:
*These numbers include vehicles that are owned by the agency, leased from commercial sources, and leased from GSA.

Full Cost by Strategic Goal				
PROGRAM	**PROGRAM ITEMS**	**2004 AMOUNT ($000)**	**2005 AMOUNT ($000)**	**2006 AMOUNT ($000)**
Office of the Secretary				
	Administrative Costs (direct)	14,816	14,850	15,007

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OFFICE OF THE SECRETARY
(Including Transfers of Funds)

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of the Secretary of Agriculture, [$5,124,000] $5,127,000: *Provided*, That not to exceed $11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

Office of the Assistant Secretary for Administration

For necessary salaries and expenses of the Office of the Assistant Secretary for Administration, [$669,000] $676,000.

Office of the Assistant Secretary for Congressional Relations
(Including Transfers of Funds)

For necessary salaries and expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded by this Act, including programs involving intergovernmental affairs and liaison within the executive branch, [$3,852,000] $3,846,000: *Provided*, That these funds may be transferred to agencies of the Department of Agriculture funded by this Act to maintain personnel at the agency level: [*Provided further*, That no funds made available by this appropriation may be obligated after 30 days from the date of enactment of this Act, unless the Secretary has notified the Committees on Appropriations of both Houses of Congress on the allocation of these funds by USDA agency:] Provided further, That no other funds appropriated to the Department by this Act shall be available to the Department for support of activities of congressional relations.

Office of the Under Secretary for Research, Education and Economics

For necessary salaries and expenses of the Office of the Under Secretary for Research, Education and Economics to administer the laws enacted by the Congress for the Economic Research Service, the National Agricultural Statistics Service, the Agricultural Research Service, and the Cooperative State Research, Education, and Extension Service, [$592,000] $598,000.

Office of the Under Secretary for Marketing and Regulatory Programs

For necessary salaries and expenses of the Office of the Under Secretary for Marketing and Regulatory Programs to administer programs under the laws enacted by the Congress for the Animal and Plant Health Inspection Service; the Agricultural Marketing Service; and the Grain Inspection, Packers and Stockyards Administration; [$721,000] $724,000.

Office of the Under Secretary for Food Safety

For necessary salaries and expenses of the Office of the Under Secretary for Food Safety to administer the laws enacted by the Congress for the Food Safety and Inspection Service, [$595,000] $602,000.

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Office of the Under Secretary for Farm and Foreign Agricultural Services

For necessary salaries and expenses of the Office of the Under Secretary for Farm and Foreign Agricultural Services to administer the laws enacted by Congress for the Farm Service Agency, the Foreign Agricultural Service, the Risk Management Agency, and the Commodity Credit Corporation, [$631,000] $635,000.

Office of the Under Secretary for Natural Resources and Environment

For necessary salaries and expenses of the Office of the Under Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Natural Resources Conservation Service, [$741,000] $744,000.

Office of the Under Secretary for Rural Development

For necessary salaries and expenses of the Office of the Under Secretary for Rural Development to administer programs under the laws enacted by the Congress for the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service of the Department of Agriculture, [$632,000] $635,000.

Office of the Under Secretary for Food, Nutrition and Consumer Services

For necessary salaries and expenses of the Office of the Under Secretary for Food, Nutrition and Consumer Services to administer the laws enacted by the Congress for the Food and Nutrition Service, [$595,000] $599,000.

Office of the Assistant Secretary for Civil Rights

For necessary salaries and expenses of the Office of the Assistant Secretary for Civil Rights, [$818,000] $821,000

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OFFICE OF THE SECRETARY

Salaries and Expenses

Appropriations Act, 2005	$14,969,760
Budget Estimate, 2006	15,007,000
Increase in Appropriation	+37,240

Adjustments in 2005:		
Appropriations Act, 2005	$14,969,760	
Rescission under PL 108-447 a/	-119,760	
Adjusted base for 2005	14,850,000	
Budget Estimate, 2006	15,007,000	
Increase over adjusted 2005	+157,000	

a/ The amount is rescinded pursuant to Section 122 of Division J of PL 108-447.

Summary of Increases and Decreases
(On basis of available funds)

Item of Change	2005 Estimated	Pay Costs	2006 Estimated
Office of the Secretary.	$14,850,000	+$157,000	$15,007,000

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OFFICE OF THE SECRETARY
Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase / Decrease	Amount	Staff Years
1. Secretary	$3,899,358	28	$3,456,000	24	+$44,000	$3,500,000	24
Trade Negotiations & Biotechnology Resources	-1,516,003	--	1,627,000	--	+0	1,627,000	--
2. Under/Asst. Secretaries:							
ADM	659,561	2	664,000	5	+12,000	676,000	5
Congressional Relations.	3,736,936	14	3,821,000	17	+25,000	3,846,000	17
Transfer to Agencies	-2,020,000	--	--a/	--	--	--a/	--
REE	584,780	3	587,000	5	+11,000	598,000	5
MRP	709,236	5	715,000	5	+9,000	724,000	5
Food Safety	584,175	4	590,000	5	+12,000	602,000	5
FFAS	623,683	3	626,000	5	+9,000	635,000	5
NRE	727,897	5	735,000	6	+9,000	744,000	6
RD	544,207	3	627,000	5	+8,000	635,000	5
FNCS	582,769	3	590,000	5	+9,000	599,000	5
Civil Rights	131,770	6	812,000	5	+9,000	821,000	5
Unobligated Balance	2,031,628	--	--	--	--	--	--
Subtotal available or estimate	11,279,997	76	14,850,000	87	+157,000	15,007,000	87
Transferred to agencies from CR	+1,851,000	--	--	--			
Transferred to WCF	+169,000	--	--	--			
Transferred to Trade Negotiations & Bio Tech	+1,516,003	--	--	--			
Total, available or estimate	14,816,000	76	14,850,000	87			
Rescission	+88,000	--	+119,760	--			
Total, Appropriation	14,904,000	76	14,969,760	87			

a/ Amount to be transferred to USDA agencies for Congressional Relations to be determined.

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OFFICE OF THE SECRETARY

Justification of Increases and Decreases

(1) An increase of $157,000 for the Office of the Secretary (OSEC):

(A) An increase of $157,000 to fund pay costs.

This increase is needed to maintain the current level of staffing to ensure adequate leadership, guidance and policy direction of the Department.

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	9,248,359	76	$14,850,000	87	$15,007,000	87
Unobligated balance.....	2,031,628	--	--	--	--	--
Total, Available or Estimate.....	11,279,987	76	14,850,000	87	15,007,000	87

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OFFICE OF THE SECRETARY

Classification By Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	7,551,795	8,338,000	8,417,000
11 Total personnel compensation	7,551,795	8,338,000	8,417,000
12 Personnel benefits	1,745,685	2,187,000	2,265,000
Total pers. comp. & benefits	9,297,480	10,525,000	10,682,000
Other Objects:			
21 Travel and transportation of persons	533,480	402,000	402,000
22 Transportation of things	3,434	8,000	8,000
23.3 Communications, utilities, and misc. charges	637,125	320,000	320,000
24 Printing and reproduction	159,964	27,000	27,000
25 Other services	410,381	3,309,000	3,309,000
26 Supplies and materials	195,662	177,000	177,000
31 Equipment	42,471	82,000	82,000
Total other objects	1,982,517	4,325,000	4,325,000
Total direct obligations	11,279,997	14,850,000	15,007,000
Position Data:			
Average Salary, ES positions	$145,762	$147,948	$147,948
Average Salary, GS positions	62,638	63,578	63,578
Average Grade, GS positions	11.9	11.7	11.7

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2006 Explanatory Notes
Departmental Administration

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DEPARTMENTAL ADMINISTRATION

Purpose Statement

Departmental Administration (DA) was established to provide management leadership to ensure that USDA administrative programs, policies, advice, and counsel meet the needs of USDA program organizations, consistent with laws and mandates; and provide safe and efficient facilities and services to customers. DA's functions include human resources management, procurement and property management, emergency preparedness, hazardous materials management, Government ethics, facilities management, and small business utilization programs. The administrative law functions, Judicial Officer and the Board of Contract Appeals have been placed within DA for administrative purposes.

Headquarters. The majority of the Departmental Administration functional activities are located in Washington, D.C.

As of September 30, 2004, there were 405 employees, of which 365 were full-time permanent employees and 40 were other than full-time permanent employees included under Departmental Administration. These employees were assigned as follows (includes DA Direct, DA Reimbursement, and Working Capital Fund):

Location	Full-time Permanent	Other	Total
Washington, D.C.	364	40	404
Field Units	1	0	1
Total	365	40	405

OIG Reports

#23099-2-Fm May 2002 Security over information technology resources in DA.

#50099-4-HQ October 2001 Physical critical infrastructure.

#50099-13-At March 2002 Oversight and security of biological agents at laboratories operated by USDA.

#50099-19-Fm January 2001 Controls over USDA advanced payment systems.

#50601-5-HQ June 2003 Travel card.

#50601-9-At March 2002 Controls over chemical and radioactive materials at USDA facilities.

#50801-12-At June 2002 Management of HAZMAT funds.

#89099-1-HQ August 2002 Energy Act compliance.

GAO Reports

#129306 June 2004 Civilian agencies use of spend analysis.

#130360 March 2004 Federal disability program.

#310395 May 2004 Continuity of Operations update.

#360342 May 2003 Federal procurement of biobased products.

#450196 August 2003 Selected agencies' use of alternative service delivery for accomplishing human capital activities.

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DEPARTMENTAL ADMINISTRATION
Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimated		2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation:						
Departmental Administration.....	$23,031,000	186	$22,626,000	225	$23,103,000	225
Rescission.....	-135,883	--	-181,000	--	--	--
Ag. Buildings & Facilities.....	156,469,000	86	163,870,000	95	221,924,000	95
Rescission.....	-923,167	--	-1,311,000	--	--	--
Hazardous Materials Mgmt.....	15,611,000	7	15,532,000	7	15,644,000	7
Rescission.....	-92,105	--	-124,000	--	--	--
Total Direct	193,959,845	279	200,412,000	327	260,671,000	327
Obligations under other USDA appropriations:						
Departmental Administration:						
Radiation Safety.....	823,519	9	834,000	11	859,000	11
Honor Awards.....	113,313	--	139,000	--	142,000	--
Employee Express.....	400,000	--	--	--	--	--
IPS Unobligated Balance.....	2,600,000	--	5,900,000	--	--	--
Homeland Security Activities...	333,827	--	3,000,000	--	3,000,000	--
HR Training/Software.....	801,601	--	818,000	--	827,000	--
SES Candidate Devel. Prog.....	206,134	--	--	--	--	--
Flexible Spending Acct.....	890,635	--	910,000	--	928,000	--
Drug Testing.....	157,696	--	148,000	--	152,000	--
Shuttle Services.....	345,012	--	395,000	--	395,000	--
Personnel Details.....	417,122	--	--	--	--	--
TARGET Center.....	898,181	4	950,000	5	968,000	5
Visitor Center.....	200,521	2	377,000	3	384,000	3
Operations Center.....	--	--	1,903,000	--	1,949,000	--
OSEC Drivers.....	78,339	1	81,000	1	85,000	1
Interpreter Service.....	743,937	1	461,000	2	468,000	2
OCFO IT Services.....	353,799	--	500,000	--	500,000	--
Travel to Admin. Hearings.....	79,710	--	70,000	--	70,000	--
Board of Contract Appeals.....	847,113	6	1,200,000	10	1,300,000	10
Misc. Reimbursements.....	127,376	--	150,000	--	150,000	--
WCF Admin. Support Cost.....	4,209,038	28	4,339,000	35	4,605,000	35
Subtotal, DA Reimb.....	14,626,873	51	22,175,000	67	16,782,000	67
Ag. Buildings & Facilities:						
Other Building Services.....	1,602,275	--	2,600,000	--	2,600,000	--
Subtotal, Ag Buildings.....	1,602,275	--	2,600,000	--	2,600,000	--
Total Reimbursements.....	16,229,148	51	24,775,000	67	19,382,000	67
Working Capital Fund:						
Administration.....	25,687,000	179	27,679,000	195	28,990,000	195
Corporate Systems.....	6,247,000	12	14,995,000	10	16,573,000	10
Purchase of Equipment.....	5,708,801	--	110,000	--	7,006,000	--
Total, Working Capital Fund.....	37,642,801	191	42,784,000	205	52,569,000	205
Total, USDA Funds.....	247,831,791	521	267,971,000	599	332,622,000	599
Total Departmental Administration	247,831,794	521	267,971,000	599	332,622,000	599

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DEPARTMENTAL ADMINISTRATION

Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

	2004			2005			2006		
Grade	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	6	--	6	8	--	8	8	--	8
CA-01	1	--	1	1	--	1	1	--	1
CA-02	1	--	1	1	--	1	1	--	1
CA-03	2	--	2	2	--	2	2	--	2
AL-3	3	--	3	3	--	3	3	--	3
SL-1	1	--	1	1	--	1	1	--	1
GS-15	33	--	33	41	--	41	43	--	43
GS-14	89	--	89	105	--	105	105	--	105
GS-13	90	--	90	99	--	99	99	--	99
GS-12	41	1	42	46	1	47	46	1	47
GS-11	20	--	20	23	--	23	23	--	23
GS-10	3	--	3	4	--	4	4	--	4
GS-9	7	--	7	16	--	16	16	--	16
GS-8	9	--	9	10	--	10	10	--	10
GS-7	5	--	5	15	--	15	13	--	13
GS-6	1	--	1	1	--	1	1	--	1
GS-5	1	--	1	--	--	--	--	--	--
Ungraded Pos.	16	--	16	17	--	17	17	--	17
Total Permanent Positions	329	1	330	393	1	394	393	1	394
Unfilled Positions end-of-year	-19	--	-19	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year	310	1	311	393	1	394	393	1	394
Staff Year Estimate	329	1	330	393	1	394	393	1	394

Includes DA Direct, DA Reimbursement, Agriculture Buildings and Facilities, and Hazardous Materials Management.

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DEPARTMENTAL ADMINISTRATION

Summary of Budget and Performance
Statement of Goals and Objectives

Departmental Administration (DA) was established to provide management leadership to ensure that USDA administrative programs, policies, advice, and counsel meet the needs of USDA program organizations, consistent with laws and mandates; and provide safe and efficient facilities and services to customers. DA's functions include human resources management, procurement and property management, emergency preparedness, hazardous materials management, Government ethics, facilities management, and small business utilization programs. The administrative law functions, Judicial Officer and the Board of Contract Appeals have been placed within DA for administrative purposes.

DA has one strategic goal and five strategic objectives that contribute to two of the Department's Strategic Goals.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Management Initiative 1: Improve Human Capital Management and **Management Initiative 3:** Expand Electronic Government	**Agency Goal 1:** Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.	Objective 1: Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities and work cooperatively with USDA partners and the private sector.	Departmental Administration	Key Outcome 1: USDA programs will be staffed with sufficiently trained personnel to meet program objectives and will have more effective, timely and uniform management of their human resources. Headquarters organizations will receive effective and timely human resources management support and employees will be aware of and compliant with Government Standards of Conduct.
		Objective 2: Ensure USDA has a trained acquisition workforce, procurement policies and systems to provide responsive, quality, cost-effective, and accountable support with a diverse vendor pool.		Key Outcome 2: Mechanisms will be established to provide advantageous pricing for selected products and services and a new Integrated Acquisitions System will be fully deployed. Participation of small and disadvantaged businesses will increase. USDA vehicle fleet will reduce petroleum use and bio-based products will be promoted.

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DEPARTMENTAL ADMINISTRATION

Summary of Budget and Performance
Statement of Goals and Objectives-Continued

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Management Initiative 1: Improve Human Capital Management and **Management Initiative 3:** Expand Electronic Government	**Agency Goal 1:** Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.	Objective 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability.	Departmental Administration	Key Outcome 3: USDA Headquarters will have the facilities and goods and services needed to successfully carryout programs. Personal property will be integrated into the Corporate Property Automated Information System and a real property management system will be established.
		Objective 4: Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.		Key Outcome 4: USDA will have a safe, secure, and productive work environment nationwide. Security information will be handled in the correct manner and USDA personnel will have the appropriate level of security clearances. USDA Continuity of Operations plans will be reviewed and regularly updated.
		Objective 5: Provide formal adjudicative support.		Key Outcome 5: USDA Administrative law proceedings will be handled quickly and fairly.

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Strategic Objective and Funding Matrix

DEPARTMENTAL ADMINISTRATION

STRATEGIC OBJECTIVE 1: Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities and work cooperatively with USDA partners and the private sector.

STRATEGIC OBJECTIVE 2: Ensure USDA has a trained acquisition workforce, procurement policies and systems to provide responsive, quality, cost-effective, and accountable support with a diverse vendor pool.

STRATEGIC OBJECTIVE 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.

STRATEGIC OBJECTIVE 4: Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.

STRATEGIC OBJECTIVE 5: Provide formal adjudicative support.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Budget			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1: Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities & work cooperatively with USDA partners & the private sector	$8,706,030	77	$8,802,000	90	+$147,000	$8,949,000	90
Total, Strategic Objective 1	8,706,030	77	8,802,000	90	+147,000	8,949,000	90
Strategic Objective 2: Ensure USDA has a trained acquisition workforce, procurement policies & systems to provide responsive, quality, cost-effective, & accountable support with a diverse vendor pool	3,799,146	28	3,110,000	34	+59,000	3,169,000	34
Total, Strategic Objective 2	3,799,146	28	3,110,000	34	+59,000	3,169,000	34
Strategic Objective 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity & ensure accountability	6,459,974	50	6,123,000	54	+105,000	6,228,000	54
Total, Strategic Objective 3	6,459,974	50	6,123,000	54	+105,000	6,228,000	54
Strategic Objective 4: Provide the policies, technical guidance, & operating environment that enhance the safety & security of USDA personnel, information & facilities, & the continuity of its vital programs	2,027,167	15	2,647,000	31	+320,000	2,967,000	31
Total, Strategic Objective 4	2,027,167	15	2,647,000	31	+320,000	2,967,000	31
Strategic Objective 5: Provide formal adjudicative support	1,902,800	16	1,763,000	16	+27,000	1,790,000	16
Total, Strategic Objective 5	1,902,800	16	1,763,000	16	+27,000	1,790,000	16
Total, Available	22,895,117	186	22,445,000	225	+658,000	23,103,000	225

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities and work cooperatively with USDA partners and the private sector --

Consistent with the President's Management Agenda Initiative for Strategic Human Capital Management, activities that are being accomplished are: continuing a leadership role in Government-wide information technology workforce skills assessment and agency workforce assessments to develop appropriate workforce strategies; enhancing collaboration and sharing of employee development expertise among agencies, including brokering mentoring and detail opportunities for staff; supporting Government and enterprise-wide efforts to increase the use of automated learning management systems to effectively and efficiently deliver professional development; working with the Assistant Secretary for Civil Rights and agencies to ensure diversity and conflict resolution initiatives are included in employee development programs; with the Mission Areas and staff offices, developing an annual USDA Recruitment Plan to more effectively and efficiently meet the hiring needs of the Department; continuing to evaluate the adequacy of current hiring and retention flexibilities and developing options for additional reforms; ensuring agencies' progress in linking individual employee performance plans to organizational goals; and ensuring that diversity, civil rights, and equal opportunity principles are effectively synthesized into performance management programs and practices.

During fiscal year 2006, the detailed requirements analysis for the Human Resources Information System will be documented; the first phase implementation targets will be identified. A Request For Proposal will be issued -- contract award will be contingent upon funding in the fiscal year 2007 Budget. Upon full implementation, all USDA mission areas will employ a singular human resources information system that creates a common shared database on employees and forces common human resources business practices among the various mission area human resources organizations. The programmatic focus of recruiting and training will remain unique between the mission areas, but the administrative processes and practices will be very similar.

We will improve Headquarters human resources services by implementing the Human Resources Services Division tracking system which will track requests for personnel actions and the Labor and Employee Relations Automated Case Tracking and Reporting System to ensure that employee relations and labor cases are handle effectively and expeditiously. We will implement recommendations of the USDA, National Finance Center (NFC), and OPM reviews which identified weaknesses in service areas such as timely processing of personnel actions, maintenance of files, delegated examining, and accountability. We will also inaugurate an expanded Headquarters human resources Web site with rules and regulations, self-help information such as forms and examples, and answers to frequently asked questions. We will implement the self-service "Dashboard" access to computerized employee information such as the NFC, Thrift Savings Plan, and retirement calculations. We will expand the staff to adequate levels to meet servicing, accountability and official files maintenance requirements under regulations and standards set by OPM. We will implement a training plan to meet OPM recommendations for employees and managers and establish customer service standards for quality and timeliness. We will conduct an audit of the delegated examining unit. We will also obtain an automated classification and staffing system for use in-house and by customers.

Ensure USDA has a trained acquisition workforce, procurement policies and systems to provide responsive, quality, cost-effective, and accountable support with a diverse vendor pool --

The Office of Procurement and Property Management (OPPM) will put in place National Blanket Purchase Agreements (BPAs) for USDA purchase card users that leverage USDA's spending power by providing better than the General Services Administration (GSA) schedule prices for selected commonly used supplies and services. As part of this initiative, known as "e-Alliance," USDA will also partner with GSA to develop an electronic marketplace for our BPAs, known as "USDA Advantage." Additionally, USDA will work with GSA to expand its use of "E-Buy," and an Internet-based system for issuing Requests for Quotations.

The Integrated Acquisition System (IAS) supports the President's management initiative on eGovernment by providing an enterprise eProcurement system for USDA that is easier and quicker to use. The IAS is scheduled to be fully implemented in fiscal year 2006.

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In order to increase the USDA contract dollars awarded to small business, we will brief agency heads on responsibilities for using small businesses to provide goods and services; establish partnerships with USDA agencies to improve outreach to small businesses; establish partnerships with other Federal agencies to develop and deliver improved assistance to small disadvantaged, Javits, Wagner, O'Day program (JWOD), and other underutilized businesses; and establish Memorandums of Understanding with professional organizations to improve outreach and technical assistance. We will collaborate with USDA agencies to identify potential opportunities using a variety of contracting strategies and programs.

OPPM will work to improve the verification and validation of alternative fuel purchases reported by existing systems.

Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability --

Customer satisfaction surveys will be conducted annually covering functional areas within the Office of Operations (OO). The first survey will provide the baseline measure of satisfaction and the subsequent annual surveys will capture changes in customer satisfaction level. The business functional areas include: facilities management; space planning and design; mail and printing services; health unit operations, TARGET Center operations; Headquarters physical security; warehouse services; and Information Technology (IT) Help Desk services.

The Corporate Property Automated Information System (CPAIS) was implemented May 2004 for real property. Beginning in July 2004, we began the process of analyzing the integration of personal property into CPAIS. The three main components of adding personal property to the existing system will be to conduct a requirements analysis, business process reengineering and update of the Exhibit 300. During fiscal years 2005 and 2006 the requirements will be determined, and development and implementation of personal property into CPAIS will be complete. OPPM will work closely with the Office of the Chief Financial Officer (OCFO) to develop an Exhibit 300 and programming documents to establish the most cost effective and rapid way to implement such a system with the goal being to integrate all real and personal property into one corporate system, to eliminate the legacy personal property system (PROP), and to achieve accountability for all personal property.

Federal Real Property Asses Mangement is a components of the President's Management Agenda, thus, is evaluated quarterly on the Office of Management and Budget's (OMB) management scorecard and reported in the "Proud To Be" annual report. Executive Order 13327 established a Federal Real Property Council within the OMB to develop guidance for, and facilitate the success of, each agency's asset management plan. Such a plan will help foster an environment within Federal Agencies that will promote better asset management and the disposal of unneeded Federal properties along with having a complete inventory of its real properties. Additionally, the Administrator of the General Services Administration will publish common performance measures and standards to be adopted by the Council. The Council is tasked to develop guidance for, and facilitate the success of, each agency's asset management plan and will work with the Administrator of General Services Administration to establish appropriate performance measures to determine the effectiveness of Federal real property management. The Council has also undertaken an effort to determine the essential elements that make up an effective inventory system and will make them available to the Department to incorporate into their inventory systems.

Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs --

OPPM will manage security assessments; monitor implementation of countermeasures; and review/revise mission critical facility listing through implementation of a department-wide Security Working Group, periodic review by the agencies, and utilization of the Geographic Security Information System (GeoSIS).

The President granted Original Classification Authority to the Secretary in September 2002, which mandates USDA to create an Information Security Program ensuring the protection of classified National security information. Executive Orders 12958 (Classified National Security Information), and 12968 (Access to Classified Information) mandate security training for individuals holding security clearances. In fiscal year 2005, the Information Security Program will revise the USDA 1983 information security policy to incorporate new Federal policy. The new policy will be the developmental foundation for an on-line security awareness training program

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that will automatically track individual completion of the training. This will facilitate mandatory employee security training worldwide and will provide USDA a measurement of success. USDA will identify and train individuals within each mission area that handle classified information in order to provide agencies with on-the-spot assistance in handling classified information.

Building on security projects and activities initiated under the Homeland Security supplemental appropriation, USDA plans additional measures and projects to protect Headquarters facilities and personnel by continuing the higher level of security and preparedness required in the current world environment. In fiscal year 2005, an evaluation will be conducted to determine the Headquarters physical security and emergency preparedness posture and will be used as a baseline to establish and measure future improvements to performance.

Provide formal adjudicative support --

OALJ and JO will continue administrative law activities in support of USDA programs. This involves hearing cases and issuing decisions/consent rulings on interpretations on administrative regulations.

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DEPARTMENTAL ADMINISTRATION

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service mission.

Key Outcome 1: USDA programs will be staffed with sufficiently trained personnel to meet program objectives and will have more effective, timely and uniform management of their human resources. Headquarters organizations will receive effective and timely human resources management support and employees will be aware of and compliant with Government Standards of Conduct.

Key Outcome 2: Mechanisms will be established to provide advantageous pricing for selected products and services and a new Integrated Acquisitions System will be fully deployed. Participation of small and disadvantaged businesses will increase. USDA vehicle fleet will reduce petroleum use and biobased products will be promoted.

Key Outcome 3: USDA Headquarters will have the facilities and goods and services needed to successfully carryout programs. Personal property will be integrated into the Corporate Property Automated Information System and a real property management system will be established.

Key Outcome 4: USDA will have a safe, secure, and productive work environment nationwide. Security information will be handled in the correct manner and USDA personnel will have the appropriate level of security clearances. USDA Continuity of Operations plans will be reviewed and regularly updated.

Key Outcome 5: USDA Administrative law proceedings will be handled quickly and fairly.

Key Performance Measures:

Performance Measure 1.1 USDA achievement in human capital performance.

Performance Measure 1.2 Progress in implementing USDA Enterprise Human Resources Information System.

Performance Measure 1.3 Improvement in Headquarters human resources services.

Performance Measure 4.1 Percent support in areas of physical, document, and personnel security.

Performance Measure 4.2 Percent establishment of USDA Continuity of Operations Program.

Performance Measure 4.3 Compliance with established standards for safety, security, and emergency programs.

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DEPARTMENTAL ADMINISTRATION

Key Performance Targets: Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure 1.1 USDA achievement in human capital performance.				
a. Units	N/A	Yellow	Yellow; Progress to Green	Green
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A
Performance Measure 1.2 Progress in implementing USDA Enterprise Human Resources Information System.				
a. Units	N/A	Established Staff Unit	Develop Business Case and Budget	Request for Proposal
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A
Performance Measure 1.3 Improvement in Headquarters human resources services.				
a. Units	N/A	Set Initial Baseline	Measure Initial Baseline; Expand Baseline	Improve performance in each Baseline Factor
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A
Performance Measure 4.1 Percent support in areas of physical, document, and personnel security.				
a. Units	75%	100%	100%	100%
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A
Performance Measure 4.2 Percent establishment of USDA Continuity of Operations Program.				
a. Units	75%	100%	100%	100%
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A
Performance Measure 4.3 Compliance with established standards for safety, security, and emergency programs.				
a. Units	N/A	N/A	Set Baseline	TBD
b. Dollars	$ N/A	$ N/A	$ N/A	$ N/A

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Full Cost by Agency Strategic Objective

Agency Goal 1: Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.

Program / Program Items	Dollars in thousands FY 2004	FY 2005	FY 2006
Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities and work cooperatively with USDA partners and the private sector			
Salaries & Benefits	8,677	8,723	8,870
Administrative Costs (Direct)	29	79	79
Total Costs	8,706	8,802	8,949
FTEs	77	90	90
Performance Measure: USDA achievement in human capital performance			
BY Performance	Yellow	Progress to Green	Green
Unit Cost	$ N/A	$ N/A	$ N/A
Ensure USDA has a trained acquisition workforce, procurement policies and systems to provide responsive, quality, cost-effective, and accountable support with a diverse vendor pool			
Salaries & Benefits	3,238	3,076	3,135
Administrative Costs (Direct)	561	34	34
Total Costs	3,799	3,110	3,169
FTEs	28	34	34
Performance Measure: Percent of USDA agencies having AIS installed			
BY Performance	7%	36%	100%
Unit Cost	$ N/A	$ N/A	$ N/A
Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability			
Salaries & Benefits	5,228	4,507	4,619
Administrative Costs (Direct)	1,232	1,616	1,609
Total Costs	6,460	6,123	6,228
FTEs	50	54	54
Performance Measure: Progress in implementing USDA Enterprise Human Resources Information System			
BY Performance	Establish staff unit	Develop business case and budget	Request for proposal
Unit Cost	$ N/A	$ N/A	$ N/A
Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs			
Salaries & Benefits	1,799	2,616	2,674
Administrative Costs (Direct)	228	31	31
Network Enhancements	0	0	162
Medical Support	0	0	100
Total Costs	2,027	2,647	2,967
FTEs	15	31	31
Performance Measure: Percent establishment of USDA COOP			
BY Performance	100%	100%	100%
Unit Cost	$ N/A	$ N/A	$ N/A
Provide formal adjudicative support			
Salaries & Benefits	1,731	1,597	1,629
Administrative Costs (Direct)	172	166	161
Total Costs	1,903	1,763	1,790
FTEs	16	16	16
Performance Measure: Number of Admin. Law Cases disposed			
BY Performance	199	199	199
Unit Cost	$ N/A	$ N/A	$ N/A
Total for Agency Goal 1	**22,895**	**22,445**	**23,103**
FTEs	**186**	**225**	**225**

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DEPARTMENTAL ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Departmental Administration:

For Departmental Administration, [$22,445,000] $23,103,000, to provide for necessary expenses for management support services to offices of the Department and for general administration, security, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department: *Provided*, That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551-558.

Lead-off Tabular Statement

Appropriations Act, 2005		$22,626,000
Budget Request, 2006		23,103,000
Increase in Appropriation		+477,000
Adjustments in 2005:		
Appropriations Act, 2005	22,626,000	
Rescission under P.L. 108-447 a/	-181,000	
Adjusted base for 2005		22,445,000
Budget Estimate, 2006		23,103,000
Increase over adjusted 2005		+658,000

a/ The amount is rescinded pursuant to Section 122 of Division J of P.L. 108-447.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Departmental Administration	$22,445,000	+$396,000	+$262,000	$23,103,000

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DEPARTMENTAL ADMINISTRATION

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Ensure USDA has a diverse, ethical, results-oriented workforce able to meet mission priorities and work cooperatively with USDA partners and the private sector	$8,637,732	77	$8,802,000	90	+$147,000	$8,949,000	90
Ensure USDA has a trained acquisition workforce, procurement policies and systems to provide responsive, quality, cost-effective, and accountable support with a diverse vendor pool	3,769,341	28	3,110,000	34	+59,000	3,169,000	34
Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability	6,409,295	50	6,123,000	54	+105,000	6,228,000	54
Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs	2,011,263	15	2,647,000	31	+320,000	2,967,000	31
Provide formal adjudicative support	1,887,872	16	1,763,000	16	+27,000	1,790,000	16
Unobligated Balance	179,614						
Total Available or Estimate	22,895,117	186	22,445,000	225	+658,000 (1)	23,103,000	225
Rescission	135,883	--	181,000	--			
Total, Appropriation	23,031,000	186	22,626,000	225			

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Justifications for Increases and Decreases

(1) An increase of $658,000 for Departmental Administration ($22,445,000 available in 2005) consisting of:

a) An increase of $262,000 for providing the policies, technical guidance, and operating environment that enhances the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.

An added $162,000 is needed for network and hardware enhancements to accommodate wireless technologies; security maintenance to cover Certification and Accreditation of critical systems as required by the Federal Information Security Management Act; systems training for security and emergency personnel; and the applications software necessary to increase Web technologies and Web-based information systems.

An added $100,000 is needed because emergency response planning has resulted in an increased need for emergency response kits, first aid supplies, stored medical supplies, and contract nurse support for COOP and/or Shelter-in-place responses. As part of our prevention strategy, especially in the face of possible bio-terrorist threats to the Washington, DC-Metro area, we provide free flu vaccinations to government employees and contractors to aid in differentiating between normal patterns of flu-like illnesses and those that may result from biological or chemical weapon use.

b) An increase of $396,000 to fund pay costs.

Departmental Administration is critically short of funds to maintain the workforce at current levels. Without these funds, administrative support services to Department Headquarters will be eroded and on-going programs in human resources management, supply, small business development and administrative law will be put at risk.

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DEPARTMENTAL ADMINISTRATION

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia	$22,471,569	183	22,193,249	222	22,846,765	222
Maryland	243,934	3	251,751	3	256,235	3
Subtotal, Available or Estimate	22,715,503	186	22,445,000	225	23,103,000	225
Unobligated balance	179,614					
Total, Available or Estimate	22,895,117	186	22,445,000	225	23,103,000	225

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DEPARTMENTAL ADMINISTRATION

Classification by Objects
2004 Actual and Estimated 2005 and 2006

		2004	2005	2006
Personnel Compensation:				
Washington, D.C.		$14,472,610	$16,532,000	$17,071,000
Field		--	--	--
11	Total personnel compensation	14,472,610	16,532,000	17,071,000
12	Personnel benefits	2,904,354	3,306,000	3,414,000
	Total pers. comp. & benefits	17,376,964	19,838,000	20,485,000
Other Objects:				
21	Travel and transportation of persons	176,150	25,000	25,000
22	Transportation of things	8,975	3,000	3,000
23.3	Communications, utilities, and misc. charges	696,827	196,000	196,000
24	Printing and reproduction	143,838	30,000	30,000
25.2	Other services	1,386,919	995,000	1,137,000
25.3	Purchases of goods and services from Government Accounts	1,985,142	1,148,000	1,019,000
26	Supplies and materials	772,481	114,000	113,000
31	Equipment	146,358	96,000	95,000
42	Insurance Claims and Indemnities	16,569	--	--
43	Interest	5,280	--	--
	Total other objects	5,338,539	2,607,000	2,618,000
Total direct obligations		22,715,503	22,445,000	23,103,000
Position Data:				
Average Salary, ES positions		$144,257	$148,611	$152,029
Average Salary, GS positions		$58,905	$54,025	$55,827
Average Grade, GS positions		12.9	12.6	12.6

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DEPARTMENTAL ADMINISTRATION

STATUS OF PROGRAM

Current Activities:

Human Resources Management. USDA has updated its Strategic Human Capital Plan to serve as the guide for all Mission Areas and staff offices to develop or update their human capital plans and accompanying workforce/succession plans. Some of the strategies that are being accomplished are: continuing a leadership role in Government-wide information technology workforce skills assessment and agency workforce assessments to develop appropriate workforce strategies; enhancing collaboration and sharing of employee development expertise among agencies, including brokering mentoring and detail opportunities for staff; supporting Government and enterprise-wide efforts to increase the use of automated learning management systems to effectively and efficiently deliver professional development; working with the Assistant Secretary for Civil Rights and agencies to ensure diversity and conflict resolution initiatives are included in employee development programs; with the Mission Areas and staff offices, developing an annual USDA Recruitment Plan to more effectively and efficiently meet the hiring needs of the Department;. continuing to evaluate the adequacy of current hiring and retention flexibilities and developing options for additional reforms; ensuring agencies' progress in linking individual employee performance plans to organizational goals; and ensuring that diversity, civil rights, and equal opportunity principles are effectively synthesized into performance management programs and practices.

Human Resources Operations. Fiscal year 2004 was focused on developing a new Senior Executive Service Performance Management System in accordance with the National Defense Authorization Act revisions to the SES system. USDA's new plan was submitted to the Office of Personnel Management in April 2003 and all executives were moved to the new system as of June 30, 2004. Compensation guidelines for executive performance were approved by the Secretary in June 2004 in accordance with the new "pay for performance" program management principles in the new SES performance System. All executives were rated under the new plan for performance year 2004. OPM provisional certification was received in December 2004. Full certification for senior executives and for those in the SL and ST series is targeted for fiscal year 2005.

Government Ethics. The Office of Ethics (OE) has developed formal ethics guidance concerning USDA scientists co-located at universities and scientists working on university grant applications submitted to Federal agencies, competitive sourcing efforts under OMB Circular A-76, identification of financial disclosure filers, and ethics guidelines for Federal and non-Federal members of the Federal Crop Insurance Corporation. OE is developing additional supplemental regulations for employees of Rural Development and Natural Resources Conservation Service. OE is also developing four new website ethics training modules and a user satisfaction survey. The online training tracking system (ETHTRACK) has been improved. The in-house financial disclosure report tracking system (ETHOS) has been implemented at most mission area ethics offices. OE has developed and is improving for implementation an ethics advice tracking system (EthAdvice). OE will soon make its training modules available through AgLearn.

Subcontracting Opportunities for Underserved Farmers. In cooperation with the U.S. Small Business Administration, USDA Office of Civil Rights, Agricultural Marketing Service, Farm Service Agency, and the Foreign Agricultural Service, the Office of Small and Disadvantaged Business Utilization (OSDBU) is developing a pilot project on behalf of the Food and Beverage Industry Committee of the National Minority Supplier Development Council (NMSDC) to increase the participation of minority owned entities in their business initiatives. OSDBU is developing acquisition strategies to facilitate qualified underserved farmer groups as small business subcontractors for distribution of raw commodities to prime vendor food manufacturers. NMSDC represents over 5,000 minority businesses.

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Development of Affirmative Biobased Procurement Program Model. In accord with Section 9002 of the Farm Bill, USDA has leadership responsibility for the development of a Model Biobased Products Affirmative Procurement Program (APP). The APP Model Program will be developed through contract award, cooperative agreement, or other financial assistance, tested and implemented, and serve as the government-wide model to achieve the Section 9002 goals. Concurrently, USDA will initiate several pilot demonstration projects each year to support USDA's leadership role in promoting domestically renewable biobased products. Implementation of this initiative was not funded in fiscal years 2003, 2004, and 2005. Funding the program in fiscal year 2006 will enable full implementation of the program in the fiscal year 2008-2009 time-frame.

Environmental Sustainable Technology. USDA has committed to advance the Federal government's electronics stewardship goals and practices. USDA along with eleven other departments and agencies signed a Memorandum of Understanding (MOU) to develop and promote common strategies for using environmentally sustainable technologies and practices to improve the quality, performance, and environmental management of Federal electronic assets throughout their life cycle. Action items resulting from this MOU will contribute to reduced energy use in USDA facilities.

Enterprise Acquisition Functionality and Financial Accountability. The Integrated Acquisition System (IAS) has begun to replace multiple stove-piped procurement systems that have limited functionality with an enterprise acquisition system. IAS is integrated with the Foundation Financial Information System (FFIS) to support the goals of automating business processes, eliminating stove-piped systems and supporting Department funds control. Installing the IAS will enable USDA to attain benefits from compliance with Departmental procurement policies, consolidation of Departmental purchases, and process efficiencies. Additionally, the IAS will allow USDA to support the President's Management Agenda for improving financial performance and the Integrated Acquisition Environment.

Small Business Outreach. USDA is a leader in the Federal government in achieving small business program contracting goals. The Office of Small and Disadvantaged Business Utilization (OSDBU) utilizes an active outreach program to identify available minority and women-owned businesses; to expand the number of small businesses securing contracts with USDA; to identify and provide assistance to underserved areas; and to identify and eliminate contracting barriers that prevent or restrict small business access to USDA procurements. In fiscal year 2004, OSDBU worked closely with the Small Business Administration (SBA) in regional "match making" conferences teaming large and small businesses. In fiscal year 2005, OSDBU will continue its outreach partnership with SBA in these sessions and in a Memorandum of Understanding for Rural Small Business Development. OSDBU also regularly connects USDA officials and small businesses through monthly Vendor Outreach Sessions to allow small businesses the opportunity to meet in one central location with USDA procurement officials to market the capabilities of their companies. Special sessions are scheduled monthly for women-owned, service disabled, veteran-owned and other categories of small businesses. OSDBU also convenes monthly First Tuesday Association Briefings for small and disadvantaged trade association representatives for productive information exchanges with associations that represent over 700,000 small disadvantaged business owners.

Rural Small Business Development. OSDBU continued rural small business outreach efforts of the Bringing Rural America Venture Opportunities (BRAVO) program. This program establishes and utilizes partnerships of rural communities, Indian tribes, Alaskan Native Corporations (ANCs), small disadvantaged businesses, private corporations, educational institutions, and government organizations to increase small business opportunities and create jobs in rural areas. Small rural firms are paired in mentor-protégé relationships with experienced Federal contractors to engage in USDA and other Federal departments' contracting opportunities. OSDBU constantly reviews current and future contract opportunities to locate those suitable for directing to Tribal 8(a)s and other categories of small rural firms.

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USDA Southwest Border Region Small Business Development Initiative. The goal of this initiative is to expand small business opportunities in the border communities of Texas, New Mexico, Arizona and California, through building the capacity of small border businesses. USDA is facilitating business-driven, mentor- protégé relationships between experienced Federal contractors and small border companies. These alliances provide small border businesses with the training and technical assistance that will prepare them to participate in government contracting and create jobs.

Southeast Black Belt Initiatives. OSDBU is taking steps to expand small business opportunities and improve the quality of life in the "Black Belt," located in the southeastern portion of the United States. OSDBU is working to increase the number of Federal contracts awarded to small firms located in his region. USDA is utilizing existing Federal small business programs to generate and expand economic activity. OSDBU also encourages the creation of mentor-protégé relationships between experienced Federal contractors and locally based small business protégés. Small firms that have the capacity or potential to satisfy second and third tier procurement requirements are being paired.

Office of Operations. The Office of Operations is currently undergoing a reorganization with an emphasis on management studies, program analysis and evaluation, and improving customer service. As result, the Analysis and Resource Management Division was established to provide comprehensive strategic and long-range planning processes for operations and a centralized approach to administrative support. In early 2005, the Human Resources Services Division was transferred into the Office of Operations in an effort to provide a stable and consistent organizational structure. Additionally, OO established the Emergency Program Staff, which operates the USDA Operation Center, and is the USDA focal point for all emergency management and coordination throughout USDA headquarters.

This reorganization is targeted to implement changes that provide visible and viable results that meet the Departmental Administration initiative of improving customer service and business processes.

Corporate Property Automated Information System. The Office of Procurement and Property Management (OPPM) began the business process reengineering of personal property needs for the Corporate Property Automated Information System (CPAIS). The first work product was development of the "As Is" model and an understanding of the legacy systems that currently exist for USDA personal property.

Federal Real Property Asset Management Plan: Federal Real property asset management is a component of the President's Management Agenda, thus, is evaluated quarterly on Office of Management and Budget's management scorecard and reported in the "Proud To Be" annual report. Pursuant to Executive Order 13327, Federal Real Property Asset Management, USDA must develop a complete and accurate inventory of real property assets, develop and implement an asset management plan, and monitor real property performance measures. To meet these mandates, OPPM is currently developing the structure for a USDA Federal Real Property Council. Additionally, OPPM is developing a charter for the Federal Real Property Council and Standard Operating Procedures. OPPM also began development of the Department's Asset Management Plan based on guidance provided by the Federal Real Property Council.

Administrative Law. The Office of Administrative Law Judges (OALJ) conducts rule making and adjudicatory hearings throughout the United States in proceedings subject to the Administrative Procedure Act (APA), 5 U.S.C. 554 et seq. The Judges issue initial decisions and orders in adjudicatory proceedings that become final decisions of the Secretary unless appealed to the Secretary's Judicial Officer by a party to the proceedings. The Judicial Officer serves as the final deciding officer in regulatory proceedings of a quasi-judicial nature.

Selected Examples of Recent Progress:

Human Capital Management. DA published the Strategic Human Capital Plan that set direction and frameworks for measuring accomplishments achieved in workforce planning, employee and leadership

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development, recruitment and retention, and performance management. Agency plans provide workforce assessments and strategies to narrow skills gaps in agency mission critical occupations, and link them to recruitment, hiring, and retention strategies to help meet succession plans. Leadership development programs in several agencies have been reviewed to identify best practices in training and program design that meet competency expectations for leadership preparation. All programs reviewed achieved competency expectations. The USDA online learning management system, AgLearn, has been made available to employees across agencies to help reduce training costs and provide more career-related developmental opportunities. The Office of Human Capital Management (OHCM) and agencies are developing an annual Recruiting Plan, including an evaluation process for cost-effectiveness to improve hiring and recruitment strategies. All of these processes will need to be continued to meet human capital objectives. USDA is strengthening its performance appraisal programs by aligning individual employee performance expectations with agency goals. As of January 1, 2005, approximately 60% of USDA's employee performance plans will be aligned, and goals will cascade down throughout the organization. In addition, USDA agencies are assessing their performance management training needs and administering training to managers and supervisors as well as non-supervisory employees in management development programs. USDA agencies under 2-level performance appraisal programs are designing and implementing multi-level performance appraisal programs that make distinctions between levels of performance.

Human Resources Operations. As a result of the reorganization of Departmental Administration on November 28, 2004, the Executive Resources Services Division became part of the Office of Planning, Coordination and Executive Resources. This organizational change provides more senior level direct program direction on all of the senior positions and all of the non-career personnel. This staff reports to the Deputy Assistant Secretary. In response to a request from the Department to the Office of Personnel Management, the numbers of authorized positions for SES, SL and ST were increased. Allocations of the slots continue.

Government Ethics. OE issued ethics issuances providing guidance on adjunct professor relationships with universities, competitive sourcing, financial disclosure identification, and ethics requirements for members of the Federal Crop Insurance Corporation. Several Federal agencies joined the previous list of Federal agencies using the OE developed on-line training modules and have expanded that list to nearly 40 entities. During 2004, OE introduced "Ethics Sweepstakes," a comprehensive training module that has been very well received within USDA and is much requested for training by other Federal agencies.

In fiscal year 2004, timely filing of financial disclosure reports by confidential filers increased by 27% over the fiscal year 2003 level. Timely filing by public filers was over 98%. Ethics training requirements were met by over 99% of filers serviced by OE. In addition, OE conducted its second USDA Ethics Program Assessment and continued its program of internal ethics audits as a means of ensuring continued quality assurance.

Certification and Accreditation (C&A). Certification and Accreditation as required by OMB and by the Federal Information Security Management Act was conducted on six DA systems in fiscal year 2004: Integrated Acquisition System (IAS); Center for Environmental Excellence (CEE); and Geo-Security Information System (GeoSIS); DA General Support System (DA GSS); Computer Emergency Notification System (CENS); and Protective Operations Systems (POS). Certification is required every three years or whenever a major configuration change occurs.

Medical Unit. Our medical unit continues to provide a wide variety of educational and preventative screening programs. In fiscal year 2004 there were 15,791 office visits made by employees at USDA Health Units. Included in this total were 2,608 allergy shots, 5,000 blood pressure checks, 60 on the job injuries and 57 travel-related immunizations.

Corporate Property Automated Information System. OPPM continues its work developing the personal property requirements for CPAIS. After the initial "As Is" model, we are now in the process of developing

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the "To Be" model and will further define the requirements needed for personal property business processes and data for CPAIS.

USDA designated its Senior Real Property Officer. We have implemented the Corporate Property Automated Information System (CPAIS)—USDA's property asset management system—which contains a comprehensive inventory and profile of agency real property (owned, leased, and GSA assigned) consistent with the General Services Administration's Federal Real Property Profile plus requirements set forth in the Joint Financial Management Improvement Program (JFMIP) and departmental and agency-specific needs. OPPM has engaged the services of a contractor to develop measures to enable USDA to comply with the requirements of Executive Order 13327.

Physical Security. USDA conducts its programs in approximately 25,000 buildings at more than 7,000 sites around the world. While most of these mission-critical facilities are Government-owned there are a few leased facilities for which USDA is responsible for the cost of the security upgrades. As the follow-on to the physical security reviews, we currently have several teams of USDA personnel and contractors implementing security countermeasures (Phase II) recommended during the review process at these facilities. We will continue to schedule and conduct assessments, provide recommendations on countermeasures needed, and implement those countermeasures as quickly as possible.

Personnel Security. Scheduling and adjudicating security clearances continues at a rapid pace. An average of 136 new cases are received each month with an internal average processing time of about 45 calendar days. There is no backlog of clearances. Significant improvement has been achieved in the personnel security program and several additional improvements are planned for fiscal year 2005. These include a database that will track security clearances and the status of needed clearance actions. On-site audits and technical assistance will be provided to agencies that adjudicate Public Trust cases.

Document Security. OPPM continues to manage the delivery and destruction of highly classified intelligence information. Senior officials review the latest intelligence material on an on-going basis.

Continuity of Operations Planning. A Departmental Regulation is being developed to identify agency and staff office responsibilities for COOP planning. Efforts continue toward establishment of an appropriately located and equipped facility for use as a level-4 COOP site. The Multi-year Strategic Plan will also be updated.

The USDA HQ COOP Plan is being revised to include new requirements of Federal Preparedness Circular 65 in the areas of Devolution, Human Capital, and Telework. This action will ensure continued direction of USDA in a catastrophic event that render leadership unavailable or incapable of supporting execution of essential functions, take into account threats and conditions that employees are likely to face in emergencies, and ease the burden on COOP facilities while facilitating employee performance of essential functions with limited or no relocation in emergencies.

Fiscal year 2005 will see continued refinement of test, training and exercise activities to focus on USDA senior leadership involvement during Exercise Pinnacle in June 2005 and at least one preparatory exercise prior to Exercise Pinnacle.

Subcontracting Opportunities for Underserved Farmers. Pursuant to P.L. 95-507, OSDBU in cooperation with the U.S. Small Business Administration, USDA Office of Civil Rights, Agricultural Marketing Service, Farm Service Agency, and the Foreign Agricultural Service, is implementing a pilot project on behalf of the Food and Beverage Industry Committee of the National Minority Supplier Development Council (NMSDC) to increase the participation of minority owned entities in their business initiatives. OSDBU is developing acquisition strategies to facilitate qualified underserved farmer groups as small business subcontractors for distribution of raw commodities to prime vendor food manufacturers. NMSDC represents over 5,000 minority businesses.

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Service Disabled Veteran-owned Small Businesses (SDVOSB). OSDBU is aggressively taking steps to significantly increase contracting and subcontracting opportunities for SDVOSBs and to carry out the requirements of Executive Order 13360 and P.L. 108-183 – The Veterans Benefits Act of 2003. OSDBU has designated a SDVOSB Program Coordinator; convened a taskforce to implement the objectives of EO 13360; targeted Vendor Outreach Sessions and participated in conferences designated specifically for SDVOSBs; and is actively engaged with the Department of Veterans Affairs and other federal agencies to identify and reach out to these businesses.

Alternative Fuel Vehicle (AFV) Program. For the third consecutive year, USDA exceeded the mandated 75 percent AFV acquisition requirement in the Energy Policy Act, achieving a 95 percent rate for fiscal year 2004 and a 94 percent rate for fiscal year 2003. Use of over 130,000 gallons of B20 biodiesel fuel contributed to this accomplishment. OPPM also initiated a reporting hierarchy that focuses on increased.

agency responsibility for accuracy and validation of fleet information reported through the Federal Automated Statistical Tool system.

Departmental Regulation addresses USDA Energy Goals and Responsibilities. USDA issued a new Departmental Regulation establishing policy, specific facilities energy reduction goals and renewable energy use goals for the Department, as well as the responsibilities of all involved officials and agencies. The goals of the regulation are being promoted throughout USDA by website notices, presentations to management and personnel, and other means. Issuance of this new regulation is one of the strategies being used to achieve additional energy consumption reductions in facilities Nationwide.

Physical Security. Since the terrorist attacks of September 11, 2001, and as of September 2004, USDA has conducted physical security reviews (Phase I) at 182 facilities determined to be mission-critical (MCF). Work under Phase II, implementation of security countermeasures, has been completed at 27 sites; and 19 sites are currently under contract and in progress. In addition to the on-site reviews, we have completed work on a physical security departmental regulation and handbook for field use. A database is also under development that will provide information on all current MCFs and will in the future, provide a single location for all information concerning assessed facilities within USDA. Significant strides have been taken to identify and map mission-critical functions of the agencies and mission areas and their role in USDA continuity of operations. As a next step, we are in the process of developing templates for locations to use in developing plans that will enable them to respond to a variety of emergency situations while continuing to operate.

Personnel Security. OPPM conducted in-person security awareness refresher briefings for over 250 employees, and basic security indoctrination for over 100 employees. OPPM also issued a security bulletin regarding OPM delays in conducting background investigations and how to reduce those delays.

Document Security. USDA was granted original classification authority in September 2002 and OPPM issued a draft Security Classification Guide stating what information should be classified. OPPM initiated development of electronic security questionnaires to be implemented in late winter or spring 2004 and trained several USDA agency personnel on document classification.

Continuity of Operations Planning. The new level 4 COOP site will facilitate agency readiness review exercises, emergency management training of USDA staff, support of National Emergency Management Team operations, and an alternative work location for individuals in the surrounding areas. Three functional exercises in fiscal year 2004 demonstrated that USDA is fully capable of carrying out essential functions during an emergency situation.

The USDA Deputy Secretary approved a complete rewrite and restructuring of the USDA Headquarters Continuity of Operations (HQ COOP) Plan in December 2003. In addition to providing specific COOP planning and execution guidance to personnel of the Office of the Secretary and Headquarters Staff, the new HQ COOP Plan will also serve as the base document for the Agency COOP Supplements, and as the core

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document for the Department's 2-year COOP plan review and 5-year exercise cycle.

Administrative Law. The level of administrative law cases is primarily generated by external factors. The Department must maintain the capability to respond to administrative law determinations and be involved in many issues which are settle short of actual case dispositions.

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Purpose Statement

Agriculture Buildings and Facilities and Rental Payments. This account finances the appropriated portion of payments to the General Services Administration for rental of leased space and related services. Funding is not provided for payments to GSA made by the Forest Service, since the Forest Service is funded in the Interior and Related Agencies Appropriations Act.

This account finances the day-to-day operations, repair, improvement, and maintenance activities at the USDA Headquarters Complex including the administrative costs for the building management and support staff. Since 1989, when the GSA delegation expired, USDA has been responsible for managing, operating, maintaining, repairing, and improving the Headquarters Complex, which encompasses 14.1 acres of ground and 4 buildings containing approximately 3 million square feet of space occupied by approximately 8,000 employees.

Headquarters. The majority of the functional activities of Agriculture Buildings and Facilities and Rental Payments are located in Washington, D.C. As of September 30, 2004, there were 86 full-time permanent employees. Of these, 81 were assigned in Washington, D.C., and 5 were assigned in Beltsville, Maryland.

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Summary of Budget and Performance
Statement of Agency Goals and Objectives

This account finances the appropriated portion of payments to the General Services Administration for rental of leased space and related services; and payments to Homeland Security for security services. It finances the day-to-day operations, repair, improvement, and maintenance activities at the USDA Headquarters Complex including the administrative costs for the building management and support staff. Since 1989, when the GSA delegation expired, USDA has been responsible for managing, operating, maintaining, repairing, and improving the Headquarters Complex, which encompasses 14.1 acres of ground and 4 buildings containing approximately 3 million square feet of space occupied by approximately 8,000 employees.

Agriculture Buildings and Facilities and Rental Payments has one strategic goal and two strategic objectives that contribute to the Department's strategic goals.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Management Initiative 3: Improve customer satisfaction with facilities management services.	**Agency Goal 1:** Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.	Objective 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.	Agriculture Buildings and Facilities and Rental Payments	Key Outcome 3: USDA Headquarters agencies and staff offices can effectively carry out their functions and missions.
Management Initiative 4 Establish standards for safety, security and emergency programs.		Objective 4: Provide policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs and operations.		Key Outcome 4: USDA Headquarters personnel will have a safe and secure environment in which to perform their public service missions.

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STRATEGIC OBJECTIVE 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.

STRATEGIC OBJECTIVE 4: Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Budget			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 3: Promote the efficient and economical use of USDA's Resources to support customers, promote organizational productivity and ensure accountability.	$148,442,000	86	$148,512,000	95	+$59,365,000	$207,877,000	95
Total, Strategic Objective 3	148,442,000	86	148,512,000	95	+59,365,000	207,877,000	95
Strategic Objective 4 Provide the policies, technical guidance, & operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.	7,104,000	0	14,047,000	0	--	14,047,000	0
Total, Strategic Objective 4	7,104,000	0	14,047,000	0		14,047,000	0
Total, Available	155,546,000	86	162,559,000	95	+59,365,000	221,924,000	95

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability:

Agriculture Buildings and Facilities will ensure high quality services so that USDA missions have the space, facilities, mail and property services, personnel support and resources they need to deliver their programs in a timely and efficient manner.

This Office will continue the planned repairs, upgrades and renovations to the South Building. The aging South Building was built between 1930 and 1936, and is in dire need of repair and renovation. Work will be done on the majority of the current mechanical, electrical, fire alarm and telecommunication systems in the South Building, which are currently obsolete. This will ensure that employees of the South Building are no longer exposed to the numerous life safety problems that are primarily due to the deteriorating electrical wiring and fire alarm systems. The engineering systems: electricity, ventilation and steam, will be brought up to current code. Improvements to employee safety will be achieved by installing automatic sprinklers and other fire suppression systems. Because the South Building is at the juncture of a critical evacuation route for Washington, DC via the 14th Street Bridge, fire suppression systems will be installed in the building to decrease the probability of a major fire incident, which in turn will decrease the likelihood that 14th Street will be blocked by emergency vehicles which could block a primary evacuation route from the city. These funds will also be used to bring the South Building into compliance with the Americans with Disabilities Act. In addition, to make sure that employees of the South Building are not exposed to asbestos and other hazardous materials, these dangerous materials will be removed as soon as possible.

Under the Strategic Space Plan, USDA's present and future housing needs in the Washington Metropolitan Area will be reassessed, and the findings will be used to update the Plan. Implementation will proceed with the design of the next phase of

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the South Building renovations. The South Building renovations increase building capacity, which reduces reliance on leased facilities and furthers lease consolidation reducing operating costs and leasing expenses.

Repairs will be made to the Cotton Annex (built in the 1930's), Sidney R. Yates (built in 1870), and the Jamie L. Whitten (East and West wings built in 1907, remainder of building built in 1930's) Buildings, and selected repairs will be made in the South Building not programmed for inclusion in the renovation projects. Repairs to these old, heavily used buildings will reduce the risks of significant interruptions to business.

The Central Rent Account will fully fund the cost of GSA space assignments and physical security costs payable to Department of Homeland Security; increased costs associated with recompetition for expired leases; acquisition of additional space; and increased security costs.

Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs and operations:

Work will be carried out on a portion of Phase 1 of the perimeter security streetscape plan, which provides enhanced levels of protection to the USDA Headquarters Complex. The National Capital Planning Commission and the Commission of Fine Arts have approved this plan that provides greater safety for USDA employees and facilities. This phase will include perimeter security to the Yates Building and the 14th Street segments of the South Building.

Agriculture Buildings and Facilities and Rental Payments will provide a more highly-trained security force required in USDA owned and leased space; the upgrades to the training manuals and procedures needed to ensure the safety to employees and building visitors; and the continuation of the critical table top training and drill development. The USDA Headquarters Complex is a critical federal facility (as defined by the Homeland Security Presidential Directive HSPD-7), located in a highly vulnerable sector of the Nation's Capital. This complex, which houses the Secretary of Agriculture and heads of the Department's primary agencies, is a potential target for domestic and international terrorists. Its very location places it in harm's way. Adequate security measures, procedures and resources will be put in place to prevent and respond to emergency situations, to save lives and to ensure the continuance of government operations. The most effective defense against attack has been a steady increase in highly visible protective resources. The placement of security officers, security technology and preventive resources will demonstrate our state of preparedness, readiness and competency to confront the challenges.

This Office will continue the window protection program. The Glass Hazard mitigation (e.g., blast resistant windows) helps lessen the threat to employees from flying glass and other debris. While the critical areas in the complex have been treated, work will continue to those floors and wings that are still susceptible to damage. This will enable Agriculture Buildings and Facilities to provide a safer workplace.

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

BUDGET AND PERFORMANCE OVERVIEW

Discussion of Performance Proposals:
The performance measures described below are key to achieving the agencies' goal of providing USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure 3.1				
Percent improvement in customer satisfaction with facilities management services.				
a. Units	N/A	Set Baseline	15%	TBD
Performance Measure 3.2				
Percent completion of South Building Renovation.				
a. Units	16%	23%	28%	35%
Performance Measure 4.2				
Percent establishment of USDA Continuity of Operations Program.				
a. Units	75%	100%	100%	100%
Performance Measure 4.3				
Compliance with established standards for safety, security, and emergency programs.				
a. Units	N/A	N/A	Set Baseline	TBD

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Full Cost by Agency Strategic Objective

Agency Goal 1: Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service missions.

PROGRAM	PROGRAM ITEMS	Dollars in thousands		
		FY 2004	FY 2005	FY 2006
Promote the efficient and economical use of USDA resources to support customers, promote organizational productivity, and ensure accountability.				
	Salaries & Benefits	7,260	7,514	7,709
	Administrative Costs (Direct)	141,182	140,998	200,168
	Total Costs	148,442	148,512	207,877
	FTEs	78	78	78
Provide policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs and operations.				
	Salaries & Benefits	1,576	2,274	2,334
	Administrative Costs (Direct)	5,528	11,773	11,713
	Total Costs	7,104	14,047	14,047
	FTEs	8	17	17
	Total for Agency Goal 1	**155,546**	**162,559**	**221,924**
	FTE	**86**	**95**	**95**

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

PROJECT STATEMENT
(On basis of adjusted appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
1. Rental Payments to GSA	$123,178,931	--	$127,292,000	--	+$20,442,000	$147,734,000	--
2. Building Operations and Maintenance	32,366,902	86	35,267,000	95	+38,923,000	74,190,000	95
Total Available or Estimate	155,545,833	86	162,559,000	95	+59,365,000	221,924,000	95
Rescission	+923,167	--	+1,311,000	--			
Total, Appropriation	156,469,000	86	163,870,000	95			

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS
Classification by Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$6,502,040	$7,464,000	$7,715,000
11	6,502,040	7,464,000	7,715,000
12	1,426,972	1,620,000	1,656,000
13	0	0	0
	7,929,012	9,084,000	9,371,000
Other Objects:			
21	33,100	75,000	75,000
22	3,404	6,000	6,000
23.1	127,518,409	127,292,000	147,734,000
23.3	6,271,308	4,230,000	4,230,000
24	6,587	100,000	100,000
25.1	54,725	140,000	140,000
25.2	11,274,717	8,437,000	47,073,000
25.3	890,494	308,000	308,000
25.4	77,593	2,462,000	2,462,000
25.7	20,555,495	10,000,000	10,000,000
26	1,536,583	136,000	136,000
31	251,255	145,000	145,000
32	- -	144,000	144,000
43	57,670	--	--
	168,531,340	153,475,000	212,553,000
Total direct obligations	176,460,352	162,559,000	221,924,000
Position Data:			
Average Salary, ES positions	$144,257	$151,231	$152,763
Average Salary, GS positions	$73,006	$74,420	$74,918
Average Grade, GS positions	12.48	12.96	12.97

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS
(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313, including authorities pursuant to the 1984 delegation of authority from the Administrator of General Services to the Department of Agriculture under 40 U.S.C. 486, for programs and activities of the Department which are included in this Act, and for alterations and other actions needed for the Department and its agencies to consolidate unneeded space into configurations suitable for release to the Administrator of General Services, and for the operation, maintenance, improvement, and repair of Agriculture buildings and facilities, and for related costs, [163,870,000] to remain available until expended as follows: for payments to the General Services
1. Administration and the Department of Homeland Security for building security, $147,734,000, and for
2. buildings operations and maintenance, $74,190,000: Provided, That [not to exceed 5 percent of] amounts which are made available for space rental and related costs for the Department of Agriculture in this Act
3. may be transferred between such appropriations to cover the costs of additional, new or replacement space 15 days after notice thereof is transmitted to the Appropriations Committees of both Houses of Congress.

The first change reflects a change in payments for building security. Effective FY 2005, portions of the Agriculture Buildings and Facilities security-related payments must be made to GSA and the Department of Homeland Security. This change would allow for such payments.
The second change deletes the not to exceed 5 percent provision in order to provide flexibility to USDA agencies in meeting their space needs and to support the delivery of their programs.
The third change allows USDA agencies to pay additional space costs incurred as they adjust their space inventories. The new charges can be financed by the transfer of funds from their appropriations, following notification of both Appropriations Committees. This will provide needed flexibility to USDA agencies in in meeting their space needs and to support the delivery of their programs.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Lead-Off Tabular Statement

Appropriations Act, 2005		$163,870,000
Budget Estimate, 2006		221,924,000
Increase in appropriation		+58,054,000
Adjustments in 2005		
Appropriation Act, 2005	$163,870,000	
Rescission under P.L. 108-447 a/	-1,311,000	
Adjusted base for 2005		$162,559,000
Budget Estimate, 2006		221,924,000
Increase over adjusted 2005		+59,365,000

a/ The amount is rescinded pursuant to Section 122 of P.L. 108-447.

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Cost	Program Changes	2006 Estimated
Rental Payments to GSA	$127,292,000	--	+$20,442,000	$147,734,000
Building Operations and Maintenance	35,267,000	+132,000	+38,791,000	74,190,000
Total Available	162,559,000	+132,000	+59,233,000	221,924,000

PROJECT STATEMENT
(On basis of available funds)

DA STRATEGIC GOAL 3: Ensure high quality services so that USDA missions have the space, facilities, mail and property services, personnel support and resources they need to deliver their programs in a timely and efficient manner.

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Goal 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.	$169,356,352	86	$173,048,687	95	+$34,828,313	$207,877,000	95
Goal 4: Provide the policies, technical guidance, and operating environment that enhance the safety and security of USDA personnel, information and facilities, and the continuity of its vital programs.	7,104,000	--	14,047,000	--	--	14,047,000	--
Total, Direct Obligations	176,460,352	86	187,095,687	95	+$34,828,313	$221,924,000	95
Unobligated Balance, start of year	-43,645,564	--	-24,536,687	--	+24,536,687	--	--
Recoveries	-586,917	--	--	--	--	--	--
Unobligated Balance, end of year	+23,317,962	--	--	--	--	--	--
Total Available or Estimate	155,545,833	86	162,559,000	95	+59,365,000	221,924,000	95
Rescission	+923,167	--	+1,311,000	--			
Total Appropriation	156,469,000	85	163,870,000	95			

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Justification of Increases and Decreases

An increase of $59,365,000 for Agriculture Buildings and Facilities and Rental Payments ($162,559,000 available in fiscal year 2005) consisting of:

To help accomplish DA performance goal 3, Agriculture Buildings and Facilities and Rental Payments is requesting:

1. An increase of $52,765,000, which is comprised of:

   (a) An increase of $1,291,000 for costs related to the Fair Labor Standards Act and Collective Bargaining.
   This request supports the DA strategic goal 1 to ensure high quality services so that USDA missions have the space, facilities, mail and property services, personnel support and resources they need to deliver their programs in a timely and efficient manner. The absence of these funds in prior years erodes our capabilities to pay mandatory increases due to inflation for payroll and other fixed and discretionary costs associated with conducting a program of this type. USDA is required by law to pay these increases and no other funds are available to address these requirements.

   (b) An increase of $28,000,000 for the continuation of the planned repairs, upgrades and renovations to the South Building.
   The aging South Building was built between 1930 and 1936, and is in dire need of repair and renovation. The majority of the current mechanical, electrical, fire alarm and telecommunication systems in the South Building are obsolete. The employees of the South Building are exposed to numerous life safety problems, primarily due to the deteriorating electrical wiring and fire alarm systems. Funds are needed to bring the engineering systems: electricity, ventilation and steam, up to current code. Funds will also be used to improve employee safety by installing automatic sprinklers and other fire suppression systems. Because, the South Building is at the juncture of a critical evacuation route for Washington, DC via the 14th Street Bridge, delaying the installation of fire suppression systems in the building increases the probability of a major fire incident, which in turn increases the likelihood that 14th Street will be blocked by emergency vehicles thereby blocking a primary evacuation route from the city. These funds are also needed to bring the South Building into compliance with the Americans with Disabilities Act. Moreover, employees of the South Building are exposed to asbestos and other hazardous materials; funding is needed to remove these dangerous materials as soon as possible. Delaying repairs and renovations of the South Building will result in escalating increases in operations and maintenance costs, and will result in USDA retaining expensive leased sites for a longer period. These funds will be used to reassess USDA's present and future housing needs in the Washington Metropolitan Area. The findings will be used to update the Strategic Space Plan. Implementation will proceed with the design of the next phase of the South Building renovations. The South Building renovations increase building capacity, which reduces reliance on leased facilities and furthers lease consolidation reducing operating costs and leasing expenses.

   (c) An increase of $2,900,000 for Major Building Repairs.
   This increase will be used for repairs to the Cotton Annex (built in the 1930's), Sidney R. Yates (built in 1870), and the Jamie L. Whitten (East and West wings built in 1907, remainder of building built in 1930's) Buildings, and selected repairs in the South Building not programmed for inclusion in the renovation projects. Repairs to these old, heavily used buildings cannot be deferred without risking significant interruptions to business. Serious deterioration of utility systems, coupled with obsolete technology, makes them unreliable, difficult to operate and maintain, and very energy inefficient. Building envelope problems, such as leaking roofs, walls, door, and windows, are serious and worsening over time. The needed repairs will also address many fire, life safety, and environmental deficiencies. This supports the DA strategic goal to

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ensure high quality services so that USDA missions have the space, facilities, and property services they need to deliver their programs in a timely and efficient manner.

(d) An increase of $20,442,000 for the Central Rent Account.
This increase for the Central Rent Account is to fully fund the cost of GSA space assignments and physical security costs payable to Department of Homeland Security; increased costs associated with recompetition for expired leases; acquisition of additional space; and increased security costs.

(e) An increase of $132,000 to fund pay costs.
This increase supports DA strategic goal 3 to ensure high quality services so that USDA missions have the space, facilities, mail and property services, personnel support and resources they need to deliver their programs in a timely and efficient manner. This increase will enable Agriculture Buildings and Facilities to meet its objective of providing effective building operations and maintenance services in support of all USDA employees and their activities. This office cannot absorb pay costs and maintain its current staffing levels without compromising its efforts to provide a safe and modern workplace for USDA Headquarters Complex and the George Washington Carver office facility.

2. An increase of $ 6,600,000, which is comprised of:

(a) An increase of $3,500,000 for Perimeter Security.
This increase will fund a portion of Phase 1 of the perimeter security streetscape plan, which provides enhanced levels of protection to the USDA Headquarters Complex. The National Capital Planning Commission and the Commission of Fine Arts have approved this plan that provides greater safety for USDA employees and facilities. This phase will include perimeter security to the Yates Building and the 14th Street segments of the South Building.

(b) An increase of $1,600,000 for Increased Guard Service.
These funds will be used for more highly-trained security force required in USDA owned and leased space; the upgrades to the training manuals and procedures needed to ensure the safety to employees and building visitors; and to continue the critical table top training and drill development. The USDA Headquarters Complex is a critical federal facility (as defined by the Homeland Security Presidential Directive HSPD-7), located in a highly vulnerable sector of the Nation's Capitol. This complex, which houses the Secretary of Agriculture and heads of the Department's primary agencies, is a potential target for domestic and international terrorists. Its very location places it in harm's way. Adequate security measures, procedures and resources must be in place to prevent and respond to emergency situations, to save lives and to ensure the continuance of government operations. The most effective defense against attack has been a steady increase in highly visible protective resources. Funds are needed to demonstrate our state of preparedness, readiness and competency to confront the challenges with the placement of security officers, security technology and preventive resources.

(c) An increase of $1,500,000 for Perimeter Security, Window Protection Program.
These are requested to continue the window protection program. The Glass Hazard mitigation (e.g., blast resistant windows) helps lessen the threat to employees from flying glass and other debris. While the critical areas in the complex have been treated, this funding will allow the effort to continue to those floors and wings that are still susceptible to damage and allow us to provide a safer workplace.

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AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia	$132,814,788	86	$162,559,000	95	$221,924,000	95
Unobligated Balance	43,645,564	--	--	--	--	--
Total, Available or Estimate	176,460,352	86	162,559,000	95	221,924,000	95

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AGRICULTURE BUILDINGS AND FACILITIES

STATUS OF PROGRAM

In FY 1985, USDA began a facilities management program to repair, improve, and preserve the 4-building Washington Headquarters Complex. USDA's facilities strategy in the Washington area incorporates the renovation of the South Building with the newly completed George Washington Carver facility in Beltsville, Maryland. The goal of the strategy is to consolidate USDA agencies into the facilities at Beltsville and the downtown Headquarters Complex. After the planned 8-phase renovation of the Agriculture South Building is completed, USDA agencies and employees will be housed in renovated safe facilities, leased space will be reduced, and USDA agencies will be better able to accomplish their missions. Since September 11, 2001, more attention and emphasis has been placed on the safety of USDA employees and the security of our buildings. This emphasis is reflected in the increases in the safety and security programs.

Current Activities: The Office of Operations is currently undergoing a reorganization to improve business processes with an emphasis on management studies, program analysis and evaluation. With available FY 2005 funding, we plan on implementing several major repair projects including the replacement of failed roofing systems, repair built-in gutters, and masonry repairs to the Cotton Annex. The new Janitorial Contract and its associated selection criteria have been updated to include the procurement of Bio-Products and Environmentally Preferable Products. The selection process is scheduled to begin in FY 2005. The new Food Services Contract will also be awarded in fiscal year 2005. The selection criteria for the Food Services Contract have been updated to encourage the procurement of Bio-Products and Environmentally Preferable Products.

Construction of Phase 3 of the South Building Renovation is nearly completed with full occupancy scheduled between December 2004 and early April 2005. The renovation program includes extensive interior demolition with the abatement of hazardous materials; upgraded mechanical, electrical, telecommunications, and minor plumbing systems; and new fire alarm and sprinkler systems to protect personnel, the building and its contents. The completed Phase 3 and other future phases will provide more efficient office space tailored to the needs of the tenant agencies. The design of Phase 4A (Wing 5) is underway, awarded under a major architectural-engineering (AE) contract which will also be used to design future phases. A separate AE selection for each future phase will not be required, thus facilitating the design and construction schedules. Phase 4A construction is scheduled to begin in late 2005.

In FY 2005, we will focus on commissioning the new energy management system in Phase 3 of the South Building Renovation and the design, construction, and commissioning of Phase 4 of the South Building Renovation. The South Building Renovation includes the replacement of the inefficient lighting and heating, ventilation, and air conditioning (HVAC) systems with energy efficient systems.

Building on security projects and activities initiated under the Homeland Security supplemental appropriation, USDA plans additional measures and projects to protect Headquarters facilities and personnel by continuing the higher level of security and preparedness required in the current world environment. In FY2005, an evaluation will be conducted to determine the Headquarters physical security and emergency preparedness posture and will be used as a baseline to establish and measure future improvements to performance. Security measures under consideration include installing plinth walls, bollards and other barriers, around selected areas of the four-building complex; and to implement streetscape improvements proposed in the Master Plan developed by an architectural firm.

Selected Examples of Recent Progress toward Achievement of the Key Outcomes:
Building Maintenance and Repairs: During FY 2004, we responded to over 8,000 facility service calls and there were no failures of any major mechanical system. In addition, several major repairs were accomplished including the replacement of Cooling Tower in Court 5, repairing the Court 2 ramp, and the

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demolition of exhaust shafts in Wing 5 and 7 of the South Building attic. We awarded a new more comprehensive pest control contract.

South Building Renovation: During FY 2004, we completed phase 2 of South Building Renovation and began construction of Phase 3 of the modernization, including 300 interior blast resistant windows. An additional component of the modernization has been the installation of glass hazard mitigation film and blast curtains on key areas of the South Building as a safety measure for our employees. Other increased security measures include: initiating a construction contract to install retractable bollards as barriers at the South Building Court entrances and with the assistance of an architectural firm, developed a Master Plan to implement perimeter security and streetscape improvements for the Headquarters Complex.

Emergency Preparedness: In support of the Department of Homeland Security's National Preparedness Month campaign, the Office of Operations sponsored a USDA Preparedness Day event in September 2004. The event was well attended and showcased USDA's Emergency Preparedness Program and provided employees with an opportunity to learn more about topics such as the Incident Command System, evacuation equipment, and protection measures currently in place or planned for installation at headquarters.

The initial testing of Computer Emergency Notification System (CENS) version 4.0 was completed. This version of CENS will allow additional functionality to send messages to specific buildings or locations within the metropolitan area.

The Office of Operations has continued to enhance and improve documentation and training to ensure employees are aware and prepared to handle emergencies. We published the USDA Employee Emergency Response Guide and utilize the "BePrepared" website for all emergency communications. We have developed a plan to conduct shelter-in-place drills every quarter (simulating various threats), as well as regular tests of all communications systems. Agency Town Hall meetings were held throughout the year to keep leadership and employees informed.

Physical Security: During FY 2004, the Office of Operations made great strides in our emergency programs, including physical enhancements to our buildings. OO upgraded the Security Control Center with state of the art monitoring and communication technology, and relocated it within the Emergency Operations Center. In addition, OO installed access control and intrusion detection technology in the Reporters Building. OO also completed the installation of the electronic verification station and visitor management system at the George Washington Carver Center; actual implementation of this system will occur in 2005. Moreover, OO implemented a contract for the mail-screening unit to improve the screening and surveillance function of mail and parcels entering USDA building. On an as requested basis, OO provided security design and engineering support; installation and maintenance to USDA headquarter agencies (e.g., NASS, FSIS, OES, and OIG). OO provided superior electronic supervision of alarmed detection and surveillance systems, to include sensitive compartmented information facilities, and ensured that the security technology applications were maintained. In addition, OO successfully installed new electronic security systems at Elkins, WV; Fort Collins, CO; and Kansas City, MO.

Additionally, during 2004, OO maintained a highly effective and responsive safety and environmental program for the USDA headquarters facilities. OO co-sponsored employee safety information briefings for USDA agencies in Headquarters facilities that significantly improved employee awareness and participation. Also, during FY 2004, OO reestablished and chaired the Building Safety and Security Council for the sharing of significant information among agency safety and security officers.

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

Purpose Statement

The mission of the Hazardous Materials Management Program (HMMP) is to cleanup and restore USDA-managed lands and sites contaminated from past USDA activities; enhance USDA's current environmental performance; and participate in Federal, state, and local efforts to plan for and respond to hazardous-materials incidents. Requirements, standards, and procedures of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA) generally guide this program. Program activities are primarily aligned with USDA Strategic Goal 5 (Protect and enhance the Nation's natural resource base and environment). The HMMP directly supports objectives in homeland security by representing the USDA on the National Response Team for oil spills and hazardous material releases, management of natural resources, and the quality of life in rural America. This program is assigned to the Office of Procurement and Property Management within Departmental Administration.

Headquarters. The Headquarters of Hazardous Materials Management is located in Washington, D.C. As of September 30, 2004, there were six full time employees, located in the national office and one full time employee located in a field office.

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DEPARTMENTAL ADMINISTATION

HAZARDOUS MATERIALS MANAGEMENT

Summary of Budget and Performance
Statement of Agency Goals and Objectives

The benefits of healthy ecosystems and watersheds include a steady supply of water for drinking and irrigation, employment opportunities, recreation, and havens for biodiversity. Environmental contamination that degrades or interrupts benefits and harms our well being and our economy. USDA-managed lands are at the headwaters of many of the Nation's most significant watersheds. They are also places where tens of thousands of people work to improve agricultural practices, technology, economics, food safety, nutrition, and trade.

The mission of the Hazardous Materials Management Program (HMMP) is to support the program agencies in meeting USDA environmental responsibilities.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Goal 5: Protect and enhance the Nation's natural resource base and environment.	**Agency Goal 1:** Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service mission.	**DA Objective 3** Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability.	Hazardous Materials Management Program.	USDA will apply available resources to execute the annual program approved by the Hazardous Materials Policy Council (HMPC), funding the most critical environmental requirements of the Department's Hazardous Materials Management Program

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

STRATEGIC OBJECTIVE 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Budget			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 3: Promote the efficient and economical use of USDA's Resources to support customers, promote organizational productivity and ensure accountability	$15,518,895	7	$15,408,000	7	+$236,000	$15,644,000	7
Total, Available	15,518,895	7	15,408,000	7	+ 236,000	15,644,000	7

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity and ensure accountability:

USDA will continue to apply available funds to clean up mine and non-mine CERCLA sites; assess/characterize potential sites for response actions; develop cleanup plans and pursue agreements with potentially responsible parties to perform cleanup/restoration at contaminated sites.

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Provide USDA leadership with the administrative tools, services, infrastructure, and policy framework to support their public service mission.

Key Outcome 1: USDA will apply available resources to execute the annual program approved by the Hazardous Materials Policy Council, funding the most critical environmental requirements of the Department's Hazardous Materials Management Program. In order to ensure timely execution of the program and obligation of funds in the current program year, it is imperative that the agencies with approved projects have access to the resources necessary to execute them in a timely manner (within 45 days of HMMP receiving appropriation authority) and the funds are obligated to perform the work not later than the third quarter of the program fiscal year. These funds will be targeted to CERCLA cleanups, site assessments, development of cleanup plans, and working to identify and oversee site cleanups conducted by potentially responsible parties.

Key Performance Measures:

Performance Measure 3.3 Percent of Hazardous Materials Policy Council (HMC) approved projects awarded.

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Key Performance Targets

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Performance Measure 3.3 Percent of HMPC approved projects awarded.	N/A	N/A	N/A	N/A	100%	100%
Apparent Unit Cost	N/A	N/A	N/A	N/A	$436,000	$662,292

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

Full Cost By Strategic Goal

GOAL: Meet USDA environmental responsibilities.

Full Cost by Agency Strategic Goal

Goal 1: Effectively meet responsibilities for environmental cleanup and related compliance activities on USDA-managed lands and at other sites where USDA activities cause unacceptable threats to people or the environment.

PROGRAM	PROGRAM ITEMS	Dollars in thousands		
		FY 2004	FY 2005	FY 2006
HMM Program				
	Direct Costs	$ 15,519	$ 15,408	$ 15,644
	FTEs	7	7	7

Note: Hazardous Materials Management Program (HMMP) does not have any indirect costs.

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

Classification By Objects

2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$4,506,338	$4,595,400	$4,714,800
Field	92,463	94,600	96,200
11 Total personnel compensation	4,598,801	4,690,000	4,811,000
12 Personnel benefits	968,297	991,000	1,017,000
Total pers. comp. & benefits	5,567,098	5,681,000	5,828,000
Other Objects:			
21 Travel	415,942	422,000	422,000
22 Transportation of things	3,144	4,000	8,000
23.3 Communications, utilities, and misc. charges	28,662	27,000	27,000
24 Printing and reproduction	5,246	9,000	9,000
25.1 Advisory and assistance services	5,115,274	4,534,000	4,619,000
25.2 Other services	5,713,415	4,151,000	4,151,000
26 Supplies and materials	441,437	478,000	478,000
31 Equipment	90,782	102,000	102,000
Total other objects	11,813,902	9,727,000	9,816,000
Total direct obligations	17,381,000	15,408,000	15,644,000
Position Data:			
Average Salary, GS positions	$92,376	$94,737	$98,004
Average Grade, GS positions	13.67	13.67	13.67

a/ Funds for hazardous materials management activities are allotted directly to the USDA agencies identified in the Available Funds and Staff Years exhibit. This approach allows these agencies to charge the central account directly for in-house staff time used for cleanup projects when they undertake cleanup in-house rather than through outside contractors.

b/ The DA Hazardous Materials Management Program consists of 7 full time equivalent staff years, 7 GS positions at an average of $94,737 in 2005. Staff years used for in-house cleanup operations are charged against each USDA agencies staff year ceiling.

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Hazardous Materials Management

(Including transfers of funds)

For necessary expenses of the Department of Agriculture to comply with the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601 et seq.), and the Resource Conservation and Recovery Act (42 U.S.C. 6901, et seq.), [15,532,000] $15,644,000, to remain available until expended: Provided, That appropriations and funds available herein to the Department of Hazardous Materials Management may be transferred to any agency of the Department for its use in meeting requirements pursuant to the above Acts on Federal and non-Federal lands.

Lead-off Tabular Statement

Appropriations Act, 2005	$15,532,000
Budget Estimate, 2006	15,644,000
Increase in Appropriation	+112,000

Adjustments in 2005:		
Appropriations Act, 2005	$15,532,000	
Rescission under P.L. 108-447 a/	-124,000	
Adjusted base for 2005		15,408,000
Budget Estimate, 2006		15,644,000
Increase over adjusted 2005		+236,000

a/ The amount is rescinded pursuant to Section 122 of P.L. 108-447.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Hazardous Materials Management	$15,408,000	+$236,000	--	$15,644,000

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

PROJECT STATEMENT
(On basis of adjusted appropriation)

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Goal 3: Promote the efficient and economical use of USDA's resources to support customers, promote organizational productivity, and ensure accountability.	$16,626,483	7	$15,408,000	7	+$236,000	$15,644,000	7
Unobligated Balance	-1,107,588	--	--	--	--	--	--
Total Available or Estimate	15,518,895	7	15,408,000	7	+236,000	15,644,000	7
Rescission	+92,105	--	+124,000	--			
Total Appropriation	15,611,000	7	15,532,000	7			

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Justification of Increases and Decreases

(1) An increase of $236,000 to fund pay costs.

This increase will enable the Hazardous Materials Management Program (HMMP) to continue to provide leadership and direction in ensuring that the Department's HMMP is managed effectively, efficiently, and fairly, and to provide essential administrative program support and services. Without this increase, the ability to deliver effective staff support and conduct program reviews and audits would be severely curtailed.

Geographic Breakdown of Obligations and Staff-Years
2004 Estimated 2005 and 2006

	2004		2005		2006	
District of Columbia.	$16,515,528	6	$15,294,480	6	$15,528,560	6
Field Office	110,955	1	113,520	1	115,440	1
Unobligated Balance.....	-1,107,588	--	--	--	--	--
Rescission	+92,105	--	+124,000	--	--	--
Total, Available or Estimate	15,611,000	7	15,532,000	7	15,644,000	7

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DEPARTMENTAL ADMINISTRATION

HAZARDOUS MATERIALS MANAGEMENT

STATUS OF PROGRAM

The mission of the Hazardous Materials Management Program (HMMP) is to address hazardous-substance contamination on USDA-managed lands; to enhance current USDA environmental performance; and to provide USDA leadership in Federal, state, and local effort to prevent and respond to releases or threatened releases of hazardous substances or hazardous waste. Requirements, standards, and procedures of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA) underlie this program. Program activities support USDA's Strategic Goal 5 (Protect and enhance the Nation's natural resource base and environment) and advance other USDA missions, goals, and objectives, including homeland security and quality of life in rural America. This program is assigned to the Office of Procurement and Property Management within Departmental Administration.

Current Activities:

USDA will continue to apply available funds to clean up mine and non-mine CERCLA sites; assess/characterize potential sites for response actions; develop cleanup plans and pursue agreements with potentially responsible parties to perform cleanup/restoration at contaminated sites.

Selected Examples of Recent Progress:

In FY 2004, USDA's ongoing environmental cleanup program reduced or eliminated environmental contamination on more than 20 sites. One of these cleanups resulted in the lifting of a fish-consumption warning. Another kept toxic metals-laden mining wastes from entering a salmon stream after a forest fire made the site highly susceptible to erosion. A third removed 10,000 tons of PCB-contaminated soils.

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ADVISORY COMMITTEES

Language in the General Provisions of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act permits agencies funded in the Act to finance the activities of selected committees that advise them from their own funds, subject to the limitation on total obligations for these committees.

Provided below is a list of those committees subject to this spending limitation and their actual obligations for fiscal year 2004 and estimated funding levels for fiscal year 2005.

USDA ADVISORY COMMITTEES		
Policy Area and Committee Title	2004 Actual	2005 Estimate
FOOD, NUTRITION AND CONSUMER SERVICES:		
National Advisory Council on Maternal, Infant and Fetal Nutrition	$50,000	$50,000
FOOD SAFETY:		
National Advisory Committee on Meat and Poultry Inspection	67,000	67,000
National Advisory Committee on Microbiological Criteria for Foods	40,000	40,000
Total, Food Safety	107,000	107,000
RESEARCH, EDUCATION AND ECONOMICS:		
Forestry Research Advisory Council	26,000	26,000
Subtotal, CSREES	26,000	26,000
National Genetic Resources Advisory Council	0	25,000
Advisory Committee on Biotechnology and 21st Century Agriculture	275,000	275,000
Subtotal, ARS	275,000	300,000
Advisory Committee on Agriculture Statistics	35,000	35,000
Subtotal, NASS	35,000	35,000
USDA/Hispanic Association of Colleges and Universities	20,000	20,000
Total, REE	356,000	381,000

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USDA ADVISORY COMMITTEES

Policy Area and Committee Title	2004 Actual	2005 Estimate
MARKETING AND REGULATORY PROGRAMS:		
Advisory Committee on Foreign Animal and Poultry Diseases	75,000	80,000
General Conference Committee on the National Poultry Improvement Plan	12,000	12,000
National Wildlife Services Advisory Committee	22,000	24,000
Subtotal, APHIS	109,000	116,000
National Organic Standards Board	90,000	190,000
Subtotal, AMS	90,000	190,000
Federal Grain Inspection Advisory Committee	45,000	45,000
USDA/American Indian Higher Education Consortium	44,000	44,000
Subtotal, GIPSA	89,000	89,000
Total, MRP	288,000	395,000
FARM AND FOREIGN AGRICULTURAL SERVICES:		
Agricultural Policy Advisory Committee for Trade	14,000	14,000
Ag. Tech. Adv. Comm. For Trade in:		
Animals & Animal Products	14,000	14,000
Fruits and Vegetables	14,000	14,000
Grains, Feed, and Oilseeds	14,000	14,000
Sweeteners and Sweetener Products	14,000	14,000
Tobacco, Cotton, Peanuts, and Planting Seeds	14,000	14,000
Advisory Committee on Emerging Markets	33,000	33,000
Edward R. Madigan Agricultural Export Excellence Award Board	15,000	15,000
Subtotal, FAS	132,000	132,000

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USDA ADVISORY COMMITTEES		
Policy Area and Committee Title	2004 Actual	2005 Estimate
Advisory Committee on Beginning Farmers and Ranchers	70,000	70,000
Subtotal, FSA	70,000	70,000
Total, FFAS	202,000	202,000
NATURAL RESOURCES AND ENVIRONMENT:		
Task Force on Agricultural Air Quality Research	75,000	75,000
Total, NRE	75,000	75,000
CIVIL RIGHTS:		
USDA/1890 Task Force	15,000	15,000
Total, CR	15,000	15,000
OFFICE OF THE CHIEF INFORMATION OFFICER:		
USDA Technology and eGovernment Customer Advisory Council	38,000	38,000
Total, OCIO	38,000	38,000
Subtotal, Advisory Committees	1,131,000	1,263,000
Contingencies/Reserve	669,000	537,000
TOTAL, ADVISORY COMMITTEES LIMITATION	1,800,000	1,800,000

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ADVISORY COMMITTEES

STATUS OF PROGRAM

From fiscal year (FY) 1983 through FY 1996, a central appropriation provided for direction and financial support of all authorized USDA Advisory Committee activities other than those included in the Forest Service and those financed from user fees. Beginning in FY 1997, language in the General Provisions of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act permits agencies funded in the Act to finance the activities of selected committees that advise them from their own funds, subject to a department-wide limitation on expenditures for those committees. These Explanatory Notes provide information on the activities of committees during FY 2004 and planned activities for FY 2005.

FOOD, NUTRITION, AND CONSUMER SERVICES:

National Advisory Council on Maternal, Infant and Fetal Nutrition

The Council studies the operation of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and related programs such as the Commodity Supplemental Food Program (CSFP) and makes recommendations to the programs for how they may be improved as deemed appropriate. The Council is composed of 24 members and includes representatives of Federal, State and local governments, the medical field, industry, WIC and CSFP parent participants, and advocacy groups.

The Council met at Food and Nutrition Service (FNS) Headquarters in Alexandria, Virginia, on September 8-10, 2004. A total of 35 individuals attended the meeting, including 13 Council members, the general public, and FNS staff. The Council was briefed by FNS staff on current issues pertaining to WIC and CSFP and traveled to the Institute of Medicine for a public hearing to present comments about revisions to the WIC food packages. In addition, the Council held three conference calls to discuss issues of concern. The conference calls and respective issues discussed were: Program Integrity, WIC Food Delivery, Infant Formula Rebate and Recruitment and Retention of Qualified Staff.

FOOD SAFETY:

National Advisory Committee on Meat and Poultry Inspection

Congress established the National Advisory Committee on Meat and Poultry in 1971 under authority of the Federal Meat and Inspection Act (FMIA) and the Poultry Products Inspection Acts (PPIA). Both acts require the Secretary of Agriculture to consult with an advisory committee before issuing product standards and labeling changes or any matters affecting federal and state program activities.

The Committee represents a broad spectrum of competing interests in food safety along the farm-to-table continuum. The Agency seeks public participation, represents a unique forum for the exchange of ideas, the identification of issues, and the articulation of concerns and recommendations to assess the impact of changes to federal programs designed to protect the public health.

The Committee met November 5-6, 2003, to discuss Procedures for Conducting Inspection in Talmadge Aiken Plants, what is the best use of data to support risk-based inspection, and how can FSIS better associate food safety activities with public health surveillance data. The Committee also met on June 2-3, 2004, to discuss Listeria monocytogenes Interim Final Rule and FSIS Preliminary Assessment of its Effects, Applying the Mark of Inspection to Products Tested for an Adulterant, and Food Security.

The charter is a two-year term that will expire in April 2005. FSIS is currently in the process of renewing the charter and selecting new members. The Committee plans to meet at least twice a year.

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National Advisory Committee on Microbiological Criteria for Foods (NACMCF)

The National Advisory Committee on Microbiological Criteria for Foods, established under Departmental Regulation 1043-28, is currently co-sponsored by the Food Safety and Inspection Service (FSIS), the Food and Drug Administration (FDA), the Centers for Disease Control and Prevention (CDC), National Marine Fisheries Service (NMFS) and the Department of the Defense Veterinary Service Activity. A new charter for NACMCF was approved on September 23, 2004.

NACMCF held two full committee meetings in FY 2004 on February 13 in Atlanta, GA and on August 27, in Washington, D.C. During these meetings the following topics were discussed: performance standards for broilers (young chickens) and ground chicken, the scientific basis for establishing safety-based "use-by" date labeling for refrigerated ready-to-eat foods, scientific criteria for redefining pasteurization, and performance standards for ground chicken and ground turkey.

The activities of NACMCF are carried out, in part, by subcommittees that are focused on specific areas being considered by the full Committee. The NACMCF held several subcommittee meetings in Washington, D.C., during FY 2004. Five NACMCK reports were accomplished: "Considerations for Establishing Safety-Based Consume -By Date Labels for Refrigerated Ready-to-Eat Foods"; "Requisite Scientific Parameters for Establishing the Equivalence of Alternative Methods of Pasteurization"; "NACMCF Response to the Questions Posted by FSIS Regarding Performance Standards with Particular Reference to Raw Ground Chicken", NACMCF Response to Questions Posed by FSIS Regarding Performance Standards with Particular Reference to Raw Ground Turkey", and "NACMCK Response to the Questions Posed by FSIS Regarding Performance Standards with Particular Reference to Broilers (Young Chickens)". NACMCF meeting minutes, transcripts and final reports can be viewed on NACMCF website at www.fsis.usda.gov/OPHS/NACMCF/index.htm.

RESEARCH, EDUCATION, AND ECONOMICS:

Forestry Research Advisory Council

The Forestry Research Advisory Council (FRAC) was authorized for the purpose of providing the Secretary of Agriculture with recommendations and advice on regional and national planning for forestry research supported by the McIntire-Stennis Cooperative Forestry Program. The council also provides advice related to the Forest Service research program, authorized by the Forest and Rangeland Renewable Resources Act of 1978. The Council comprises 20 members appointed by the Secretary and drawn from Federal, university, state, industry, and non-governmental organizations.

FRAC held one meeting July 28, 2004, in Washington DC. At this meeting, FRAC discussed recommendations to correct the federal budget system regarding wildfire suppression costs. The current system of short-term borrowing leads to less than efficient use of suppression resources and disrupts long term efforts in research and improved services to the states and cities. The FRAC made the following specific recommendations to the Secretary: 1) initiate and augment existing research specifically targeted toward enhancing the productivity of our private and public forests; increasing the financial benefits, including tax incentives of nonfederal forests to landowners, the rural community, and state and national economies, 2) recommended that the 1890 Colleges be added to the pool of institutions eligible to receive McIntire-Stennis formula funds, with concurrent increases in the national funding level, 3) increased awareness and utilization of Forestry Research, 4) development of a research agenda to address potential threats to our forest resources as they may relate to national security, 5) coordinate with USDA/CSREES and other agencies to help guide research priorities of McIntire-Stennis, and other grant programs.

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Advisory Committee on Biotechnology and 21st Century Agriculture

The Advisory Committee on Biotechnology and 21st Century Agriculture (AC21) was established by the Secretary to examine the long-term impacts of biotechnology on the U.S. food and agriculture system and USDA, and provide guidance to USDA on pressing individual issues, identified by the Office of the Secretary, related to the application of biotechnology in agriculture.

The AC21 has 18 members, including representatives from academia, biotechnology providers, the seed industry, food manufacturers, the grain trade, farmers, and both environmental and consumer organizations, plus *ex officio* members from six government agencies and departments. The Committee met four times in FY 2004, and developed drafts of two substantive reports for the Secretary that are still under development. The first report, provisionally entitled, *Future Impacts of Biotechnology on the Food and Agricultural System of the United States: A 5-to-10 Year Perspective,* currently consists of 4 chapters, currently entitled, respectively, Introduction, Current and Future State of the Art, Issues to Consider, and Preparing for the Future. It is intended to respond to the Secretary's first charge to the committee. The second report, provisionally entitled, *Global Traceability and Labeling Requirements for Agricultural Biotechnology Products: Impacts and Implications for the United States,* discusses the various classes of labeling and/or traceability regimes for biotechnology products that exist worldwide and how the food and feed chain are responding to them, commercial impacts observed and tools being employed to address them, and the issues and policies that are raised for the Secretary to consider. This report addresses a pressing and immediate issue brought to the committee by the Office of the Secretary.

In order to reach the current stages of development of the reports, there have been presentations made to the committee by various experts, and there has been extensive intersessional effort by ad hoc working subgroups. During FY 2004, 24 meetings were held of six different work groups with the purpose of developing text for consideration by the full committee.

In accordance with the AC21 Charter, which established a yearly process for requesting nominations for a portion of the Committee membership, a Federal Register notice announcing a request for nominations for the committee was published on October 23, 2003. The initial terms of half of the members on the committee, 9 members, expired in February 2004. Eight of those members were reappointed in 2004, and one new member joined the committee. The process for soliciting nominations for the slots for other AC21 members whose terms expire in February 2005 and for renewing the AC21 Chapter are getting underway.

Advisory Committee on Agriculture Statistics

The Advisory Committee on Agriculture Statistics was established on July 16, 1962, in the Department of Commerce, and was chartered under the Federal Advisory Committee Act, 5 U.S.C. App. 2, in January 1973. This Committee was moved to USDA in fiscal year 1997 when responsibility for the Census of Agriculture transferred from the Department of Commerce to the Department of Agriculture.

The Committee is discretionary and provides advice to the Secretary of Agriculture and the National Agricultural Statistics Service (NASS). It makes recommendations on the conduct of the periodic censuses and surveys of agriculture, other related surveys, and the types of agricultural information obtained from respondents. The Committee also advises on the content and frequency of agricultural reports.

The Committee is composed of members with professional knowledge regarding the data needs of the food, fiber and rural sector. It provides a direct link with the major agricultural organizations and farm groups which could not be as effectively or efficiently obtained from any other source. The Committee is the primary forum for reconciling the divergent data needs among data user and provider groups. It is also instrumental in helping NASS provide the maximum value from their statistics, within available funding, and to continually improve its products and services.

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During FY 2004, one meeting was held in Arlington, Virginia on February 17-18, 2004. The meeting focus was on the release of the 2002 Census of Agriculture results (released on February 3) and survey methodology. In addition, the committee discussed legislation on data sharing between agencies and confidentiality; a subcommittee report on minority and small farms; and other issues requested by committee members.

A presentation was given to the Committee on the 2002 Census of Agriculture results and survey methodology. The goals of the presentation were to clarify the 2002 Census of Agriculture definitions, provide understanding of new summary procedures, and present new 2002 data relationships. Another presentation was given to the committee on the recent legislation for data sharing between agencies. The Confidential Information Protection and Statistical Efficiency Act (CIPSEA) of 2002 broadens confidentiality protection to include all data collected by statistical agencies for exclusively statistical purposes. In addition, the penalty for misues has increased to five years in prison and fines up to $250,000 or both.

Finally, the subcommittee on minority and small farms submitted five recommendations to the committee. The Advisory Committee recommended that NASS make the Minority and Small Farm subcommittee a standing subcommittee. They recommended this subcommittee coordinate its efforts on minority participation with other NASS supported groups and committees, i.e., the National Enumeration and Outreach working group.

In addition, the Advisory Committee recommended that NASS organize a subcommittee to the NASS Advisory Committee to explore improvements in the data collection of pesticides use in agricultural and non-agricultural applications. These improvements would include analysis, processing, and communication of crop protection product information. A variety of government, academic, and industry efforts now collect pesticide use data for research, business, marketing, regulatory, and risk assessment purposes. The subcommittee had a brainstorming session on September 14, 2004. Another meeting will be scheduled prior to the meeting in February 2005.

USDA/Hispanic Association of Colleges and Universities (HACU)

The Secretary of Agriculture signed a Memorandum of Understanding (MOU) with the Hispanic Association of Colleges and Universities (HACU) to ensure that the Hispanic community equably participates in USDA education and employment programs, resources, and services. The Secretary of Agriculture appointed a national body, the Leadership Group, to ensure the fulfillment of the objective set forth in the MOU. The Leadership Group serves as the lead advisory group on issues relating to the Hispanic Serving Institutions (HSIs) and Hispanic education. The Leadership Group consists of members from USDA and HACU member institutions.

The Leadership Group provides national leadership and coordination of program priorities to avoid duplication and to provide access, transfer, and dissemination of education and research-based information targeted to the HSIs. The Leadership Group supports the long term ability of HSIs to carry out educational programs that contribute to the national interest of the U.S. agricultural community. The Leadership Group is both the catalyst and focal point for identifying national initiatives and mechanisms to stimulate Hispanics to enter university degree programs leading to careers as agricultural scientists and professionals.

The Leadership Group met in Washington, D.C. on March 25-26, 2004, and October 14-15, 2004, to discuss, identify issues, and recommend actions regarding: changing Hispanic demographics, USDA's program priorities, USDA human capital planning, and the educational challenges facing Hispanics.

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MARKETING AND REGULATORY PROGRAMS:

Advisory Committee on Foreign Animal and Poultry Diseases (FAPD)

This Committee advises the Secretary on issues regarding the prevention, suppression, control or eradication of an outbreak of foot-and-mouth disease (FMD) or other destructive foreign animal diseases (FAD) should such disease enter the United States. Committee duties involve advising and counseling on policy and regulatory action with regard to dealing with an outbreak, changing practices in the production and marketing of animals, the importation of animals and animal products, and the handling and treatment of unusual or suspicious animal or poultry problems.

The FAPD held two meetings during FY 2004. The first meeting was held on February 13, 2004. The Committee's focus was with the subcommittee known as the International Review Team (IRT) and their *Report on Measures Relating to Bovine Spongiform Encephalopathy (BSE) in the United States.* The IRT evaluated and reviewed epidemiological procedures used in the recent BSE outbreak in the State of Washington. The IRT subcommittee consisted of members from New Zealand, Switzerland, United Kingdom, and the United States.

The Committee submitted the following findings and recommendations to the Secretary after the February 2004 meeting:

- That representatives of Harvard University review the IRT report and its findings in light of the risk model they have previously developed and report back to the Secretary and this Committee;
- Immediately develop and implement an enhanced national surveillance program for BSE to increase testing of high risk animals (cattle showing symptoms of central nervous system disease, non-ambulatory cattle, and cattle that die on farms); this action will further the scientific evaluation of risk for BSE in the U.S. and North America;
- Implement a comprehensive system to facilitate adequate pathways for dead and non-ambulatory cattle to allow for collection of samples, and for proper, safe disposal of carcasses to ensure protection of animal and public health. Establish new USDA liaison positions within the Department of Homeland Security at each appropriate Under Secretary level to ensure adequate coordination and communication between the two Departments;
- Supports implementation of a verifiable national animal identification and tracking system as envisioned by the United States Animal Identification Plan (USAIP) that has been endorsed by the United States Animal Health Association; however, provisions must be taken to allow for incorporation of new technologies as they become available;
- Enhance development of the National Animal Health Laboratory Network, specifically to approve additional regional laboratories to conduct rapid screening tests for BSE, but maintain confirmatory testing with the National Veterinary Services Laboratory and to provide more rapid results to packers, renderers and others for testing and release of carcasses in the food, rendering, and disposal systems;
- Enhance development and dissemination of BSE information to the media, public and all industry stakeholders to ensure that everyone understands the mechanisms of BSE transmission (not contagious) and safeguards necessary for its control; and
- Encourage major beef exporting nations to work through the OIE to rationalize trading protocols that apply to countries with a low number of BSE cases which have adequate safeguards in place.

The second meeting was held on August 4-5, 2004 in Riverdale, Maryland to discuss issues related to BSE and the National Animal Identification System. The IRT participated in the meeting.

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New and Emerging Diseases.

Emerging and foreign animal diseases continue to plague agriculture, public health, and wildlife, often with economic disruptions. The capacity for responding to each new emerging disease requires adequate laboratory facilities and personnel to investigate new outbreaks. The Committee recommends:

- Continued development of the National Animal Health Laboratory Network. Three strategically located laboratories will effectively shorten the turnaround time needed to obtain accurate diagnoses from suspect FAD specimens. Our established, as well as new, laboratory support system is of vital importance if we are to keep abreast of the diagnostic and research needs necessary to be able to detect new and emerging diseases.
- Quick response to an emerging or FAD incursion, such as FMD, with special emphasis on early (first 48 hours) response preparedness.
- Vigilance at sale barns, graded feeder sales, auctions and shows in an effort to quickly identify the signs associated with a new or foreign animal disease. A quick response will help to limit its spread in the population. States should be supplied with the new guidelines for the increased collection of potential BSE specimens. The provision of a monetary incentive would be very helpful in increasing the number of specimens submitted form downer cows or from those with neurological signs.
- Discussions between USDA and states, academia and industry options to protect the U.S. animal population form emerging diseases while meting our international trade obligations.

The Emerging Animal Health Issues.

According to the National Animal Health Emergency Management steering committee, an emerging animal health issue is "any sudden, negative economic impact related to the appearance of a disease which could have direct impact upon productivity, present a real or perceived risk to public health, or present a real or perceived risk to a foreign country which imports from the United States." The rapid detection and response to emerging animal health issues is critical to livestock industries, as is a planned sustained response that involves thorough investigation and research. Emerging animal diseases have the potential to spread rapidly through our industries, threatening the livelihood of producers and limiting access to increasingly important export markets. The Committee recommends:

- Creating a system of ongoing comprehensive surveillance to detect possible new and emerging diseases (as well as reemergence of domestic disease epidemics);
- Designating an entity to identify and assess the disease and its impact;
- Developing a response and recovery plan with related industries; and
- Involving industry and international trading partners to discuss options to protect the U.S. animal populations (and/or theirs) from emerging diseases and syndromes as they become apparent.

Process to protect the producer from a disease of unknown threat capacity. The Committee recommends:

- Creating a Task Force to implement the National Biosurveillance System. The Task Force may include but not be limited to the Renderers; AAVLD, the Producers; State Veterinarians; State Departments of Agriculture; and
- Implementing the Primate Rule and examining the BSE precedent as two tools to protect American livestock from emerging disease and syndromes.

Avian Influenza.

The Committee commends APHIS for the development of Uniform Standards for an H5 and H7 Low Pathogenic Avian Influenza and Control Program in the Live Bird Marketing System. The development of this program will curtail the circulation of potential devastating poultry disease virus within the live bird

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marketing system and greatly lessen the possibility of its spilling over into the commercial poultry sector. The Committee believes there should be consistency among trading partners in their requirements for reporting of avian influenza isolates. The Committee recommends further negotiation with the two trading partners, Russia and Japan.

Recruitment and Development of Public Service Veterinarians.

State and federal agencies are experiencing difficulties in recruitment and retention of highly qualified veterinarians to work in the many fields of public service. Enhancing partnerships among state and federal agencies and colleges of veterinary medicine would help to expose prospective graduates to the challenges and opportunities of public service and increase education and training opportunities. In addition, Section 20 of Homeland Security Presidential Directive 9 states: The Secretaries of Agriculture and Health and Human Services (HHS), in consultation with the Secretaries of Homeland Security and Education, shall support the development of and promote higher education programs for the protection of animal, plant, and public health. To the extent permitted by law and subject to availability of funds, the program will provide capacity building grants to colleges and schools of veterinary medicine, public health, and agriculture that design higher education training programs for veterinarians in exotic animal diseases, epidemiology, and public health as well as new programs in plant diagnosis and treatment. The Committee recommends that in coordination with HHS, DHS, the National Association of State Departments of Agriculture, and the National Assembly of Animal Health Officials, the Secretary of Agriculture convene a national meeting with the Association of American Veterinary Medical Colleges to develop strategies, which will lead to enhanced recruitment and retention of veterinarians in public service.

Animal Identification.

Animal identification is a central tenet in the prevention and control of diseases; the country has to develop a national system of identification of all food producing species to assist disease control initiatives. The committee commends the Secretary for recognizing the importance of a National Animal Identification System (NAIS). Two important steps were announced that will speed the development and implementation of this vital and important system: 1) the Secretary announced the funding of twenty-nine state and tribal projects to advance this initiative, and 2) the Secretary appointed a subcommittee which is composed of individuals who have experience and expertise in animal identification and a good understanding of animal disease control and management issues. The subcommittee will review:

- The scope, thoroughness, and appropriateness of the development and implementation of NAIS.
- The NAIS implementation process, including how the system should be implemented within various segments of the industry.
- The development of Uniform Methods and Rules for NAIS.

RIT is charged with providing reports biannually or as requested to the Committee. The Committee recommends:

- The Secretary to provide the necessary resources for further projects, for the operation of the subcommittee, and for other expenses of implementation of the NAIS.
- That guarantee of confidentiality of animal and other data contained in NAIS and the assurance by government agencies and that appropriate statutory authorities be sought to provide criminal penalties
- subsequent to unauthorized disclosure.

Border Protection.

Accurate identification of problems and adequate protection of our borders requires careful attention to professional staffing (expert) and flexible scheduling to accomplish the goal. The Committee recommends that the Secretary encourages the Customer and Border Protection at the Department of

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Homeland Security to assure adequate staffing of Agricultural Inspectors and professional expertise at all times at ports to protect the borders from foreign diseases. The Committee recommends to the Secretary the following actions for consideration:

- Require annual briefings to both Secretaries on progress and collaborations of foreign animal and poultry disease research and diagnostic development including a process of reviewing research activities to reveal research gaps;
- Encourage the establishment of a task force to review coordination and cooperation between USDA and DHS and the States in the areas of surveillance and investigation activities;
- Allow this Committee to be represented on any group examining biocontainment facility/facilities for the future, noting the critical need for BSL-4 facility for livestock and poultry diseases that also address zoonotic diseases;
- Develop a joint communication plan for the two Secretaries in the event of an Agro terrorist activity directed at animal agriculture;
- Create a joint USDA-DHS modeling group to review and coordinate the various models being developed for both unintentional and intentional introduction of foreign animal and poultry disease and the subsequent response and recovery actions;
- Conduct technical and policy reviews with the purpose of expediting the safe movement of biological materials that can speed development of diagnostics and countermeasures for foreign animal and poultry diseases;
- Develop a national strategy for diagnosis of foreign animal and poultry diseases which includes as goals the use of other laboratories; and
- Recognize the critical importance of an effective, immediate local and state response to an animal health emergency incident.

Safeguarding Review Update.

The Committee recommends USDA examine the Safeguarding Review Update for progress and identification of vulnerabilities and develop strategies to address vulnerabilities.

Laboratory Network.

The Committee commends the Secretary for the development of rapid screening tests and their scheduled deployment across the country to the 12 approved laboratories. The Committee recommends the coordination between USDA/DHS labs for disease surveillance and surge capacity and cooperation between USDA and the states for lab funding.

Vaccine Strategies.

The Committee recommends:

- Stockpiling vaccines: high-risk areas be prioritized;
- Rapid delivery of vaccines;
- "Homegrown technology";
- Cost assessment;
- Research; and
- Outreach/education and communication

General Conference Committee (GCC) of the National Poultry Improvement Plan (NPIP)

The GCC represents cooperating State agencies and poultry industry members and serves as a liaison between the poultry industry and the U.S. Department of Agriculture on matters pertaining to poultry health. The purpose of this

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committee is to maintain and ensure industry involvement in matters pertaining to poultry health and to the administration of the National Poultry Improvement Plan (NPIP).

The 37th Biennial Conference of the NPIP and the GCC was held July 8-10, 2004, at Sir Francis Drake Hotel in San Francisco, California. The GCC met on July 8, 2004, and in attendance were nine members that represented every region of the country and five alternate delegates. The following topics were discussed: 1) the proposed FY 2005 budget for H5 and H7 low pathogenic Avian Influenza (LPAI) progress; 2) restructuring of the NPIP in order to manage the H5 and H7 programs; 3) an update on avian mycoplasma; 4) the renewal of the GCC charter; 5) familiarize the conference with the American Bantam Association; 6) proposal for an NPIP web-based database; 7) an update on the complete renovation of the National Animal Disease Center (NADC) and the National Veterinary Services Laboratory(NVSL) in Ames, Iowa; 8) an overview of the Office International des Epizooties (OIE) rewrite of the chapter on avian influenza; 9) a certification program for raised-for-lease game birds and waterfowl; 10) the requested NPIP approval of an Approved Rapid Test of Salmonella RT-PCR; and 11) possible locations for the 38th Biennial Conference: Portland, Oregon; Savannah, Georgia, and Asheville, North Carolina.

The Committee passed the following motions:

- Restructure the NPIP providing for: a coordinator for the commercial program, a coordinator for the breeder program, and separate veterinary program specialists for the commercial and breeder programs.
- Appoint a working group to complete the review of the proposed NPIP web-based database, especially in light of the needs of the NPIP participants and the State administrators.
- Support the recommendation of the Health Committee of the National Chicken Council to change the proposed surveillance sample size for meat-type chickens in the proposed H5/H7 LPAI program from 10 to 11 birds.
- Establish a committee selected by the industry and approved by the GCC to work with the North American Gamebird Association and Foundation in the development of a "certification program" for H5/H7 low pathogenic avian influenza programs for raised-for-release game birds and waterfowl and to hold any action by the GCC on the same until ratification by official delegates at the next biennial conference.

National Wildlife Services Advisory Committee

This Committee provides advice to the Secretary on policies, program issues, and research needed to conduct the Wildlife Services (WS) program. Members represent a broad spectrum of agricultural, environmental and conservation groups, academia, and other interests.

The Committee met on August 17-19, 2004 in Riverdale, Maryland. Discussion topics included: 1) a wide range of issues from predation control for livestock to the consideration of an increased presence of WS in urban wildlife damage issues, 2) the budgetary needs of the WS program and what efforts the committee could make to voice support for increased budget initiatives, 3) the need to increase training for WS field personnel, 4) the need for the Agriculture community as a whole to "educate" the public on wildlife damage issues and their impact on agricultural production; 5) the continuation of WS efforts in research to refine wildlife contraceptives and to continue the development of repellants and chemicals as viable management tools to control wildlife damage; 6) the distinctions between policy and operations when determining the content and validity of Committee recommendations; and 7) review of the Committee Charter to ensure: consistency in the application of Committee actions from year to year; that limitations on the scope and number of recommendations would be done according to objective criteria, and that fair consideration of recommendations be given by all stakeholders represented on the NWSAC. The Committee decided that copies of their recommendations from the previous two years be approved so that committee members would have the opportunity to review previous actions prior to developing current year recommendations.

The Committee briefly reviewed and discussed the status of last year's committee recommendations. Since the last Committee meeting, a new research field station had been established in Kingsville, Texas, in cooperation with Texas A&M University that focuses on feral pig management and control, and wildlife diseases.

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APHIS' staff presented the Committee an overview of program activities that highlighted WS ongoing development of an aviation training facility to promote safe operations of their aviation activities; increase efforts to implement wildlife disease programs; and increase hazard abatement programs at the nation's civilian and military airports. Discussions on rabies activities, airport safety, and immunocontraceptive research were the recurring themes. The Acting Director of the National Wildlife Research Center (NWRC) provided a brief update on wildlife contraception research studies currently underway at the NWRC; the presentation reviewed existing research studies and preliminary findings.

The Committee submitted twenty one recommendations including:

- Seek additional funding for protection of rice crops from blackbirds in Louisiana including adjustments for inflation and increasing resource needs;
- Seek an additional $560,000 for the NWRC to expedite research to develop and register repellents, lethal and non-lethal management techniques for protecting rice, and to continue support for operational baiting;
- Seek additional funding to comply with NEPA requirements;
- Fund the vacant Minnesota Wildlife Services State office in the Twin Cities area;
- Work with the Secretary of the Interior to develop a cooperative arrangement between Wildlife Services and the U.S. Fish and Wildlife Service to issue Migratory Bird depredation permits in a timely manner;
- Coordinate with the Secretaries of Interior, Homeland Security, Health and Human Services, the Administrator of the Environmental Protection Agency and appropriate State, tribal, and territorial agencies to expand and continue implementation of a state driven, federally supported, scientifically sound wildlife disease program. This program would include research, surveillance, monitoring, management and disposal techniques (including laboratory waste and waste water treatment, and disposal processes) and activities. This would include continued expansion of the wildlife disease biologist program to station a minimum of one biologist per State and U.S. Territory;
- Support new funding for wildlife rabies vaccination programs for control and elimination of raccoon, fox, and coyote rabies, and to seek new funding for the development and implementation of the skunk, mongoose, and bat rabies vaccination programs;
- Work with the Secretaries of Health and Human Services, Homeland Security, Interior, and appropriate State, tribal, and territorial agencies to identify and implement needed controls and/or restrictions on importation and interstate movement of exotic and wild animals, and domestic pets to safeguard humans, livestock, and native wildlife from exotic, emerging, and resurging infectious wildlife diseases and parasites;
- Seek adequate additional funding to ensure that WS is able to meet the Federal mandate for converting to narrow band radio spectrum;
- Seek new funding for WS to increase research concerning feral pigs, including, but not limited to, identifying property and ecological damage, expanding distribution, associated disease risks, and development of control methods (especially contraception research);
- Provide additional funding to adequately support the Aviation Training Center. The Committee commends WS on establishment of the Aviation Training Center;
- Reaffirm protection of livestock and agriculture as a high priority for WS and seek additional new funds for their protection without reduction of any present funding;
- In cooperation with the Secretary of the Interior, seek additional funding and/or new funding for support of WS to resolve increasing conflicts involving humans, livestock, and other domestic animals resulting from restored and expanding wolf populations;
- Encourage WS to collaborate on solutions to wildlife damage in urban settings with national, regional, State, and local governmental entities, and private organizations, especially in the U.S. Conference of Mayors, the National Association of Countries, and the National League of Cities
- with the objective to develop an urban Wildlife Damage Management Business Plan. This plan would define objectives, a general action plan, and projected staffing needs and budget to
- conduct wildlife damage management programs of differing complexity within differing size cities, towns, counties, or other defined urban environments;
- Maintain full funding in FY 2005 to support the NWRC;

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- Assess and update APHIS Directive 1040.1, dated 9-8-95, "Relationships with Native Americans and Tribal Governments," especially as related to wildlife issues;
- Support additional funding to fully implement Wildlife Services MIS 2000 project as soon as practical;
- Enter into discussions with the Department of Transportation, Federal Aviation Administration, to seek adequate funding to manage wildlife hazards at airports. Further, the Committee recommends the Secretary cooperate with the Secretary of Transportation to seek legislative approval to establish a "user fee" to be applied to each commercial airline ticket to provide funding for WS wildlife hazard management activities at airports;
- WS, along with the Federal Aviation Administration, take a leadership role in aviation safety/wildlife management issues and encourage them to continue to actively support industry working groups such as the Bird Strike Committee-USA in an effort to develop collaborative solutions to the aircraft/wildlife strike problem;
- Coordinate with the Secretary of Health and Human Services to increase awareness and discuss funding mechanisms for WS disease activities that affect public health.

National Organic Standards Board (NOSB)

The NOSB was established to provide recommendations to the Secretary on implementing the Organic Foods Production Act of 1990 (OFPA), which authorizes a national organic program for the production and handling of organically produced foods. The NOSB is composed of four farmers/growers, two handlers/processors, one retailer, one scientist, three consumer/public interest advocates, three environmentalists, and one certifying agent. Members come from all four U.S. regions.

NOSB has assisted in the development of standards, reviewed substances to be used in organic production, and advised the Secretary on other aspects of program implementation. In addition to recommending standards for the production, handling, and labeling of organically produced agricultural products, the NOSB assisted in establishing and implementing a program for certifying products as organically produced, through the use of USDA accredited organic certifying agents.

Recently, at the October 2003, and April 2004 meetings, the NOSB sought public comment on and approved an internal Compatibility Guidance document to assist them in reviewing materials for inclusion on the National List; a recommendation on Compliance Procedures for Determining Minor Non-compliance; and a recommendation on Commercial Availability of Organic Ingredients. They also sought public comment on recommendations regarding the production and handling of organic agricultural crops and livestock products. As a result, the NOSB recommended three substances for addition to the National List. The NOSB issued a statement at the end of the April 2004 meeting expressing their opposition to the National Organic Program's (NOP) issuance of policy directives without the consultation of the NOSB.

At its October 12-14, 2004, meeting the NOSB received public comment and discussed forming task forces to develop standards for wild-caught and farmed fish and seafood, and pet food. The NOSB and NOP came to a consensus on issues concerning inert ingredients in pesticides, antibiotic use in livestock, the use of fishmeal in livestock feed, and discussed the scope of the NOP.

The NOSB plans on holding three meetings during FY 2005.

Federal Grain Inspection Advisory Committee

The Grain Inspection, Packers and Stockyards Administration's (GIPSA) Grain Inspection Advisory Committee was established under section 20 of the United States Grain Standards Act on September 29, 1981. The Committee is charged with advising the GIPSA Administrator on the implementation of the United States Grain Standards Act and the Agricultural Marketing Act of 1946, or, more simply, on implementing the Agency's grain inspection and

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weighing programs. The Committee has 15 members and 15 alternates who represent all segments of the U.S. grain industry, including producers, processors, handlers, exporters, grain inspection agencies, academicians, and scientists.

The Committee counsels GIPSA on various important issues affecting agency operations and the official grain inspection and weighing system. In fiscal year 2004, the Committee met on November 3-5, 2003; and May 3-5, 2004, in Kansas City, Missouri. At the November meeting, the Committee addressed agency finances, biotech testing, grain end-use functionality, Minnesota pilot program, Mexico outreach activities, web-inspection system project, standards update, and reinspection change. At the May meeting the Committee addressed the USDA Information Technology Program, Status of November 2003 resolutions, financial update, Reauthorization, Official and Unofficial inspections, processed commodity testing, barley protein, soybean projects, international issues, and marketing value-enhanced grain. At both these meetings, the Committee offered the Administrator recommendations for addressing these issues and others that impact service delivery.

In fiscal year 2005, the Committee will meet on November 16-17, 2004, in New Orleans, Louisiana, and again during the Spring of 2005 (location to be determined).

USDA/American Indian Higher Education Consortium (AIHEC)

Section 882 of the Federal Agriculture Improvement and Reform Act of 1996 required the Secretary of Agriculture to establish programs to ensure that tribally controlled colleges and universities and American Indian communities equitably participate in USDA employment, programs, services, and resources.

USDA signed a formal Memorandum of Agreement (MOA) with the American Indian Higher Education Consortium (AIHEC) on February 3, 1998. AIHEC represents 32 Land-Grant Institutions (known as the 1994 Institutions) as defined in Section 532 of the Equity in Educational Land-Grant Status Act of 1994. The MOA created a USDA/AIHEC Leadership Group, consisting of six USDA and six AIHEC officials, to serve as an advisory body for all partnership initiatives.

In fiscal year 2004, the USDA/AIHEC Leadership Group sponsored the USDA/1994 Institutions' Presidential Forum in the USDA Whitten Building on February 12, 2004. Approximately 50 USDA and 25 AIHEC representatives met to discuss ways to strengthen the USDA/AIHEC partnership. Key participants included the USDA Deputy Secretary and Agency Heads representing all of the USDA mission areas. There was a focus on four major themes raised by the AIHEC Presidents during the forum's open discussion session: students, capacity building, cooperative agreements, and bison production and management.

A second meeting was held on July 19-20, 2004 in Menominee, Wisconsin. A tour of the College of Menominee Nation (a 1994 land grant institution) and Menominee Indian community was conducted. Meetings focused on budgetary priorities, a faculty and staff development initiative, strategic planning, and continued progress on the Action Item Agenda. Participants included seven Leadership Group members, two staff members, three AIHEC executive committee members, and four invited guests.

In fiscal year 2005, the USDA/AIHEC Leadership Group plans to continue implementing the recommendations of the Action Item Agenda. Two USDA/AIHEC Leadership Group meetings are scheduled. The Leadership Group plans to revise the USDA/AIHEC strategic plan. Efforts are underway to reduce the administrative burden in 1994 land grant competitive programs and to expand the 1994 liaison program.

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FARM AND FOREIGN AGRICULTURAL SERVICES:

Agricultural Policy Advisory Committee for Trade
and
Agricultural Technical Advisory Committees for Trade

Pursuant to Departmental Regulation 1042-68, USDA currently administers the Agricultural Policy Advisory Committee for Trade (APAC) and six Agricultural Technical Advisory Committees for Trade (ATACs): (1) Animals and Animal Products; (2) Fruits and Vegetables; (3) Grains, Feed, and Oilseeds; (4) Sweeteners and Sweetener Products; (5) Tobacco, Cotton, Peanuts, and Planting Seeds; and (6) Processed Foods. The APAC and ATACs were rechartered and reconstituted in May of 2003.

Congress established these committees in 1974 to ensure that trade policy and trade negotiations objectives adequately reflect private sector U.S. commercial and economic interests. The committees provide the Secretary of Agriculture and the U.S. Trade Representative information and advice on negotiating objectives, bargaining positions, and other matters related to the development, implementation, and administration of U.S. agricultural trade policy. The members on the APAC and on the ATACs are important to advancing the Administration's aggressive trade agenda to liberalize agricultural trade, expand access for U.S. food and agricultural products in overseas markets, and reduce unfair competition.

A balanced representation is sought for the committees, but there is no legal requirement stating that committee membership be composed of exact numbers from each sector of an industry. The representation is as follows: 33 members on the APAC, 30 members on the Animals and Animal Products ATAC, 34 members on the Fruit and Vegetables ATAC, 34 members on the Grains, Feed and Oilseeds ATAC, 31 members on the Processed Foods ATAC, 22 members on the Sweeteners ATAC, and 30 members on the Tobacco, Cotton, Peanuts, and Seeds ATAC.

All members have demonstrated leadership qualities, commodity expertise, and knowledge of the effects that various trade barriers or absence of trade barriers can have on the commodities they represent. All members are recognized leaders in their field and are able to represent those interests with fairness.

The APAC and the ATACs are jointly chartered by the U.S. Department of Agriculture and the Office of the U.S. Trade Representative (USTR). The Committees provide a formal mechanism to ensure liaison between the Federal Government and private sector regarding international agricultural trade matters. The APAC provides policy advice, while the ATACs provide detailed commodity technical advice.

During FY 2004, the APAC met three times; Animals and Animal Products ATAC met three times; Fruits and Vegetables ATAC met three times; Grains, Feeds, & Oilseeds ATAC met three times; Sweeteners and Sweetener Products ATAC met three times; Tobacco, Cotton, Peanuts, and Planting Seeds ATAC met three times; and Processed Foods ATAC met three times. All meetings were held in Washington, D.C. The committees discussed the status of negotiations in the World Trade Organization and bilateral and regional trade agreements with the Andean Countries, Australia, Bahrain, Panama, Thailand, the Southern African Customs Union, and Central America and the Dominican Republic.

The Administration continues to receive crucial advice on a variety of issues. FY 2005 will be another extremely busy year for the Committees. The APAC and ATACs will be called upon frequently in relation to the WTO negotiations and ongoing WTO implementation and monitoring issues; trade issues with China, Mexico, and other nations; sanitary and phytosanitary access issues for U.S. products; and continuing regional and bilateral agreements.

Advisory Committee on Emerging Markets

The Advisory Committee on Emerging Markets is composed of representatives from the private sector experienced in agribusiness and management, with interest and/or experience in exports and similar overseas operations. The primary mission of the Committee is to make recommendations on policies and programs which will enhance

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agricultural exports to emerging markets through the use of Emerging Markets Program authority. Specifically, Committee members review, from a business perspective, qualified proposals submitted to the Program for funding assistance, principally from the private sector. This review is done prior to obtaining policy level approval and funding commitments from the agency. Committee reviews of proposals balance private sector perspectives with government views, an important consideration since the program emphasizes involvement by private industry.

Mandated by the Food, Agriculture, Conservation and Trade Act of 1990 as amended, the members operate under a federal charter and are appointed by the Secretary of Agriculture for a two year term.

The Committee consists of up to 20 members from both private industry and academia representing a cross-section of the agricultural industry, geographic and ethnic diversity. Of the 20 members, 4 are from the Northeast, 4 from the Mid-West, 6 from the South/Southeast, and 6 from the West. Sectorial expertise among members is in agricultural policy and economics; banking and finance; marketing; production and processing of food and feed; livestock and genetics; farm cooperatives and agribusiness management; transport, storage and handling; and horticultural products. The Committee's Charter was reauthorized on June 2, 2004.

Frequency of meetings varies, depending upon the issues to be considered and the range and importance of activities under consideration by the Foreign Agricultural Service at any given time. The Committee last convened on June 15-16, 2004 in Washington, DC, and reviewed selected applications to the Emerging Markets Program from the private sector in FY 2004. The Committee's recommendations play an important role in the agency's funding decisions.

Edward R. Madigan Agricultural Export Excellence Award Board

Section 261 of the Federal Agriculture Improvement and Reform Act of 1996 ("the Fair Act") authorized the establishment of the Edward R. Madigan Agricultural Excellence Award to honor those who substantially encourage entrepreneurial efforts in the food and agriculture sector for advancing United States agricultural exports. FAS is currently in the process of reestablishing the Charter for the Edward R. Madigan Agricultural Excellence Award.

There have been two Madigan Award Ceremonies. Board members are dispersed throughout the United States, therefore, teleconferences are held to review award nominations, determine award recipients and organize awards ceremonies. FAS worked closely with FSA personnel to coordinate the ceremony.

The original Board, chosen in August 1999, was reappointed through September 2003. FAS solicited a new six member Board of Evaluators in March 2004. Once a new board is established, FAS will begin accepting nominations for the next Madigan Award.

Advisory Committee on Beginning Farmers and Ranchers

The Advisory Committee on Beginning Farmers and Ranchers was established by Section 5 of the Agricultural Credit Improvement Act of 1992 (Pub. L. 102-554). The Committee's purpose is to advise the Secretary on the administration of the Farm Service Agency's (FSA) beginning farmer programs and methods to increase participation between Federal and State programs to provide joint financing to beginning farmers and ranchers, along with other methods of creating new farming or ranching opportunities. The duration of the Committee is indefinite. The Committee first met in 1999.

As required by law, members include representatives from FSA, State beginning farmer programs, commercial lenders, private nonprofit organizations with active beginning farmer programs, the Cooperative State Research, Education, and Extension Service, community colleges, and other entities or persons providing lending or technical assistance for qualified beginning farmers or ranchers. Several farmers were also appointed to serve.

The most current charter was reestablished on August 27, 2003, at which time 20 members were appointed/reappointed to the Committee. The Committee met on March 24-25, 2004, in Washington, D.C. Representatives from USDA's Corporate State Research, Education and Extension Service (CSREES), Risk

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Management Agency (RMA), Natural Resources Conservation Service (NRCS), and FSA briefed the Committee on various beginning farmer and rancher issues related to their individual agencies. A consultant to the Kellogg Foundation briefed the Committee on assistance available to New Immigrant and Refugee farmers, and Farm Credit Administration (FCA) officials informed members they recently adopted a Final Rule designed to enhance the Farm Credit System's (FCS) service to Young, Small and Beginning Farmers. FCA is the regulator of FCS. One of the Committee's previous recommendations was for the Secretary to encourage cooperation between FCS and FSA to improve the delivery of programs to beginning farmers and ranchers. The adoption of the final rule, which USDA officials supported by commenting when the proposed rule was published, will help in improving program delivery.

A discussion was held on the progress USDA has made in implementing Committee recommendations compiled at the last meeting. A handout was provided illustrating that a substantial number of the 20 recommendations had been implemented. Some included the following: that RMA awarded outreach/education grants to at least seven organizations that assist beginning farmers and ranchers; that FSA implemented a land contract sale pilot program for beginning farmers and ranchers in 6 states; that FSA promoted Federal/State Beginning Farmers Partnerships and signed Memorandums of Understandings with several more states; and that NRCS published a final rule that included language benefitting beginning farmers and ranchers. Committing members then drafted another 20 recommendations, including seven that addressed NRCS programs, and one requesting USDA development and implement a mission focus to heighten awareness and coordinate beginning farmer and rancher opportunities. On July 26, 2004, a USDA official responded in writing to the Committee recommendations, addressing each issue.

NATURAL RESOURCES AND ENVIRONMENT:

Task Force on Agricultural Air Quality Research

The Task Force on Agricultural Air Quality (AAQTF) was established by statute in 1996, P.L. 104-127 Sec. 391, to ensure intergovernmental cooperation in research activities relating to agricultural air quality. The Task Force advises the Secretary in providing oversight and coordination of air quality activities as they relate to agriculture. The Task Force was reestablished by Departmental Regulation 1042-126 on August 26, 2002 and held three meetings in FY 2004. In addition, focus committees were established to assist the Task Force in conducting its business. The past AAQTF Charter expired on August 26, 2004, and has been subsequently renewed by the Secretary of Agriculture on September 17, 2004 for an additional two year term. The Chief of the Natural Resources Conservation Service chairs the 25 member Task Force with representatives from agricultural production, agricultural industry, research/academia, and health science/regulators or public interest groups.

The first meeting was held December 2-3, 2003 in California. USDA and EPA agency representatives gave presentations detailing agency activities relative to air quality. These presentations updated the members on the current status of USDA (CSREES, and ARS) and EPA research, technology transfer and policy, and provoked discussion highlighting the chief concerns of the Task Force.

The members were provided presentations on the myriad of air quality related issues in California and current legislation which removed the exemption from regulation that will impact agricultural activities in much of the state. The Task Force noted the importance of partnering with stakeholders to develop reasonable policy objectives and repeatedly found funding to be one of the most critical issues facing air quality improvement today. Members emphasized the necessity of this funding in order to respond to the need for accurate data and accurate emission factors and dispersion models.

The Task Force Chairman asked a committee to look into pesticide Volatile Organic Compounds (VOC) and decide what the task force's role should be and to what extent resources would be invested in tracking the impacts in California as well as the rest of the country. A major outcome of this was the Research and Emerging Issues Committees agreeing to jointly investigate the VOC issue (particularly as relates to pesticides) and evaluate the effects of various policy options on agriculture.

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The second meeting took place on March 10-11, 2004 in North Carolina. USDA and EPA Agency Representatives gave presentations on both days detailing agency activities relative to air quality. A presentation was provided to update Task Force members on the current status of the Consent Agreement between EPA and the animal agriculture industry. The consent agreement is voluntary and allows producers to pay a small penalty which provides amnesty to enforcement actions. The primary goals of the agreement are 1) compliance, 2) improve methodologies for estimating emissions, and 3) reduce pollution.

A panel discussion was held that highlighted the agreement between the NC Attorney Generals Office and Smithfield Foods. Representatives from industry, technology, an environmental group, and the Attorney Generals Office presented information on the impacts of the agreement to the various entities. The agreement was brokered by the Attorney General's Office which allowed the industry to participate in the development of environmentally superior technologies that would be implemented in the future. CSREES updated the Task Force on the status of the National Research Initiative grants and publicly announced that eleven grants totaling $5.1 million dollars were being awarded to address high priority air quality issues many of which had been identified by the Task Force.

The third and final meeting was held in Idaho on July 21-22, 2004. This meeting provided the Task Force an opportunity to become more educated about the issues facing western agriculture. The Task Force was provided presentations on issues related to agricultural burning and the myriad of issues facing farmers, including litigation by private citizens to curtail grass seed burning in the western Idaho/eastern Washington panhandle.

Presentations were also provided to update the Task Force on the non-road diesel rule, ethanol production industry, maximum achievable control technology (MACT) final rule for industrial boilers and stationary internal combustion engines, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Emergency Planning and Community Right to Know Act (EPCRA).

The Research and Emerging Issues Committees provided the results of a meeting they convened with others from the research and pesticide industry to discuss the issues of VOC emissions from pesticide usage and the potential impact to farmers. A draft document entitled "Action Plan for Volatile Organic Compounds from Agricultural Sources" was submitted and approved by the Task Force. The document was transmitted to the Secretary for policy consideration.

In addition, the Task Force assisted the NRCS by reviewing its practice standards and developing educational materials that can be used to supplement existing NRCS outreach materials. The Task Force also provided input into assisting the USDA and EPA in prioritizing the research agenda for agricultural related air quality concerns.

CVIL RIGHTS:

USDA 1890 Task Force

The USDA/1890 Task Force was established in 1988. Its primary mission is to implement special initiatives developed collaboratively by USDA and the eighteen 1890 Land-Grant Institutions. The Task Force consists of senior officials representing USDA mission areas and Presidents or Chancellors of the 1890 Land-Grant Institutions. Since its founding, the Task Force has continued to forge strong alliances and support for USDA and the 1890 community. The Task Force is co-chaired by Clinton Bristow, President of Alcorn (MS) State University and Vernon B. Parker, USDA's Assistant Secretary for Civil Rights.

Two meetings of the Task Force were convened in 2004. During the March 2004 meeting, Secretary Ann Veneman met with the members and thanked them for their diligence and participation. Mr. Parker shared that USDA and the Marriott Corporation had entered into a unique and historic Memorandum of Understanding (MOU) designed to improve the economic well-being of socially disadvantaged farmers; he stressed that the 1890 Institutions have a significant role in the implementation of the MOU.

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Deputy Secretary James R. Moseley gave an overview on USDA Homeland Security and suggested that the 1890 community develop a small task force to review the Homeland Security Presidential Directive 9 and determine if there are gaps that they can fill. A task force has been formed and is now working on a Homeland Security Initiative. In addition, Dr. Bristow, Deputy Secretary Moseley, Mr. Parker, and other senior-level USDA officials discussed their participation in several Small Farmers' Voices Listening Sessions, organized by the 1890 community to bring together small farmers and the USDA leadership to focus on issues impacting the economic viability of small farmer's participating in agricultural enterprises.

Work continues on the planning grant, which is designed to assess the extent of 1890 involvement in USDA programs. Following the assessment, a comprehensive plan will be developed to continue strengthening the partnership between USDA and 1890 Land-Grant Universities.

The Task Force's second meeting was held in October 2004 at which time it approved the following as programmatic priorities for 2005: human nutrition, health wellness, and obesity, outreach to small and minority farmers, and homeland security. Carry-over action items from 2004 included recommendations for enhancing the National Scholars Program and the Centers of Excellence.

The Task Force plans to hold at least three meetings during FY 2005 to continue the development and implementation of a focused and ambitious work plan in support of strengthening the partnership between USDA and the 1890 Land-Grant Universities.

OFFICE OF THE CHIEF INFORMATION OFFICER:

USDA Technology and eGovernment Customer Advisory Council

The USDA Technology and eGovernment Customer Advisory Council was established 2003. Its primary mission is to provide advice and recommendations on the strategy, planned development, deployment, and implementation of technology solutions across USDA, including eGovernment initiatives and other Information Technology (IT) investments that impact USDA customers, employees, agricultural markets, and mission areas.

The Council met twice in 2004. These were the first meetings for the Council. The Council is required to prepare a report of its recommendations for the Secretary by May 2005. They have not published recommendations at this time. They are on track to meet the May deadline.

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AUTHORITY AND COMPOSITION OF USDA ADVISORY COMMITTEES IN EXISTENCE BETWEEN FY 2003 AND FY 2004			
Committee Title	USDA Agency	Authority Statutory (S) or Discretionary (D)	Committee Membership
FOOD, NUTRITION AND CONSUMER SERVICES:			
National Advisory Council on Maternal, Infant and Fetal Nutrition	FNS	S 42 U.S.C. 1786	24
FOOD SAFETY:			
National Advisory Committee on Meat and Poultry Inspection	FSIS	S 21 U.S.C. 601	17
National Advisory Committee on Microbiological Criteria for Foods	FSIS	D Departmental Regulation 1043-28	33
RESEARCH, EDUCATION, AND ECONOMICS:			
Forestry Research Advisory Council	CSREES	S 16 U.S.C. 582a	20
Advisory Committee on Biotechnology and 21st Century Agriculture	ARS	D Departmental dated 02/03	18
Advisory Committee on Agriculture Statistics	NASS	S 5 U.S.C. App. 2	21
USDA/Hispanic Association of Colleges and Universities	REE	D Memorandum of Agreement dated 10/96	18
MARKETING AND REGULATORY PROGRAMS:			
Advisory Committee on Foreign Animal and Poultry Diseases	APHIS	D Departmental Regulation 1043-31	20
General Conference Committee of the National Poultry Improvement Plan	APHIS	D Departmental Regulation 1043-8	7

AUTHORITY AND COMPOSITION OF USDA ADVISORY COMMITTEES IN EXISTENCE BETWEEN FY 2003 AND 2004			
Committee Title	USDA Agency	Authority Statutory (S) or Discretionary (D)	Committee Membership
National Wildlife Services Advisory Committee	APHIS	D Departmental Regulation 1043-27	20

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National Organic Standards Board	AMS	S 7 U.S.C. 6518	14
Federal Grain Inspection Advisory Committee	GIPSA	P. L. 103-156 S 7 U.S.C. 87i	15
USDA/American Indian Higher Education Consortium	GIPSA	S P.L. 104-127	30
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Agricultural Policy Advisory Committee for Trade	FAS	D Departmental Regulation 1042-68	48
Ag. Tech. Adv. Comm. For Trade in:			
Animals & Animal Products	FAS	D Departmental Regulation 1042-68	24
Fruits and Vegetables	FAS	D Departmental Regulation 1042-68	19
Grains, Feed & Oilseeds	FAS	D Departmental Regulation 1042-68	27
Sweeteners and Sweetener Products	FAS	D Departmental Regulation 1042-68	14
Tobacco, Cotton, Peanuts and Planting Seeds	FAS	D Departmental Regulation 1042-68	20
Advisory Committee on Emerging Markets	FAS	S P.L. 104-127	16
Edward R. Madigan Agricultural Export Excellence Award Board	FAS	S P.L. 104-127	9
Advisory Committee on Beginning Farmers and Ranchers	FSA	S P.L. 102-554	17
AUTHORITY AND COMPOSITION OF USDA ADVISORY COMMITTEES IN EXISTENCE BETWEEN FY 2003 AND 2004			
Committee Title	USDA Agency	Authority Statutory (S) or Discretionary (D)	Committee Membership
NATURAL RESOURCES AND ENVIRONMENT:			
Task Force on Agricultural Air Quality Research	NRCS	D Departmental Regulation 1042-126	22
CIVIL RIGHTS			
	Civil	D Deputy Secretary's Memorandum dated	

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USDA 1890 Task Force	Rights	8/29/88	16
OFFICE OF THE CHIEF INFORMATION OFFICER			
USDA Technology and eGovernment Customer Advisory Council	OCIC	D Departmental Regulation 1043-48	9

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2006 Explanatory Notes
Office of Civil Rights

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OFFICE OF CIVIL RIGHTS

Purpose Statement

The Office of Civil Rights' (CR) mission is to facilitate the fair and equitable treatment of USDA customers and employees while ensuring the delivery and enforcement of civil rights programs and activities. CR has one strategic goal and nine strategic objectives that contribute to the Department's management initiatives.

Employment Compliance & Technical Assistance:
CR's Employment Compliance and Technical Assistance will monitor the implementation of settlement agreements, Final Agency Decisions (FADs), and the Equal Employment Opportunity Commission (EEOC) orders. CR will require agencies to submit compliance reports 60 days after the settlement agreement is signed, the final agency decision is issued, or the EEOC order is issued. CR will continue to provide specialized training to all USDA employees to promote understanding and appreciation of a diverse workforce; develop the Affirmative Action Plan (AAP) and Accomplishment Report for People with Disabilities, and the Affirmative Employment Program Plan Update and Accomplishment Report for Minorities and Women; and network with other national and federal organizations on issues impacting women, minorities and people with disabilities. CR will conduct employment compliance reviews, develop compliance reports, monitor the implementation of recommendations and corrective actions, and monitor the implementation of Departmental and agency affirmative action/employment program plans. These program activities will assist in ensuring that USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

Employment Intake, Investigation, and Adjudication:
CR's Employment Complaint Division will process EEO complaints through the issuance of the Return on Investigation (ROI) and EEO Final Decisions. These program activities will assist in ensuring that USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

Program Compliance:
CR's Programs Directorate's Compliance Division monitors implementation of corrective actions plans, compliance plans, and settlement agreements. Compliance will provide adequate and timely monitoring of corrective action/compliance plans and settlement agreements. These program activities will assist in decreasing the number of non-compliance complaints filed; thereby ensuring that USDA provides fair and equitable services and benefits to all customers.

Program Intake, Investigation, and Adjudication:
Programs Directorate's processing components perform intake, investigation and adjudication functions for civil rights complaints filed against USDA agencies and USDA sponsored programs. The due process of law requirement is satisfied if there is efficient and timely movement of complaints through these steps. These program activities will assist in overall reduction in the average number of days to process program complaints; thereby ensuring that USDA provides fair and equitable services and benefits to all customers.

Tracking Applications & Analysis:
CR's Tracking Applications & Analysis will continue to support EEO and civil rights program complaint tracking and processing functions; and provide desktop and equipment support. However, to achieve this performance measure, CR will need to develop and install a USDA-wide Civil Rights Enterprise Data System that will provide an integrated electronic capability for sharing civil rights complaint and program/policy information between Agency Civil Rights Offices, the ASCR, and the Department's customers and stakeholders and ensure consistent accurate data to satisfy the Department's numerous CR reporting requirements (EEOC, USCCR, DOJ, and NO FEAR Act) consistent with new legislation related to the Government Paperwork Elimination Act; obtain help desk, network, security, software, web, telephone, and Office of Chief Information Officer support; and replace obsolete IT infrastructure.

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Policy, Analysis, Research & Evaluation:
CR's Policy, Analysis, Research and Evaluation will assess and improve USDA's overall civil rights climate through: timely reviews and civil rights analysis on 100 percent of all USDA program and administrative regulations; ensuring recommendations to agencies on potential impacts are implemented with no adverse civil rights consequences; strategic planning; and identifying and timely publishing all new Civil Rights rules, Departmental Regulations and policies.

Conflict Prevention Resolution:
The Conflict Prevention and Resolution Center (CPRC) was established to lead and coordinate conflict management and ADR efforts throughout USDA. ADR programs exist in all USDA agencies and mission areas, and vary in both scope and level of activity. ADR itself is applicable, in a variety of forms, to workplace disputes, EEO complaints, USDA program disputes, including civil rights complaints, and group interventions. Reorganization and subsequent inclusion of CPRC in Civil Rights maintains the USDA-wide focus on conflict resolution, with additional emphasis in support of the Assistant Secretary for Civil Rights.

Outreach:
The USDA Office of Outreach will strengthen USDA outreach efforts to limited-resource farmers and ranchers and under-represented customers, coordinate program delivery outreach throughout USDA, and assist underserved customer groups in collaboration with the Agency Outreach Coordinators and State Outreach Councils. Outreach will develop policy, thereby enhancing the building of partnerships with universities/colleges, community/faith-based organizations and other groups, associations and organizations. Outreach will continue to provide leadership through policy guidance, high-level strategic planning and goal setting, performance measurement and feedback to USDA National, State and local outreach coordinators and councils. Outreach will monitor, analyze, and evaluate trends related to USDA programs and activities through mission area outreach plans, outreach coordinators, and state outreach councils. Outreach will develop and provide training and education in outreach function models, best practices, policies, environmental justice, strategic plans and goals to USDA employees and stakeholders to provide an effective educational resource and linkage to internal and external customers regarding USDA-wide programs.

The Headquarters of Civil Rights is located in Washington, D.C. As of September 30, 2004, there were 160 full-time permanent employees, including 159 in the headquarters office and 1 in a field office.

OIG Reports
#60801-4-Hq 03/00 Office of Civil Rights' Status of the Implementation of Recommendations Made in Prior Evaluations of Program Complaints.

GAO Reports
#450188 03/18/04 Interest Conference Date, Leadership of the Federal Governments' Equal Employment Opportunity Effort.

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OFFICE OF CIVIL RIGHTS

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation:						
Civil Rights	$17,450,000	140	$19,889,000	181	$20,109,000	181
Rescission	-102,955	--	-159,000	--	--	--
Total, Direct	17,347,045	140	19,730,000	181	20,109,000	181
Obligations under other USDA appropriations:						
1890 USDA Program	1,844,918	2	2,843,000	2	2,911,000	2
Conflict Prevention	776,000	--	--	--	--	--
Diversity Council	1,105,965	6	1,556,000	8	1,556,000	8
EEO Investigations	191,864	--	250,000	--	250,000	--
Misc. Reimbursements	437,392	--	500,000	--	500,000	--
Total, Reimbursements	4,356,139	8	5,149,000	10	5,217,000	10
Total, Civil Rights	21,703,184	148	24,879,000	191	25,326,000	191

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OFFICE OF CIVIL RIGHTS

Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

	2004			2005			2006		
Grade	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	4	--	4	4	--	4	4	--	4
GS-15	13	1	14	20	--	20	20	--	20
GS-14	39	--	39	44	--	44	44	--	44
GS-13	56	--	56	79	--	79	79	--	79
GS-12	8	--	8	9	--	9	9	--	9
GS-11	4	--	4	7	--	7	7	--	7
GS-10	3	--	3	1	--	1	1	--	1
GS-9	7	--	7	11	--	11	11	--	11
GS-8	8	--	8	4	--	4	4	--	4
GS-7	21	--	21	12	--	12	12	--	12
GS-6	3	--	3	--	--	--	--	--	--
GS-5	3	--	3	--	--	--	--	--	--
GS-4	4	--	4	--	--	--	--	--	--
Total Permanent Positions.....	173	1	174	191	--	191	191	--	191
Unfilled Positions end-of-year.....	-14	--	-14	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year.....	159	1	160	191	--	191	191	--	191
Staff Year Estimate....	147	1	148	191	--	191	191	--	191

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Statement of Goals and Objectives

CR has one strategic goal and nine strategic objectives that contribute to the Department's management initiatives.

USDA Management Initiative	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Improve Human Capital Management – Ensuring timely resolution of program and employment civil rights complaints.	**Agency Goal 1**: Ensure USDA provides fair and equitable services & benefits to all customers and upholds the civil rights of its employees.	Objective 1.1: Ensure employees and applicants are provided equal opportunities in all aspects of employment activities.	Employment Compliance & Technical Assistance	Key Outcome 1: EEO complaint reduction and prevention. a.) Decrease in the number of individual EEO complaints filed.
		Objective 1.2: Ensure USDA employment activities are conducted in a nondiscriminatory manner and agencies comply with the CR/EEO laws, rules and regulations related to women, minorities, and persons with disabilities.		
		Objective 1.3: Ensure EEO complaints are timely processed.	Employment Intake, Investigation & Adjudication	Key Outcome 2: Timely processing of EEO complaints. a.) Reduction in the average number of days to process EEO complaints to issuance of Report of Investigation. (Regulatory requirement is 180 days) b.) Reduction in the average number of days to process EEO Final Decisions. (Regulatory requirement is 45 days)

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Statement of Goals and Objectives

USDA Management Initiative	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
		Objective 1.4: Ensure equal access to USDA programs.	Program Compliance	Key Outcome 3: Program complaint prevention. a.) Reduction in the number of Program complaints filed.
			Program Intake, Investigation & Adjudication	Key Outcome 4: Timely processing of program complaints. a.) Reduction in the average number of days to process Program complaints to issuance of Report of Investigation. (Regulatory requirement is 180 days) b.) Reduction in the average number of days to process Program complaint Final Agency Decisions. (45 days processing time)
		Objective 1.5: Ensure complaints are processed in an efficient and cost-effective manner.	Tracking Applications and Analysis	Key Outcome 5: Complaints are processed efficiently and cost-effectively. a.) Increase in the efficiency and cost-effectiveness of EEO and Program complaint processing.
		Objective 1.6: Ensure USDA provides equal opportunities in all aspects of employment and customers have equal access to USDA programs.	Policy, Analysis, Research, & Evaluation	Key Outcome 6: Positive USDA civil rights climate. a.) Positive change in USDA's civil rights climate.

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Statement of Goals and Objectives

USDA Management Initiative	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
		Objective 1.7: Increase the number of informal and formal EEO complaints and Program civil rights complaints that are offered, go through, and are resolved in alternative dispute resolution (ADR).	Conflict Prevention and Resolution	Key Outcome 7: a.) Increase EEO complaints resolved through ADR (informal and formal). b.) Increase program complaints resolved through ADR.
		Objective 1.8: Increase USDA-wide awareness and use of ADR, and resolution of conflicts through ADR in the early stages of workplace and program disputes (non-civil rights).	Conflict Prevention and Resolution	Key Outcome 8: a.) Increase in total ADR usage USDA-wide. b.) Increase the number of the number of direct ADR/conflict management services to DA-OSEC and others as requested.
		Objective 1.9: Establish effective outreach programs in the Department to ensure equal and timely access to USDA programs and services for all customers, with special emphasis on the minority and underserved.	Outreach	Key Outcome 9: Improvement in minority and underserved participation in USDA programs and services.

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Strategic Goal and Funding Matrix

OFFICE OF CIVIL RIGHTS

STRATEGIC GOAL 1: Ensure USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

Strategic Goal and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Employment Compliance & Technical Assistance	$1,462,871	12	$1,533,000	16	+$47,000	$1,580,000	16
Employment Intake, Investigation & Adjudication	5,176,569	43	5,970,000	56	+95,000	6,065,000	56
Program Compliance	922,936	7	1,039,000	10	+20,000	1,059,000	10
Program Intake, Investigation, & Adjudication	5,004,272	43	5,629,000	55	+96,000	5,725,000	55
Tracking Applications & Analysis	855,995	7	1,152,000	9	+21,000	1,173,000	9
Policy, Analysis, Research & Evaluation	1,951,226	14	2,195,000	18	+59,000	2,254,000	18
Outreach	1,133,644	8	1,367,000	10	+25,000	1,392,000	10
Conflict Prevention Resolution	839,532	6	845,000	7	+16,000	861,000	7
Total, Goal 1	17,347,045	140	19,730,000	181	+379,000	20,109,000	181

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- **Employment Compliance & Technical Assistance** – Reduction in the number of individual EEO complaints filed.
- **Employment Intake, Investigation, and Adjudication** – Reduction in the average number of days to process EEO complaints to issuance of Report of Investigation and a reduction in the average number of days to process EEO Final Decisions.
- **Program Compliance** – Reduction in the number of Program complaints filed.
- **Program Intake, Investigation, and Adjudication** -- Reduction in the average number of days to process Program complaints to issuance of Report of Investigation and a reduction in the average number of days to process Program complaint Final Agency Decisions.
- **Tracking Application & Analysis** – Percent increase in the efficiency and cost-effectiveness of EEO and Program complaint processing.
- **Policy, Analysis, Research & Evaluation** – Positive change in USDA's civil rights' climate.
- **Conflict Prevention Resolution** – Increase in ADR usage USDA-wide.
- **Outreach** – Increase the participation of minority and underserved in USDA programs and services.

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Ensure USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

Key Outcome 1: Decrease the number of individual EEO complaints filed.

Key Performance Measure: Reduce number of individual EEO complaints filed.

Key Outcome 2: Reduce average number of days to process EEO complaints to issuance of Report of Investigation and to Final Decision.

Key Performance Measure: Reduce average number of days to process EEO complaints to issuance of Report of Investigation and to Final Decision.

Key Outcome 3: Reduce number of Program complaints filed.

Key Performance Measure: Reduce number of Program complaints filed.

Key Outcome 4: Reduce average number of days to process Program complaints to issuance of Report of Investigation and to Final Decision.

Key Performance Measure: Reduce average number of days to process Program complaints to issuance of Report of Investigation and to Final Decision.

Key Outcome 5: Process complaints efficiently and cost-effectively.

Key Performance Measure: Increase in the efficiency and cost-effectiveness of EEO and Program complaint processing.

Key Outcome 6: Positive USDA civil rights climate.

Key Performance Measure: Positive change in USDA's civil rights' climate.

Key Outcome 7: Number of EEO and Program complaints resolved through alternative dispute resolution (ADR).

Key Performance Measure: Number of EEO and Program complaints resolved through alternative dispute resolution.

Key Outcome 8: The total ADR usage USDA-wide.

Key Performance Measure: The total ADR usage USDA-wide.

Key Outcome 9: Effective outreach programs in every agency.

Key Performance Measure: Percent improvement in minority and underserved participation in USDA programs and services.

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure #1.1: The number of individual EEO complaints filed. (FY 2002 Baseline is 765 complaints per year.)				
a. Units (# of EEO complaints filed)	765 per year	658 per year	<600 per year	<600 per year
b. Dollars	$1,244,000	$1,462,871	$1,533,000	$1,580,000
Performance Measure #1.2.1: The average number of days to process EEO complaints to issuance of Report of Investigation (ROI). (Regulatory requirement is 180 days). (FY 2002 Baseline is 458 days)				
a. Units (# days to process an EEO complaint to issuance of ROI)	400 days	407 days	360 days	180 days
b. Dollars	$3,413,000	$3,675,364	$4,238,700	$4,306,150
Performance Measure #1.2.2: The average number of days to process EEO Final Decisions. (Regulatory requirement is 45 days). (FY 2002 Baseline is 210 days)				
a. Units (# days to process an EEO Final Decision)	210 days	190 days	120 days	60 days
b. Dollars	$1,397,000	$1,501,205	$1,731,300	$1,758,850

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure #1.3: The number of Program complaints filed. (FY 2002 Baseline is 90 complaints per month).				
a. Units (# of complaints filed)	80 per month	136 per month	55 per month	30 per month
b. Dollars	$842,000	$922,936	$1,039,000	$1,059,000
Performance Measure #1.4.1: The average number of days to process Program complaints to issuance of Report of Investigation (ROI). (Regulatory requirement is 180 days). (FY 2002 Baseline is 354 days)				
a. Units (Days to process a Program complaint to issuance of ROI)	350 days	654 days	360 days	180 days
b. Dollars	$3,650,000	$4,003,418	$4,503,200	$4,580,000
Performance Measure #1.4.2: The average number of days to process Program complaint Final Decisions. (45 days processing time). (FY 2002 Baseline is 89 days)				
a. Units (average # days to process a Program complaint to Final Decision)	89 days	114 days	90 days	45 days
b. Dollars	$931,000	$1,000,854	$1,125,800	$1,145,000

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure #1.5: The efficiency and cost-effectiveness of EEO and Program complaint processing.				
a. Units (TBD)	N/A	N/A 1/	TBD 2/	TBD 3/
b. Dollars	$782,000	$855,995	$1,152,000	$1,173,000
Performance Measure #1.6: Positive change in USDA's civil rights climate.				
a. Units (TBD)	N/A	N/A	TBD 4/	TBD 5/
b. Dollars	$1,783,000	$1,951,226	$2,195,000	$2,254,000
Performance Measure #1.7.1: The number of EEO complaints resolved through ADR (formal and informal).				
a. Units (# of all EEO complaints)	135	145	160	175
b. Dollars	N/A	$209,883	$211,250	$215,250
Performance Measure #1.7.2: Number of Program complaints (civil rights complaints & non civil rights complaints) resolved through ADR.				
a. Units (civil rights complaints & non civil rights complaints)	4,600	4,600	5,000	5,500
b. Dollars	N/A	$209,883	$211,250	$215,250

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OFFICE OF CIVIL RIGHTS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure #1.8.1: The total ADR usage USDA wide.				
a. Units (# of people offered ADR)	28,000	29,000	30,000	31,000
b. Dollars	N/A	209,883	$211,250	$215,250
Performance Measure #1.8.2: The number of Direct ADR/conflict management services to DA-OSEC				
a. Units (# of conflicts served)	0	0	500	550
b. Dollars	N/A	209,883	$211,250	$215,250
Performance Measure #1.9: The number of minority, underserved and socially disadvantaged persons participating in USDA programs and services.				
a. Units (participants) (FY 2002 Baseline of 739,814)	700,000	797,000	850,000	925,000
b. Dollars	N/A	$1,133,644	$1,367,000	$1,392,000

1/ - 3/ Implementation of the Civil Rights Enterprise System began in fiscal year 2005 for Employment Complaints. No data is available at this time.

4/ - 5/ Data will be developed as a result of study/survey being constructed in FY 2005.

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Summary of Budget Performance
Full Cost by Strategic Goal

Goal 1: Ensure USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

PROGRAM	PROGRAM ITEMS	Dollars in thousands FY 2004	FY 2005	FY 2006
Employment Compliance & Technical Assistance				
	Salary & Benefits	1,076	1,131	1,178
	Departmental Central Charges	136	128	128
	Staff Development	34	16	16
	Travel	1	40	40
	Contracts (SEP, Root Cause Analysis of Complaint Affirmative Empl Program (AEP) Statistical Analysis)	126	152	152
	Administrative Costs	90	66	66
	Total Costs	1,463	1,533	1,580
	FTEs	12	16	16
	Performance Measure: The number of individual EEO complaints filed.			
	BY Performance	658 per year	<600 per year	<600 per year
	Unit Cost	$1,244	$1,424	$1,731
Employment Intake, Investigation, & Adjudication				
	Salary & Benefits	4,030	3,592	3,696
	Departmental Central Charges	344	448	448
	Staff Development	86	56	56
	Travel	5	144	146
	Contracts (Final Decisions)	365	1,399	1,369
	Administrative Costs	347	331	350
	Total Costs	5,177	5,970	6,065
	FTEs	43	56	56
	Performance Measure: The average number of days to process EEO complaints to issuance of Report of Investigation. (Regulatory requirement is 180 days)			
	BY Performance	407 days	360 days	180 days
	Unit Cost	$3,675	$4,239	$4,306
	Performance Measure: The average number of days to process EEO Final Decisions. (Regulatory requirement is 45 days)			
	BY Performance	190 days	120 days	60 days
	Unit Cost	$1,502	$1,731	$1,759
Program Compliance				
	Salary & Benefits	712	729	749
	Departmental Central Charges	56	56	56
	Staff Development	14	10	10
	Travel	1	5	5
	Contracts (Compliance Reviews)	64	158	158
	Administrative Costs	76	81	81
	Total Costs	923	1,039	1,059
	FTEs	7	10	10
	Performance Measure: The number of Program complaints filed.			
	BY Performance	136 per month	55 per month	30 per month
	Unit Cost	$923	$1,039	$1,059

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Summary of Budget and Performance
Full Cost by Strategic Goal

Goal 1: Ensure USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

PROGRAM	PROGRAM ITEMS	Dollars in thousands FY 2004	FY 2005	FY 2006
Program Intake, Investigation, & Adjudication				
	Salary & Benefits	3,858	3,993	4,097
	Departmental Central Charges	344	275	275
	Staff Development	86	55	55
	Travel	5	55	55
	Contracts (Final Agency Decisions)	347	884	875
	Administrative Costs	364	367	368
	Total Costs	5,004	5,629	5,725
	FTEs	43	55	55
	Performance Measure: The average number of days to process Program complaints to issuance of Report of Investigation. (Regulatory requirement is 180 days)			
	BY Performance	654 days	360 days	180 days
	Unit Cost	$4,003	$4,503	$4,580
	Performance Measure: The average number of days to process Program complaint Final Agency Decisions. (Regulatory requirement is 45 days)			
	BY Performance	114 days	90 days	45 days
	Unit Cost	$1,001	$1,126	$1,145
Tracking Applications & Analysis				
	Salary & Benefits	663	686	704
	Departmental Central Charges	56	81	81
	Staff Development	14	18	18
	Travel	1	5	5
	Contracts	68	296	299
	Equipment	4	12	12
	Administrative Costs	50	54	54
	Total Costs	856	1,152	1,173
	FTEs	7	9	9
	Performance Measure: The efficiency and cost-effectiveness of EEO and Program complaint processing.			
	BY Performance	N/A	TBD	TBD
	Unit Cost	$856	$1,152	$1,173
Policy, Analysis, Research & Evaluation				
	Salary & Benefits	1,530	1,912	2,004
	Departmental Central Charges	112	144	144
	Staff Development	28	36	36
	Administrative Costs	281	103	70
	Total Costs	1,951	2,195	2,254
	FTEs	14	18	18
	Performance Measure: Positive change in USDA's civil rights climate.			
	BY Performance	N/A	TBD	TBD
	Unit Cost	$1,951	$2,195	$2,254

Note: All CR' division performance measures include a prorate for indirect costs for the Director/Staff (8 FTEs) and Administrative and Financial Management support and services (14 FTEs).

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Summary of Budget and Performance
Full Cost by Strategic Goal

Goal 1: Ensure USDA provides fair and equitable services and benefits to all customers and upholds the civil rights of its employees.

PROGRAM	PROGRAM ITEMS	Dollars in thousands FY 2004	FY 2005	FY 2006
Conflict Prevention Resolution				
	Salary & Benefits	716	726	745
	Departmental Central Charges	56	56	56
	Administrative Costs	67	63	60
	Total Costs	839	845	861
	FTEs	6	7	7
	Performance Measure: Number of EEO complaints resolved through ADR (formal & informal).			
	BY Performance	145	160	175
	Unit Cost	$210	$211	$215
	Performance Measure: Number of Program complaints resolved through ADR.			
	BY Performance	4,600	5,000	5,500
	Unit Cost	$210	$211	$215
	Performance Measure: The total ADR usage USDA-wide.			
	BY Performance	29,000	30,000	31,000
	Unit Cost	$210	$211	$215
	Performance Measure: The number direct ADR/conflict management services to DA-OSEC & others as requested.			
	BY Performance	N/A	500	550
	Unit Cost	$209	$212	$216
Outreach				
	Salary & Benefits	870	1,181	1,212
	Departmental Central Charges	64	80	80
	Administrative Costs	200	106	100
	Total Costs	1,134	1,367	1,392
	FTEs	8	10	10
	Performance Measure: The number of minority participation in USDA programs & services.			
	BY Performance	797,000	850,000	925,000
	Unit Cost	$1,134	$1,367	$1,392
	Total for Strategic Goal 1			
	Total Costs	17,347	19,730	20,109
	FTEs	140	181	181

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OFFICE OF CIVIL RIGHTS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of Civil Rights:

For necessary expenses of the Office of Civil Rights, [$19,730,000] $20,109,000.

LEAD-OFF TABULAR STATEMENT

Appropriations Act, 2005		$19,889,000
Budget Estimate, 2006		20,109,000
Increase in Appropriation		+ 220,000
Adjustments in 2005:		
Appropriations Act, 2005	$19,889,000	
Rescission under P.L. 108-447 a/	-159,000	
Adjusted Base for 2005		19,730,000
Budget Estimate, 2006		20,109,000
Increase over adjusted 2005		+ 379,000

a/ The amount is rescinded pursuant to Section 122 of Division J of P.L. 108-447.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2005 Estimate	Pay Costs	2006 Estimated
Employment Compliance & Technical Assistance	$1,533,000	+$47,000	$1,580,000
Employment Intake, Investigation, & Adjudication	5,970,000	+95,000	6,065,000
Program Compliance	1,039,000	+20,000	1,059,000
Program Intake, Investigation, & Adjudication	5,629,000	+96,000	5,725,000
Tracking Applications & Analysis	1,152,000	+21,000	1,173,000
Policy, Analysis, Research & Evaluation	2,195,000	+59,000	2,254,000
Outreach	1,367,000	+25,000	1,392,000
Conflict Prevention Resolution	845,000	+16,000	861,000
Total Available	19,730,000	+379,000	20,109,000

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OFFICE OF CIVIL RIGHTS

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Employment Compliance & Technical Assistance	$1,437,756	12	$1,533,000	16	+$47,000	$1,580,000	16
Employment Intake, Investigation & Adjudication	5,087,695	43	5,970,000	56	+95,000	6,065,000	56
Program Compliance	907,091	7	1,039,000	10	+20,000	1,059,000	10
Program Intake, Investigation, & Adjudication	4,918,357	43	5,629,000	55	+96,000	5,725,000	55
Tracking Applications & Analysis	841,299	7	1,152,000	9	+21,000	1,173,000	9
Policy, Analysis, Research & Evaluation	1,917,727	14	2,195,000	18	+59,000	2,254,000	18
Outreach	1,114,181	8	1,367,000	10	+25,000	1,392,000	10
Conflict Prevention Resolution	825,119	6	845,000	7	+16,000	861,000	7
Unobligated Balance	297,820	--	--	--	--	--	
Total Available or Estimate	17,347,045	140	19,730,000	181	+379,000 (1)	20,109,000	181
Rescission	102,955	--	159,000	--			
Total, Appropriation	17,450,000	140	19,889,000	181			

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OFFICE OF CIVIL RIGHTS

Justifications for Increases and Decreases

(1) An increase of $379,000 for the Office of Civil Rights ($19,730,000 available in 2005) consisting of:

a) An increase of $379,000 to fund pay costs.

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Atlanta	$107,626	1	--	--	--	--
District of Columbia	16,941,599	139	19,730,000	181	20,109,000	181
Subtotal, Available or Estimate	17,049,225	140	19,730,000	181	20,109,000	181
Unobligated balance	297,820					
Total, Available or Estimate	17,347,045	140	19,730,000	181	20,109,000	181

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OFFICE OF CIVIL RIGHTS

Classification by Objects
2004 Actual and Estimated 2005 and 2006

		2004	2005	2006
Personnel Compensation:				
Washington, D.C.		$10,382,218	$13,990,000	$14,421,000
Field		107,626	- -	- -
11	Total personnel compensation	10,489,844	13,990,000	14,421,000
12	Personnel benefits	2,711,531	3,083,000	3,183,000
	Total pers. comp. & benefits	13,201,375	17,073,000	17,604,000
Other Objects:				
21	Travel and transportation of persons	135,278	120,000	120,000
22	Transportation of things	10,283	9,000	9,000
23.3	Communications, utilities, and misc. charges	507,415	329,000	325,000
24	Printing and reproduction	123,708	78,000	78,000
25.2	Other services	900,558	1,171,000	1,048,000
25.3	Purchases of goods and services from Government Accounts	1,499,103	435,000	410,000
26	Supplies and materials	296,732	313,000	313,000
31	Equipment	274,556	202,000	202,000
42	Insurance Claims and Indemnities	98,127	- -	- -
43	Interest	2,090	- -	- -
	Total other objects	3,847,850	2,657,000	2,505,000
Total direct obligations		17,049,225	19,730,000	20,109,000
Position Data:				
Average Salary, ES positions		$148,286	$152,560	$156,526
Average Salary, GS positions		$72,770	$75,592	$77,937
Average Grade, GS positions		12.6	12.8	12.8

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OFFICE OF CIVIL RIGHTS

STATUS OF PROGRAMS

Current Activities

1. Timely processing of complaints (Program and Employment): Continuing to process complaints under the temporary realignment of management and staff with special emphasis and focus on case processing. A proposed reorganization is currently in the Departmental clearance process that will formally institutionalize the lessons learned during the temporary realignment in the Office of Civil Rights.

2. Preventing Program Complaints: Continuing with the implementation of planned activities geared to preventing Program Complaints, including:

   - USDA/Marriott International, Inc. Memorandum of Understanding -continuing to implement the three-year agreement designed to help minority farmers improve their income from farming and remain viably engaged in agricultural enterprises through access to business opportunities in the hospitality industry. Plans for training for community-based organizations are in preparation, as are efforts to increase communications that promote participation by small and minority farmers.

   - Center for Minority Farmers – Established in September 2004, the Center is a new one-stop department-wide information and service facility that assist small and limited resource minority farmers expand their farm income, seek new market outlets for their produce, and learn more about the programs and services offered by USDA. During FY 2005, services offered will be expanded by working with Agency Outreach Coordinators and ASCR staff to determine how best to integrate activities of other USDA programs into the Center's programmatic and operations portfolio, to eliminate duplication across the department and to leverage resources.

   - Minority Farm Register - Plans for issuing regular communications to registrants, including timing and content, involvement of partners and monitoring use and response, are the next stage of this effort.

   - Agency Outreach Coordinators Working Group – In FY2005 this group will focus on inter-agency communication, and the establishment and implementation of a comprehensive strategic plan for the Department's outreach programmatic portfolio, including coordinating and leveraging resources for travel, exhibits, conferences, training and technical efforts, and materials development and dissemination.

   - USDA Partnership with the U.S. Department of Health and Human Services (HHS) – The Memorandum of Understanding (MOU) with the Department of Health and Human Services' Administration on Children, Youth and Families, Office of Refugee Resettlement, was signed November 16, 2004. The purpose of the MOU is to coordinate policies and activities aimed at improving economic conditions of refugees engaged in farming, agribusiness, and rural entrepreneurship throughout the United States. A USDA interagency working group has been established and an implementation plan for the MOU is in development. In FY 2005, a joint meeting of HHS/USDA staff will be held, and the development of an implementation plan for USDA's components of the MOU will be completed. The Office of Outreach will provide coordination of the training, technical assistance and other services to be provided by USDA for refugee farmers.

3. Preventing Equal Employment Opportunity Complaints: Employ the knowledge acquired from implementation of the Equal Employment Opportunity Commission's Management Directive 715 to identify and remove barriers to equal employment opportunity. Continue the increased emphasis on alternative dispute resolution during the informal complaint stage to prevent formal complaints.

4. Processing complaints efficiently and cost-effectively: Implement the Civil Rights Enterprise System employment complaint processing system as planned during fiscal year 2005. Begin integration of the program complaint processing system this year, with planned full implementation during fiscal year 2006.

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5. Timely, cost-effectively, and completely processing complaints through Alternative Dispute Resolution (ADR), as well as contributing to the prevention and early resolution of non-civil rights disputes:

   - The Conflict Prevention and Resolution Center (CPRC) is in the process of making significant modifications to the EEO portion of the ADR Policy Regulations to take effect later in FY 2005. These regulations will provide for additional training requirements for EEO mediator certification at USDA, as well as training for USDA personnel (employees and supervisors), and are designed to improve the quality of ADR neutrals throughout the Department.

   - CPRC will conduct at least 3 to 4 conferences on specific areas of interest to the USDA ADR community during FY 2005. The first conference will deal with Confidentiality in ADR and is scheduled for January 13, 2005 at the APHIS Center in Riverdale, MD.

   - An ADR monitoring program will be developed in FY 2005 by CPRC consistent with the revised regulations. Agency ADR program monitoring would begin in FY 2006.

6. Increasing the number of Direct ADR/conflict management services to DA-OSEC and others as requested:

   - The DA-OSEC ADR program will be developed to full capacity in FY 2005 such that it is fully operational. Development of this plan began during late FY 2004 and the development phase will continue during early FY 2005 and is set for implementation in January 2005. Focus will be placed on organizing, marketing, training, and providing ADR services for the remainder of FY 2005 and FY 2006. This will allow it to meet the DA-OSEC operational needs during the second half of FY 2005 and all of FY 2006.

Selected Examples of Recent Progress

1. Reducing EEO Complaints. Internal regulations are in the clearance process aimed at improving informal EEO complaint resolution rates through greater emphasis on alternative dispute resolution programs. The number of new EEO complaints filed during FY 2004 fell to 658 from a FY 2003 level of 765.

2. Timely processing of EEO complaints (Inventory Reduction).

   - In FY 2004, the Office of Civil Rights (CR) implemented a Complaint Inventory Reduction action plan to address the large inventory of 2,001 pending EEO complaints on hand for resolution. Under the action plan, 1,016 EEO complaints were resolved.

   - Throughout FY 2004, CR received 679 new EEO complaints and resolved 199 of these new EEO complaints.

   - CR made significant progress in reducing the processing times for EEO complaints. The statutory timeline for completing a Report of Investigation (ROI) on an EEO complaint is 180 days. During FY 2004, 65 ROIs were completed in 180 days or less, representing an increase in productivity by nine percent in this category. Three hundred nineteen ROIs were completed in 181 to 360 days, an increase over FY 2003's production by 42 ROIs in this category. Progress has also been made in the number of ROIs completed in 361 days or more. A total of 266 ROIs were completed in this category in FY 2004, compared to 170 completed in this category during FY 2003. Through continued implementation of the Civil Rights initiatives, the time required to complete ROIs will continue to decrease in 2005.

3. Program complaint prevention Activities:

   - As an outreach effort to minority farmers, a Stakeholders Meeting was held in Washington D.C. on April 15, 2004. The day long meeting covered areas such as the provision of a receipt for services, increased partnerships with 1890 institutions and community-based organizations, the appointment of an ombudsman to assist in resolving conflicts regarding service delivery in state and county offices, increased diversity in state and county offices, land ownership and clear title to property. A follow-up Stakeholders Meeting was held on August 11 and 12 of 2004.

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- Entered into a Memorandum of Understanding with Marriott International, Inc. (Marriott) on February 24, 2004. Under this partnership with Marriott, we will expand and enhance business opportunities for minority farmers through participation in the hospitality industry. USDA's role involves providing outreach activities, including technical assistance and training for building business capacity and marketing strategies, obtaining grants, forming cooperatives, and conservation.

- Participating in agency sponsored conferences and seminars to ensure customers previously excluded from USDA programs have access and technical assistance for full participation;

- Partnered with the U.S. Department of Health and Human Services to coordinate policies and activities aimed at improving the economic conditions of refugees engaged in farming, agribusiness and rural entrepreneurship throughout the United States. USDA's role includes providing outreach activities, technical assistance and training on USDA programs and services; and

- Collaborated with representatives from the Farm Service Agency (FSA) to facilitate the development and implementation of the Minority Farm Register (MFR). The MFR was established by FSA and is jointly administered by our Office of Outreach as August 2004.

4. Timely processing of Program complaints (Inventory Reduction).

   - CR implemented a Complaint Inventory Reduction action plan to address the large inventory of program complaints on hand at the beginning of FY 2004. CR started FY 2004 with 481 pending program complaints on hand, and resolved 341 of these program complaints.

   - During FY 2004, CR received an additional 1,755 program complaints, an unusually high number of complaints resulting from a letter writing campaign. CR resolved 1,487 of these complaints in FY 2004.

5. Processing complaints efficiently and cost-effectively (Civil Rights Enterprise System). The Civil Rights Enterprise System is an electronic database system to be used by all USDA Civil Rights offices to track, process, and manage Employment and Program discrimination complaints. This effort also meets the Notification and Federal Employee Antidiscrimination and Retaliation Act (NoFEAR Act) reporting requirements, and will automate other reporting requirements, such as those found in the EEOC's MD-715. All milestones set for the Civil Rights Enterprise System have been met, and the software product has been purchased within the planned budget. Implementation began in the 1st quarter of FY 2005 for the Employment part of the system.

6. Positive USDA civil rights climate.

   - Formal Reorganization. The Office of the Assistant Secretary for Civil Rights (ASCR) has submitted a reorganization plan for formal clearance and approval. The proposed reorganization will further define and clarify the role of the ASCR from the perspective of its relationship with other USDA operational components. In addition, a review of ASCR operating procedures resulted in a need for an internal reorganization to better meet Departmental goals and objectives. These organizational proposals will address remaining areas of duplication and overlap and better utilize ASCR resources. The changes will position ASCR to help the Department become a better workplace for all employees, and to deliver programs and services to all people fairly and with integrity and equality.

   - Customer Service. A customer service unit was established in the Office of Civil Rights (CR) during FY 2004 to handle case status inquiries and other inquiries related to Civil Rights services, programs and processes. The Customer Service Unit responds to all incoming queries. Procedures were established and a tracking system instituted that allows data analysis of incoming communications. In FY 2004, 93 percent of the total contacts received were processed within two (2) business days.

7. Increase ADR use for efficient and timely processing of complaints. A growing number of EEO and civil rights program complainants are routinely and systematically offered access to ADR, more complainants take

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advantage of the opportunity to use ADR, and a larger number of complaints are resolved through ADR. ADR contributes to complaints being processed more timely, cost effectively, and completely.

- During 2004 a Cost/Benefit element was added to the USDA wide evaluation of ADR programs that was initiated in 2003 and will continue through 2005. The Cost/Benefit element is designed to produce monetary and other resource measures to better assess the value of ADR at USDA.

- Expanded ADR Policy Regulations (primarily in the EEO area) were drafted in 2004 and are expected to take effect in 2005. These regulations are an important part of performance measures addressing increased percent of EEO complaints resolved through ADR (1.7.1) and increased total usage of ADR USDA-wide (1.8.2.). The DA-OSEC program was staffed in late 2004 and a plan for implementation developed and approved in early 2005. Full implementation starts in January 2005.

8. Effective outreach programs in every agency that ensures equal and timely access to all customers, especially the minority and underserved.

- Completed the 2003 Annual Report of Participation Rates of Socially Disadvantaged Farmers and Ranchers in USDA Programs (Section 10708 Report).

- Launched the Minority Farm Register Program; began the recording of registrant data.

- Revised structure and increased staff for the Outreach program.

- Reestablished the Agency Outreach Coordinators Working Group.

- Participated in two listening sessions for Small Farmers (South Carolina and Georgia).

- Established the Marriott/USDA and HHS/USDA Memoranda of Understanding.

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2006 Explanatory Notes
Office of the Chief Financial Officer

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OFFICE OF THE CHIEF FINANCIAL OFFICER
Purpose Statement

Under authority provided in Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201), the Secretary of Agriculture established the Office of the Chief Financial Officer (OCFO) in fiscal year 1995. The Chief Financial Officers Act of 1990 established a Chief Financial Officer to provide overall direction and leadership in the development of modern Federal financial management structures and systems. The purpose of the OCFO is to:

Shape an environment in which USDA officials have and use high quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

Description of Programs:
OCFO operations are led by the CFO, who is assisted by the Deputy CFO, three Associate CFOs for Financial Policy and Planning, Financial Systems, and Financial Operations, and the Director, National Finance Center. OCFO is responsible for:

- Financial management system policy and the provision of timely, accurate, and reliable information from financial systems.
- Development of financial statements, cost accounting policy and financial management budgets.
- Policy guidance and oversight of the Department's internal controls and management accountability programs and reporting to ensure adequate controls over Department assets.
- Oversight of the Departmental Working Capital Fund (WCF).
- Coordinating implementation of the Government Performance and Results Act (GPRA) in USDA, including strategic planning and performance planning.
- Providing policy guidance and oversight of the travel system, grants management, cash and credit management operations, and other financial management functions.
- Budget support for Departmental Offices and the Office of the Secretary.
- Operation of the National Finance Center (NFC).

NFC employs approximately 1,300 staff in the operation of centralized, automated, and integrated, payroll, personnel, administrative payments, and central accounting systems which serve more than 40 Departments, independent agencies, and congressional entities, including USDA. Operations at NFC are financed entirely by fee-for-service contracts with customers through the USDA WCF. No direct appropriated funding for NFC is reflected in the OCFO operating budget.

The headquarters Office is located in Washington, D.C. As of September 30, 2004 there were 1,592 employees funded by appropriated, reimbursed, and Working Capital Funds, of which 1,548 were full-time permanent employees and 44 other than full-time permanent employees.

Location	Full-time Permanent	Other	Total
Washington, D.C.	77	4	81
Field Unit, New Orleans, LA	1,471	40	1,511
Total	1,548	44	1,592

Office of the Inspector General Reports:
11099-45-FM Review of Public Key Infrastructure at Office of the Chief Financial Officer/National Finance Center
11401-15-FM 11/19/03 NFC 2003 Internal Control Structure Review
50401-51-FM 01/26/04 FY 2002/2003 Consolidated Financial Statements
50401-52-FM 09/21/04 FY 2002/2003 Working Capital Fund Financial Statements
50601-06-CH 09/17/04 Implementation of the Government Performance and Results Act at U.S. Department of Agriculture Audits in Process as of September 30, 2004
11401-20-FM FY 2004 Review of the National Finance Center General Controls
50401-53-FM FY 2004 Consolidated Financial Statements
50601-08-CH USDA Compliance with the Improper Payments Information Act of 2002
Government Accountability Office Reports:
Competitive Sourcing: Greater Emphasis Needed on Increasing Efficiency and Improving Performance, GAO-04-367, February 27, 2004

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Statement of Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimated		2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation.....	$5,684,000	33	$5,742,000	48	$5,874,000	48
Rescission.....	-33,536	--	-46,000	--	--	--
Transfer to WCF.....	-25,000	--	--	--	--	--
Total Available.....	5,625,464	33	5,696,000	48	5,874,000	48
Obligations Under Other USDA Appropriations:						
Management, Oversight, and Administrative Services (provided to WCF Activities).....	2,260,282	15	2,582,000	15	2,623,000	15
Program Reimbursement	3,599,294	--	--	--	--	--
Total, USDA Appropriations.....	11,485,040	48	8,278,000	63	8,497,000	63
Working Capital Fund a/:						
National Finance Center	151,075,000	1,174	144,235,000	1,271	166,321,080	1,271
Controller Operations...	30,172,000	292	30,345,000	322	32,842,000	322
Competitive Sourcing...	339,000	1	442,000	3	550,000	4
Corporate Systems.....	58,976,000	84	58,554,000	96	59,533,000	96
Purchase of Equipment..	8,425,000	--	13,500,000	--	8,600,000	--
Unobligated Bal Exp.	5,613,000	--	9,593,000	--	--	--
Corporate Investments..	11,922,000	--	12,747,000	--	--	--
Total,	266,522,000	1,551	269,416,000	1,692	267,846,000	1,693
Total, Office of the Chief Financial Officer.....	278,007,040	1,599	277,694,000	1,755	276,343,000	1,756

a/ This section only includes WCF activities managed by OCFO. Please refer to the WCF Explanatory Notes for more details about the WCF.

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Grade	Washington, DC	Washington, DC	Washington, DC
Exec Level IV	1	1	1
ES-5	1	1	1
ES-3	1	1	1
SES Subtotal	3	3	3
GS-15	9	9	9
GS-14	14	14	14
GS-13	24	24	24
GS-12	1	1	1
GS-11	3	3	3
GS-10	1	1	1
GS-9	1	1	1
GS-8	1	1	1
GS-7	5	5	5
GS-4	1	1	1
Ungraded Positions....	--	--	--
Total, Permanent Positions.....	63	63	63
Unfilled Positions end-of-year...	-12	--	--
Total, Permanent Full-Time Employment, end-of-year..	51	63	63
Staff Year Estimate.....	48	63	63

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance
Statement of Goals and Objectives

The Office of Chief Financial Officer has 4 objectives funded by this appropriation that contribute to the overall Department's strategic goals.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Departmental Activities	Improve Financial Management	Objective 1. Clean audits for all agencies and USDA on a consolidated basis	The OIG conducts annual audits of the USDA consolidated financial statements.	USDA-wide unqualified audit for FY 2004-5.
		Objective 2. Reduce number of material weaknesses.	OIG assesses the Department's internal control structure and compliance with laws and regulations.	No material weaknesses.
		Objective 3. Increase number of agency accounting operations that met key performance standards	OIG conducts various audits of USDA's Financial Systems.	85% of USDA accounting operations meet key performance standards by FY2006.
		Objective 4. Decrease number of Anti-Deficiency violations to zero.	OCFO monitors agency obligations and expenditures throughout the fiscal year and works with fund holders to help them avoid ADA violations.	No Anti-Deficiency violations.
		Objective 5. Programs meet improper payments reporting requirements.	OCFO issues implementation policy and guidance on the carrying out of the Improper Payments Information Act.	100% of programs meet the improper payments reporting requirements.

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OFFICE OF THE CHIEF FINANCIAL OFFICER

STRATEGIC OBJECTIVE - Departmental Activities: Improve Financial Management.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Budget			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective:							
Improve Financial Management.....	$5,684,000	33	$5,696,000	48	+$178,000	$5,874,000	48
Rescission.....	-33,536						
Transfer to WCF.....	-25,000						
Total, Available	5,625,464	33	5,696,000	48	+178,000	5,874,000	48

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- USDA-wide unqualified audit for FY 2004-5
- No material weaknesses
- 85% of USDA accounting operations meet key performance standards by FY 2006
- No Anti-Deficiency violations
- 100% of programs meet the improper payments reporting requirements

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Improve Financial Management -

Key Outcome: OCFO will achieve internal control and data integrity as reflected in an unqualified opinion on USDA financial statements.

Key Performance Measures:
- Clean audit opinion for all agencies and USDA on a consolidated basis
- Minimum of 85% of accounting operations meet key performance standards
- No Anti-Deficiency Violations
- No material weaknesses
- 100% of programs will meet improper payments reporting requirements

Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Target	2006 Target
1. Clean audits for all agencies and USDA on a consolidated basis.						
a. Units	100% Unqualified	100% Unqualified	100% Unqualified	100% Unqualified	100% Unqualified	100% Unqualified
b. Dollars	$5M	$5M	$5M	$6M	$6M	$6M
2. Accounting operations meet key performance standards.						
a. Units	70%	70%	70%	75%	80%	85%
b. Dollars	a/	a/	a/	a/	a/	a/
3. No Anti-Deficiency Violations.						
a. Units	1	1	1	0	0	0
b. Dollars	a/	a/	a/	a/	a/	a/
4. No material weaknesses.						
a. Units	8	8	8	0	0	0
b. Dollars	a/	a/	a/	a/	a/	a/
5. Programs meet improper payments reporting requirements	NA	NA	NA	11% b/	100%	100%

a/ See 1b, above
b/ In FY 2004, 1 of the 9 total programs met the improper payments reporting requirement.

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Full Cost by Strategic Goal

Goal 1: Improve Financial Management				
Program	**Program Item**	**FY 2004 Amount ($000)**	**FY 2005 Amount ($000)**	**FY 2006 Amount ($000)**
Office of the Chief Financial Officer				
	Administrative Costs (direct)	$5,625	$5,696	$5,874
Total for Strategic Goal 1				
	Total Costs (direct)	5,625	5,696	5,874
	FTEs	33	48	48
Clean audits for all agencies and USDA on a consolidated basis		100%	100%	100%
Unit Cost		N.A.	N.A.	N.A.
Accounting operations meet key performance standards		75%	80%	85%
Unit Cost		N. A.	N. A.	N. A.
No Anti Deficiency Act violations		None	None	None
Unit Cost		N. A.	N. A.	N. A.
No material weaknesses		8	None	None
Unit Cost		N. A.	N. A.	N. A.
Programs meet improper payments reporting requirements		11%	100%	100%
Unit Cost		N. A.	N. A.	N. A.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriation Language and Explanation of
Of Changes In Language

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses of the Office of the Chief Financial Officer, [$5,742,000] $5,874,000: *Provided*; That the Chief Financial Officer shall actively market and expand cross-servicing activities of the National Finance Center[: *Provided further*, That no funds made available by this appropriation may be obligated for FAIR Act or Circular A-76 activities until the Secretary of Agriculture has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out].

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Lead-off Tabular Statement
And Summary of Increases and Decreases

Appropriations Act, 2005	$5,742,000
Budget Estimate, 2006	5,874,000
Increase in Appropriation	+ 132,000

Appropriations Act, 2005	$5,742,000	
Rescission a/	-46,000	
Adjusted base for 2005		5,696,000
Budget Estimate, 2006		5,874,000
Increase over Adjusted 2005		+178,000

SUMMARY OF INCREASES AND DECREASES - - CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	2006 Estimated
Office of the Chief Financial Officer	$5,696,000	$178,000	$5,874,000

Project Statement- Current Law
(On basis of consolidated appropriation)

	2004 Actual		2005 Estimated		Increase	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	or Decrease	Amount	Staff Years
Office of the Chief Financial Officer..	$5,539,085	33	$5,696,000	48	+$178,000(1)	$5,874,000	48
Unobligated Balance	+86,379						
Available.....	5,625,464	33	5,696,000	48	+178,000	5,874,000	48
Transfer to WCF	25,000		a/				
Rescission	33,536		46,000				
Total Appropriation	5,684,000	33	5,742,000	48			

a/ Amount to be determined

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Justification of Increases and Decreases

(1) An increase of $178,000 for the Office of the Chief Financial Officer ($5,696,000 available for fiscal year 2005):

a) An increase of $178,000 to fund pay costs.

These salary related increases are needed to maintain staffing sufficient to ensure adequate leadership, guidance and direction of the Department financial management. Over 90 percent of the OCFO's costs are for salaries and benefits leaving little flexibility to reduce other costs without a severe impact on operations. This is critical since OCFO leads the Department in getting a clean audit opinion, implementing the Administration's initiative to compete commercial positions, and implementing the Government Performance and Results Act.

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.	$5,539,085	33	$5,696,000	48	$5,874,000	48
Transfer to WCF	-25,000					
Unobligated Balance	111,379					
Total, Available or Estimate.....	5,625,464	33	5,696,000	48	5,874,000	48

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OFFICE OF THE CHIEF FINANCIAL OFFICER

Classification by Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$3,043,451	$4,303,151	$4,421,578
11 Total personnel compensation	3,043,451	4,303,151	4,421,578
12 Personnel benefits	621,001	873,326	897,322
Total personnel compensation & benefits.	3,664,452	5,176,477	5,318,900
Other Objects:			
21 Travel	59,753	10,000	11,000
22 Transportation of things	898	800	800
23.3 Communications, utilities, and misc. charges	133,712	123,000	126,000
24 Printing and reproduction	50,112	48,000	48,000
25.2 Other services	708,595	96,065	129,300
25.3 Purchase of goods and services from Government Accounts	448,187	31,658	30,000
25.7 Operation and maintenance of equipment	2,052	2,000	2,000
26 Supplies and materials	99,748	97,000	97,000
31 Equipment	371,576	111,000	111,000
Total other objects	1,874,633	519,523	555,100
Total direct obligations	5,539,085	5,696,000	5,874,000
Position Data:			
Average Salary, EX/ES positions	$138,100	$142,934	$146,650
Average Salary, GS positions	$65,887	$68,183	$70,119
Average Grade, GS positions	12.6	12.6	12.6

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OFFICE OF THE CHIEF FINANCIAL OFFICER

STATUS OF PROGRAM

Current Activities: The Office of the Chief Financial Officer (OCFO) has Department-wide leadership responsibility for financial operations, activities, systems, and personnel. The OCFO is the USDA's chief financial management policy officer and is the chief financial management advisor to the Secretary and the mission area heads. In addition to responsibilities in financial policy and operations, the OCFO is responsible for the administration of the Working Capital Fund (WCF). The Chief Financial Officer is the Departmental official charged with responsibility for the financial health of the WCF, and the Associate Chief Financial Officer for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. Also, OCFO directly manages four WCF activities: the National Finance Center, Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

Specific areas being addressed include:

1. Departmental Financial Statements. For the Fiscal Year 2004, the U.S. Department of Agriculture, and all of its agencies, including the Forest Service, received unqualified (clean) opinions on its annual financial statement audits.

While USDA made extraordinary strides in recent years and today enjoys a clean audit opinion, there is still room for improvement. Accordingly, the Department's financial performance remains a management challenge. An area of concern is the financial management of the USDA Forest Service. To help bring the agency's financial management up to par with the rest of the Department, USDA is planning to:

- Eliminate material weaknesses and reportable conditions, and obtain an unqualified opinion on the Forest Service's FY 2005 financial statements.
- Initiate a Financial Management Improvement Process that will standardize and centralize the agency's budget and finance processes through business process reengineering.
- Publish enhanced financial management policies and procedures by June 30, 2005.
- Continue to focus on data-quality improvement, such as the resolution of abnormal account balances.

2. Audit Follow-up. As required by the Inspector General Act Amendments of 1988, the OCFO: (1) codifies into regulations and interprets revisions to OMB Circulars A-50, "Audit Follow-up," and (2) researches and analyzes audits, making determinations on final actions, monitoring management's actions on audits, tracking individual audit recommendations, and reporting results annually to the Congress. The OCFO also provides policy guidance and assistance to agencies on technical matters. Specific efforts are focused on:

- Updating/developing Department-wide audit follow-up policy for Office of the Inspector General (OIG) audits and Government Accountability Office (GAO) audits.
- Increasing management's awareness of open audit issues that are not completed in a timely manner.
- Increasing the rate of resolving audits which are categorized as behind schedule and without final action one year or more past management decision date.
- Working with USDA agencies' management and the OIG to ensure that management actions in response to audits are appropriate and achievable, will correct the identified deficiencies, are cost effective, and provide an action plan with milestones for completion.
- Providing useful and timely information on the status of audits to management and the Congress for decision-making and resource allocation purposes.
- Reviewing, analyzing, and reporting quarterly on progress in achieving corrective actions for audits one year or more past management decision but without final action.

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3. Management Accountability and Control. The OCFO is responsible for management accountability and control under the CFO Act and the Federal Managers' Financial Integrity Act (FMFIA), to ensure that USDA agencies comply with the requirements of FMFIA, and to determine and report on material weaknesses and financial system non-conformances included in the FMFIA annual report to the Congress. The OCFO is working with agencies to integrate FMFIA with the strategic planning, annual performance planning, and budgeting processes. Current efforts include:

- Reviewing current Department-wide policy on management controls for necessary revisions.
- Increasing Departmental management's awareness of open material deficiencies and encouraging timely correction.
- Reviewing, analyzing, and reporting quarterly progress in achieving major corrective actions during the reporting period.
- Working with Departmental management and the OIG to verify the continued materiality of deficiencies.
- Assisting agencies in focusing resources on the elimination of material weaknesses and financial system non-compliances.

4. Performance Management. The OCFO establishes Departmental performance management guidance and coordinates the development of the USDA Performance and Accountability Report. USDA uses requirements from the Government Performance and Results Act (GPRA) of 1993 and the Office of Management and Budget's Circular A-11 to establish the content and timeframes for USDA's Strategic Plan and Annual Performance Report. The OCFO works with the Department's leadership, Department-wide Planning Team, and mission area Budget Performance and Integration Coordinators in the following performance management activities:

- Working with the Office of Budget and Program Analysis to integrate budget and performance management.
- Enhancing and refining USDA performance goals and metric indicators.
- Developing an annual performance report for the Department that clearly demonstrates linkages to the USDA strategic plan and performance budget.
- Enhancing coordination within USDA and with other Federal agencies to develop common goals and performance measures for cross-cutting functions and programs.

5. Debt Policy. OCFO is responsible for developing Departmental policy, coordinating and guiding USDA agencies in implementing Debt Collection Improvement Act (DCIA). USDA's total receivables are about $99 billion, which represents nearly one-third of the non-tax debt owed to the Federal government. OCFO has additional policy and oversight responsibilities for USDA agency debt, credit and cash management activities required by numerous statutes (e.g., Credit Reform Act), regulations, circulars, manuals and directives. Current activities include:

- Leads agencies by providing policy expertise and consultation services to increase collection of debt, reduce delinquent debt, estimate the value of outstanding loans and improve management of receivables.
- Works directly with the Department of the Treasury, Office of Management and Budget and other Federal departments ensuring consistency and standardization of requirements and efficient implementation.
- Develops and/or coordinates numerous Departmental, government-wide and commercial reporting requirements.

6. Improper Payments. OCFO leads the Department by issuing implementation policy and guidance to USDA agencies on the carrying out the Improper Payments Information Act (IPIA) and the Defense Authorization Act for recovery auditing. In August 2004, the USDA Inspector General identified implementing the IPIA as one of the ten most serious management challenges facing the Department because of the numbers and complexity of USDA programs and intricacy of the risk assessment methodology. The Office of Management and Budget (OMB) elevated the IPIA to one of seven President's Management Agenda (PMA) items for fiscal year (FY) 2005, highlighting IPIA as an area of government-wide weakness in need of special attention and concentrated effort. Current challenges include:

- OCFO provides expertise and consultation services assisting agencies with and conducting oversight of risk assessments, statistical sampling, error-rate reporting and remediation planning.

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- For FY 2005, USDA identified 288 programs subject to IPIA with outlays totaling $100.1 billion. OCFO has established an aggressive strategy for improving the Department's process of identifying and reducing improper payments through detailed guidance and critical planning milestones for achieving annual compliance requirements and PMA targets.
- OCFO conducts analyses of agency plans for implementing the IPIA providing objective evaluation and standardization to improve IPIA compliance.
- OCFO monitors the USDA agencies' plans for development of internal controls, systems enhancements and recovery of the identified improper payments providing assurance of program integrity and the prevention of future improper payments.
- OCFO coordinates departmental preparation and reporting of required improper payment and recovery auditing accomplishments in the annual Performance and Accountability Report providing objectivity and standardization in report content.

7. Travel Policy. OCFO is responsible for Travel management policy for the Department and has oversight responsibility for USDA's $300 million civilian travel program. OCFO develops, coordinates and implements Department-wide policy and procedures on travel management services and the travel card program. OCFO also participates on inter-agency travel policy committees in cooperation with General Services Administration and the Office of Management and Budget. As part of the President's Management Agenda for eGovernment and after extensive product analysis of the three GSA approved eTravel systems, USDA placed an eTravel Task Order with Electronic Data Systems (EDS) effective July 15, 2004. The eTravel initiative is consolidating the agency travel processes at the Department level and centrally manages them through a customer-centric, self-service, Web-based environment that offers end-to-end travel services from planning, authorization and reservation, through claims and voucher reconciliation. Current activities include:

- Provide leadership throughout the Department-wide migration to eTravel, by implementing Business Process Reengineering and Change Management strategies. As required by GSA, all USDA agencies and offices will migrate to eTravel, beginning April 2005 and completing by September 2006.
- With responsibilities for salary offset, maximizing travel charge card refunds and an ongoing effort to minimize cardholder misuse, OCFO provides monthly data-mining results of travel card transactions on an intranet Website for USDA agencies' review and comment. In addition, monthly delinquency and other critical data is monitored and shared with agencies to measure performance against established baseline goals and standards. Historical data provided by the Bank of America enables OCFO to develop current trend analysis and respond proactively to ensure compliance with agency targets.

8. Grants Policy. OCFO leads the Department in Federal financial assistance policy and oversight. USDA, through OCFO leadership, participates in government-wide Federal financial assistance initiatives such as P.L. 106-107, Grants.gov and the Grants Management Line of Business, that support the President's Management Agenda.

OCFO's leadership in these initiatives ensures that USDA funding opportunities are announced and may be applied for electronically, thereby streamlining the grants-making process for the grantor and grantee. OCFO manages policy and regulation development including five Departmental regulations, several Office of Management and Budget (OMB) circulars and two Executive Orders. This requires periodic amendments to OCFO Grants regulations and policies resulting in improved efficiency in grants management and standardization of regulations across government for the public. OCFO coordinates USDA Debarment and Suspension actions and regulations including making USDA entries to the Excluded Parties List System. OCFO also is the USDA administrator the Federal Assistance Awards Data System (FAADS) and the Catalog of Federal Domestic Assistance (CFDA). Through committee participation in grants initiatives, OCFO briefs, coordinates and trains agencies on the Grants.gov FIND and APPLY initiatives, among others, to help in agency implementation. OCFO chairs the P.L. 106-107 Mandatory Grants Work Group and the Federal Financial Assistance Committee; participates in eGrants, Grants Network, Interagency Suspension and Debarment Committee, and P.L. 106-107 Work Group committees. OCFO also maintains the Federal Financial Assistance intranet Website, and coordinates audit responses and legislative reports. This leads to greater information sharing and transparency of data at USDA. OCFO's committee participation is critical because many government-wide initiatives have compliance implications for USDA.

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9. Competitive Sourcing. The Department is working to fine-tune its use of competitive sourcing. USDA is working to ensure that the studies it conducts reflect more strategically grouped and related functions to maximize the impact of this initiative. The Department also now requires that a feasibility study, including cost-benefit analysis, be completed prior to conducting a competitive sourcing study. This will ensure that functions selected for public-private sector competitions will result in an organization implemented with lower costs and increased management efficiencies. Studies are now being linked to agency human capital plans to ensure work force planning and restructuring, and retention goals are met while achieving cost savings.

Selected Examples of Recent Progress:

1. Financial Statements. USDA financial managers have focused significant attention on enhancing internal controls, improving asset management, implementing a standard accounting system and improving related corporate administrative systems across the Department. As a result, USDA's clean audit opinion was sustained in FY 2003 and FY 2004. Actions taken by USDA to achieve this result include:

- Revamping business, financial management and accounting.
- Completing installation of a standard general-ledger accounting system.
- Determining the program cost or present value cash flows of approximately $100 billion in loans.
- Reconciling, in an accurate and timely way, more than $100 billion in annual cash receipts and disbursements.
- Correcting deficiencies in $1 billion of real and personal property; and
- Significantly reducing the number of material weaknesses.

2. Audit Follow-up. USDA agencies closed 96 audits in FY 2004 as compared to FY 2003 when only 65 audits were closed; a 48 percent increase in audit closures. This improvement reflects management's commitment to aggressively address deficiencies identified in agency programs and to follow-up with agencies on final action needed to close the audits. USDA's current inventory of audits that have reached management decision and require final action to close the audits includes 55 new audits in FY 2004 for a total of 185 audits. One of these audits is in appeal status. This result is an 18 percent decrease from the 226 audits that were open at the end of FY 2003.

3. Management Accountability and Control. USDA provided reasonable assurance of compliance with the objectives of Section 2 and Section 4 of the Federal Managers' Financial Integrity Act, except for the weaknesses disclosed. USDA made substantial progress in reducing the number of existing material deficiencies to just one in FY 2004. That number is down from 8 at the start of FY 2004 and 19 at the start of FY 2003. In addition, one new material weakness and one new system nonconformance were added this year for a total of three outstanding deficiencies, which USDA is striving to eliminate by the end of the fiscal year 2005.

4. Performance Management. The OCFO worked closely with Departmental Leadership, OBPA, the Department-wide Planning Team, Agency Chief Financial Officers and Budget and Performance Integration Coordinators to execute USDA's performance management activities, such as conducting regular Department-wide Planning Team meetings to draft the performance management documents for the Department and the Performance and Accountability Report for FY 2004; meeting with other Federal agencies, external groups, and representatives from foreign countries to discuss USDA performance management efforts and results; and participating in USDA and Federal interagency forums related to GPRA and performance management.

5. Debt Policy. USDA's total receivables were $99.0 billion, which is nearly a third of the non-tax debt owed to the Federal government. This represents a 2 percent decrease from the previous year continuing a general declining trend. As a direct result of aggressive OCFO debt, credit and cash policy and coordination efforts, USDA's notable achievements include: delinquent debt amount of $6.2 billion decreased by 6 percent from FY 2003; delinquency rate of 6 percent compared to the government-wide rate of about 23 percent; collections of $1.1 billion in delinquent debt; write off of $678.2 million of delinquent debt; reported to Internal Revenue Service $540.0 million for possible tax revenue; referred to the Treasury Offset Program 98 percent of the $1.6 billion eligible delinquent receivables compared to the government-wide rate of 76 percent; and referred to the Treasury Cross-Servicing 96 percent of the $582.3 million eligible delinquent receivables compared to the government-wide rate of 82 percent. OCFO policies have led to the Department's high referral rates providing great potential for increased collections of delinquent debt

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through voluntary remittance, offset or commercial collection practices. OCFO coordinated the preparation and submission of the initial DCIA Annual Reports to OMB for June and December 2004, providing an assessment of USDA's compliance with the requirements of the Act. OCFO provided consulting services to the Farm Service Agency (FSA) in developing new cash flow models for the Farm Loan Programs. These models allowed FSA to better estimate costs for budgeting and the value of their portfolio in the FY 2004 financial statements. These accomplishments show USDA is among the leading Federal agencies in the area of debt management.

6. Improper Payments. For FY 2004, USDA agencies identified 282 programs subject to IPIA review with outlays totaling $105.5 billion. OCFO provided guidance and instruction to USDA agencies for implementing OMB requirements under IPIA. OCFO coordinated the development of a departmental implementation plan submitted to OMB in December 2003. The plan provided a schedule of all programs subject to the IPIA along with action dates for preliminary assessments of significant risk for erroneous payments; strategy for statistical sampling and establishment of error rates associated with significant risk programs; and milestone dates for improvement plans. OCFO conferred with OMB to determine how best to complete fully compliant statistical sampling of high risk programs or develop an interim approved method to track improper payment rates. OCFO worked closely with the Office of Inspector General during their audit on IPIA compliance. These efforts helped to strengthen USDA policy and compliance efforts for FY 2005. OCFO also developed the improper payments and recovery auditing portions for the FY 2004 USDA Performance and Accountability Report and provided policy guidance and implementation assistance to agencies.

7. Travel Policy. OCFO developed and distributed a USDA Government Travel Card Regulation effective October 2003 that contained a "Zero Tolerance Policy" for cardholder misuse and a Salary Offset Policy that was implemented during 2004. In addition, OCFO received clearance on the USDA Relocation Allowance Regulation in October 2004. We continued to decrease travel card misuse and increased disciplinary actions taken for cardholder misuse through close collaboration and monitoring with USDA agencies. These efforts resulted in lowering the Department-wide individually billed accounts (IBA) delinquency average of 4.68 percent in FY 2003, to 3.66 percent in FY 2004, representing a 22 percent improvement. OCFO lowered the credit limits on 95 percent of the USDA centrally billed travel accounts reducing credit risk exposure by over $1.5 billion or 90 percent. USDA fully implemented salary offset and had collections of $320,000. OCFO collaborated with USDA agencies to closely monitor individually billed accounts (IBA) travel card delinquency rates and lowered the Department-wide IBA delinquency average in fiscal year (FY) 2003 of 4.68 percent to 3.66 percent in FY 2004 representing a 22 percent improvement.

The eTravel initiative was launched in response to the President's Management Agenda. The eTravel initiative is a collaborative, interagency effort to realize the efficiencies, cost-savings and increased service associated with a common, automated, and integrated approach to managing the Federal government's travel function. This initiative consolidates travel processes at the department level and centrally manages them through a customer-centric, self-service, Web-based environment that offers end-to-end travel services from planning, authorization and reservation, through claims and voucher reconciliation. OCFO policy and systems staff, in a collaborative effort, are working on developing the travel data warehouse as a required interface for eTravel services and to serve the current needs of a department-wide travel reporting system.

8. Grants Policy. OCFO worked with USDA grant-making agencies to help them comply with new Office of Management and Budget (OMB) requirements for electronic grants. OCFO has trained over 600 hundred employees from all USDA agencies on the new Dun and Bradstreet (DUNS) number and Grants.gov FIND and APPLY. Our efforts have made USDA the second largest contributor and participant in the Grants.gov initiative and a recognized leader in government. OCFO's leadership in mandatory grants helped produce forms that will be used on Grants.gov to allow grantees to apply for these grants online. This is an important milestone in achieving greater efficiencies for mandatory grants. OCFO's outreach and training efforts ensured that all agencies reviewed and commented on grants-related work products developed under the various electronic grants initiatives. USDA's input and expertise have been incorporated into these initiatives. It also ensured that USDA participated in the Debarment and Suspension common rule. OCFO continued to maintain the grants-related systems as well as sought opportunities to improve data quality and timeliness in these systems. OCFO also continued to maintain the USDA Federal financial assistance intranet Website. It is used by the USDA Federal Financial Assistance Committee and serves as a single source for P.L. 106-107 information.

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9. Competitive Sourcing. During the past year, USDA realigned functions to increase accountability and improve oversight of its Competitive Sourcing Initiative. A key component of the President's Management Agenda, this initiative calls on all Federal agencies to create a more market-based government that enhances service and reduces costs through public-private competition initiatives.

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2006 Explanatory Notes
Working Capital Fund

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WORKING CAPITAL FUND

Purpose Statement

The USDA Working Capital Fund (WCF) was established in FY 1944 (7 U.S.C. 2235). The mission of the WCF is to provide an effective financing mechanism to support those services the Secretary, with the approval of the Director of the Office of Management and Budget, determines may be performed more advantageously as central services and to make unnecessary the maintenance of separate like services in the agencies of the Department. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized basis. The costs of providing services to all WCF clients are recovered on the basis of the level of service each client receives. Services to non-USDA agencies reduce USDA's share of fixed costs for WCF-supported services. Centrally managed operations provide efficient, economical services through economies of scale, extensive management attention, and high-level, regular fund reviews.

Description of Programs and Activities:

The Office of the Chief Financial Officer (OCFO) performs duties of the WCF Controller, including monitoring and supervising fund management activities. Activities financed under the WCF are managed in five organizations, as follows:

1. Departmental Administration (DA) manages the following activities:

   (A) Beltsville Service Center:

   - Central Supply Stores: operates a self-service supply facility in the USDA South Building (Washington, DC) and a bulk warehouse in Beltsville, Maryland. Both facilities stock common office supplies.
   - Consolidated Forms and Publications Distribution Center: provides forms warehousing, distribution, and transportation services for Departmental, agency, and standard forms.
   - Central Excess Property Operation: provides Departmental agencies with excess and surplus property disposition services in addition to furniture rehabilitation services.
   - Central Shipping and Receiving: administers receipt and shipment of parcels in the D.C. Buildings Complex and the Beltsville Office Facility (George Washington Carver Center).

   (B) Mail and Reproduction Management:

   - Central Mail Unit: furnishes USDA agencies in the D.C. Buildings Complex with door-to-door mail pick up and delivery services.
   - Departmental Mailing List Service: furnishes USDA agencies with Departmental mailing lists, and high-volume headquarters local printing services for National Finance Center reports.
   - Reproduction Services: provides short-order and special order duplicating services, and walk-up/self-service and high volume copying services.

2. The Office of Communications manages the following activities:

   (A) Broadcast Media and Technology Center (BMTC): provides video production services to USDA agencies, and studio and production facilities for teleconferences in which USDA agencies participate.

   (B) Visual Communications Center (VCC): provides USDA agencies with exhibit design and visitor center support services.

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3. OCFO manages the following activities:

   (A) National Finance Center (NFC): provides financial and administrative management services to USDA agencies and more than 100 non-USDA entities. Services provided by NFC fall into three broad customer categories: USDA Services, External Support (services to non-USDA/non-Thrift Savings Plan agencies), and Thrift Savings Plan (TSP) Support.

   (B) Controller Operations: operates a unified corporate controller organization integrating accountability for sustained financial management processes and systems throughout the Department of Agriculture.

   (C) Competitive Sourcing: provides guidance and direction to USDA mission areas and agencies in the implementation of OMB Circular A-76 in this critical President's Management Agenda item.

4. The Office of the Chief Information Officer (OCIO) manages information technology services under 7 activity centers in three categories:

   (A) National Information Technology Center: provides mainframe computing services, ADP training, and other ADP services to USDA agencies and non-USDA entities; supports systems and software development services to USDA agencies and non-USDA users.

   (B) Telecommunications Services and Operations:

   - National Telecommunications Services Office: responsible for Department-wide telecommunications management support services; provides an integrated information system for inventory management, FTS billing, reporting, and validation; supports telecommunications modernization efforts; manages internet access; provides optimal wide area network solutions for security and operations, and telecommunications research and development, test and evaluation (this activity includes the former "Network Engineering" function).
   - Computer Services Unit: plans, acquires, implements, and manages information technology (IT) resources for the Office of Secretary and Office of the Chief Information Officer, ensures compliance with information resources management standards and polices, provides economies and efficiencies in the use of IT through elimination of duplication and sharing of resources.
   - Telecommunications Customer Services Center maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Buildings Complex, publishes the USDA telephone directory, provides automated telephone directory employee locator services, manages the Departmental voice mail system service.
   - Network Services: provides technical and operations assistance on data networking telecommunications systems, and design, installation, operation, and management of value-added, common shared services provided on Departmental Headquarters networks and platforms.

   (C) Information Technology Services: This is a new organization within the Office of the Chief Information Officer that incorporates the infrastructure roles of the Farm Service Agency, the Natural Resources Conservation Service and Rural Development mission area. It was approved by the Office of Management and Budget as a new WCF activity in 2004, in accordance with requirements of 7 U.S.C. 2235.

5. The Office of the Executive Secretariat (OES) analyzes, manages, and tracks mail in fulfilling its responsibilities to control executive correspondence. OES ensures a timely and accurate response to inquiries made to the Department, provides information to Department officials in a timely manner and establishes Department-wide procedures and policies for handling executive records and documents.

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In addition to the operating activities of the WCF, the fund supports efforts in the development, implementation, and operation of corporate systems. These include:

1. Corporate Financial Management Systems (CFMS): Managed by OCFO, this office administers the core financial information system, financial data warehouse, and related systems. These systems are essential for achieving unqualified opinions of Departmental financial statements and to maintain systems that merge financial information from financial systems, program systems, and administrative systems.

2. Integrated Procurement Systems: Managed by DA, efforts in this area are geared toward streamlining and improving procurement processes and systems, and developing and implementing an integrated acquisition "toolkit;" improvements in purchase card processes and development, implementation, and operation of a purchase card system; and maintenance and upgrade of software systems to provide agencies with standard contract language support services.

3. Universal Telecommunications Network: Managed by OCIO, this initiative supports comprehensive telecommunications strategy to expand capacity; improve response time/availability; enhance network management practices; implement more effective security; and establish the means to respond to future expansion of telecommunications needs.

Management of the WCF through the Office of the Chief Financial Officer is accomplished in Washington, D.C.

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WORKING CAPITAL FUND

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimated		2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Working Capital Fund						
Recurring Oper. (USDA)						
Administration	$22,939,000	157	24,520,000	172	25,750,000	172
Communications	7,954,000	24	4,970,000	28	4,150,000	28
Fin. & Mgt.	78,666,000	605	82,855,000	643	88,694,000	644
Info. Technology	71,755,000	182	242,092,000	998	258,405,000	1,023
Exec. Secretariat	2,748,000	22	3,159,000	23	3,240,000	23
Corporate Syst.	67,541,000	98	73,749,000	107	76,106,000	106
Intrafund Adj. a/	-43,001,000	0	-47,620,000	0	-48,525,000	0
Subtotal	208,622,000	1,088	383,725,000	1,971	407,820,000	1,996
Purch of Equip.	25,923,000	0	22,310,000	0	22,746,000	0
Unobl. Bal. Exp.	5,613,000	0	9,593,000	0	0	0
Corp. Inv. (appr.)	11,922,000	0	12,747,000	0	0	0
Subtotal (USDA)	252,080,000	1,088	428,375,000	1,971	430,566,000	1,996
Recurring Oper. (Non-USDA)						
Administration	913,000	0	1,363,000	0	1,526,000	0
Communications	3,186,000	0	513,000	1	900,000	0
Fin. & Mgt.	57,132,000	459	58,795,000	590	77,420,000	590
Info. Technology	19,443,000	40	16,090,000	31	13,457,000	31
Subtotal (Non-USDA)	80,674,000	499	76,761,000	622	93,303,000	621
Recurring Oper. (Non-Federal)						
Thrift Svgs Plan	45,788,000	403	33,372,000	363	33,599,000	363
Total, WCF	378,542,000	1,990	538,508,000	2,956	557,468,000	2,980

a/ Represents costs for service billed by one WCF activity to another; the amounts are provided so as not to misrepresent costs through double-counting (once as the costs are billed from one activity to another, a second time as those costs pass through the activity and are billed to service customers).

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WORKING CAPITAL FUND
Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005and 2006

Grade	2004			2005			2006		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	2	8	10	2	10	12	2	10	12
GS-15	12	25	37	13	37	50	13	35	48
GS-14	27	84	111	30	124	154	31	124	155
GS-13	60	277	337	60	398	458	54	410	464
GS-12	34	375	409	45	665	710	42	699	741
GS-11	20	160	180	19	315	334	25	328	353
GS-10	1	43	44	0	38	38	0	44	44
GS-9	5	52	57	9	122	131	9	114	123
GS-8	7	52	59	1	57	58	1	68	69
GS-7	24	485	509	4	479	483	14	439	453
GS-6	7	171	178	14	167	181	10	173	183
GS-5	20	152	172	17	156	173	22	132	154
GS-4	13	51	64	23	61	84	13	80	93
GS-3	0	10	10	1	8	9	1	8	9
GS-2	0	15	15	0	10	10	0	10	10
GS-1	0	0	0	0	0	0	0	0	0
Other Graded Positions.....	11	0	11	40	16	56	40	16	56
Ungraded Positions.....	15	20	35	0	15	15	0	13	13
Total Permanent Positions.....	258	1,980	2,238	278	2,678	2,956	277	2,703	2,980
Unfilled Positions end of year.....	-7	-55	-62	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end-of-year.....	251	1,925	2,176	278	2,678	2,956	277	2,703	2,980
Staff Yr. Estimate..	226	1,764	1,990	278	2,678	2,956	277	2,703	2,980

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WORKING CAPITAL FUND

Classification by Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$16,837,000	$18,718,000	$18,923,000
Field	102,255,000	140,775,000	159,384,000
11 Total personnel compensation	119,092,000	159,493,000	178,307,000
12 Personnel benefits	29,816,000	40,324,000	47,059,000
13 Benefits for former personnel	43,000	20,000	23,000
Total personnel comp. & benefits	148,951,000	199,837,000	225,389,000
Other Objects:			
21 Travel	2,164,000	3,878,000	4,390,000
22 Transportation of things	972,000	710,000	808,000
23.1 Rental payments to GSA	4,977,000	5,635,000	5,468,000
23.2 Rental payments to others	2,418,000	2,466,000	2,468,000
23.3 Communications, utilities, and misc. charges	38,127,000	81,450,000	69,361,000
24 Printing and reproduction	1,102,000	1,051,000	1,378,000
25.1 Advisory & Assistance Services	0	2,000,000	2,059,000
25.2 Other services	100,214,000	179,270,000	197,794,000
25.3 Purchases of goods and services from Government Accounts	38,763,000	10,830,000	6,914,000
25.4 Operation and maintenance of facilities	820,000	394,000	648,000
25.7 Operation and maintenance of equipment	23,254,000	40,730,000	47,442,000
26 Supplies and materials	9,050,000	7,831,000	12,181,000
31 Equipment	50 731,000	50,046,000	29,693,000
Total other objects	272,592,000	386,291,000	380,604,000
Total, Working Capital Fund/1	421,543,000	586,128,000	605,993,000
Position Data:			
Average Salary, ES positions	$131,000	$133,000	$135,000
Average Salary, GS positions	$42,000	$44,000	$45,000
Average Grade, GS positions	9.6	9.9	10.0

1/ Totals include all intrafund transfers

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WORKING CAPITAL FUND

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

> [For the acquisition of disaster recovery and continuity of operations technology of the National Finance Center's data, $12,850,000 to remain available until expended.]

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LEAD-OFF TABULAR STATEMENT
WORKING CAPITAL FUND

Corporate Systems	
Appropriations Act, 2005	$12,747,000
Budget Estimate, 2006	0
Change in Appropriations	-12,747,000
Recurring Operations/1	
Current Estimate, 2005	$493,858,000
Budget Estimate, 2006	534,722,000
Change in Estimate	+40,864,000
Capital Acquisitions	
Current Estimate, 2005	$22,310,000
Budget Estimate, 2006	22,746,000
Change in Estimate	+436,000
Unobligated Balances Expended	
Current Estimate, 2005	$9,593,000
Budget Estimate, 2006 /2	0
Change in Estimate	-9,593,000
Total, Working Capital Fund	
Current Estimate, 2005	$538,508,000
Budget Estimate, 2006	557,468,000
Change in Estimate	+18,960,000

1/ Net of intrafund transfers.

2/ General Provisions of appropriations language for FY 2004 grants to the Secretary the authority to transfer unobligated balances to the WCF, to be available until expended, for acquisition of plant and equipment for financial, administrative, and information technology services of general benefit to agencies of the Department. $9,593,000 in FY 2004 funds and unexpended funds from prior years is available for expenditure in FY 2005. Amounts transferred from FY 2004 funds may not be obligated until Congress reviews and approves a plan for their expenditure, as required under the Provision. The amount for FY 2006 (unobligated FY 2005 funds) will not be known until the end of the fiscal year.

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WORKING CAPITAL FUND

SUMMARY OF INCREASES AND DECREASES
(Program Activity)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Corporate Systems (appropriation)/	$12,747,000	0	-$12,747,000	$0
Recurring Operations:				
1. Administration:	25,883,000	+127,000	+1,266,000	27,276,000
Beltsville Service Center	10,621,000	+43,000	+575,000	11,239,000
Mail and Reproduction Management	15,262,000	+84,000	+691,000	16,037,000
2. Communications:	5,483,000	+27,000	-460,000	5,050,000
Broadcast Media & Technology Ctr.	2,829,000	+16,000	-110,000	2,735,000
Visual Communications Center	2,654,000	+11,000	-350,000	2,315,000
3. Finance & Management:	175,022,000	+1,242,000	+23,449,000	199,713,000
NFC/USDA	52,068,000	+353,000	+2,881,000	55,302,000
NFC/External Support	58,795,000	+398,000	+18,227,000	77,420,000
NFC/TSP Support	33,372,000	+226,000	+1,000	33,599,000
Controller Operations	30,345,000	+260,000	+2,237,000	32,842,000
Competitive Sourcing	442,000	+5,000	+103,000	550,000
4. Information Technology:	258,182,000	+849,000	+12,831,000	271,862,000
National Information Tech. Center	65,779,000	+253,000	+829,000	66,861,000
Information Technology Services	165,459,000	+551,000	+11,920,000	177,930,000
Telecommunications Services	26,944,000	+45,000	+82,000	27,071,000
5. Executive Secretariat	3,159,000	+22,000	+59,000	3,240,000
6. Corporate Systems	73,749,000	+124,000	+2,233,000	76,106,000
Corporate Financial Mgt. Systems	68,554,000	+116,000	+863,000	59,533,000
Integrated Procurement Systems	14,995,000	+8,000	+1,570,000	16,573,000
Universal Telecom. Network	200,000	+0	-200,000	0
Intrafund Adjustment/1	-47,620,000	0	-905,000	-48,525,000
Total Recurring Operations	493,858,000	+2,391,000	+38,473,000	534,722,000
Capital Equipment	22,310,000	0	+436,000	22,746,000
Unobligated Balances Expended	9,593,000	0	-9,593,000	0
Total	538,508,000	+2,391,000	+16,569,000	557,468,000

1/ Intrafund adjustments are costs of service provided by one WCF activity to another. They are identified so as to avoid the double counting of expenses.

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PROJECT STATEMENT
(Program Activity)

	2004 Actual		2005 Estimated		Increase or	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
1.Corp. Sys. (appr.)	$11,922,000	0	$12,743,000	0	-$12,743,000 (1)	$0	0
2. Admin.:	25,852,000	157	25,883,000	172	+1,393,000 (2)	27,276,000	172
Belts. Svc. Ctr.	10,592,000	47	10,621,000	55	+618,000	11,239,000	55
Mail/Repr. Mgt.	13,260,000	110	15,262,000	117	+775,000	16,037,000	117
3. Commun.:	11,140,000	24	5,483,000	29	-433,000 (3)	5,050,000	28
BMTC	2,185,000	14	2,829,000	16	-94,000	2,735,000	15
Vis. Comm. Ctr.	8,955,000	10	2,654,000	13	-339,000	2,315,000	13
4. Fin. & Mgt.:	181,586,000	1,467	175,022,000	1,596	+24,691,000 (4)	199,713,000	1,597
NFC/USDA	48,155,000	312	52,068,000	318	+3,234,000	55,302,000	318
NFC/Ext. Supp.	57,132,000	459	58,795,000	590	+18,625,000	77,420,000	590
NFC/TSP Supp.	45,788,000	403	33,372,000	363	+227,,000	33,599,000	363
Contr. Oper.	30,172,000	292	30,345,000	322	+2,497,000	32,842,000	322
Comp. Src.	339,000	1	442,000	3	+108,000	550,000	4
5. Info. Tech.:	91,218,000	222	258,182,000	1,029	+13,680,000 (5)	271,862,000	1,054
NITC	69,372,000	187	65,779,000	204	+1,082,000	66,861,000	204
Info. Tech. Svcs.	0	0	165,459,000	775	+12,471,000	177,930,000	800
Telecom. Svcs.	21,846,000	35	26,944,000	50	+127,000	27,071,000	50
6. Exec. Secr.	2,748,000	22	3,159,000	23	+81,000 (6)	3,240,000	23
7. Corp. Systems:	67,541,000	98	73,749,000	107	+2,357,000 (7)	76,106,000	106
Corp. Fin. Mgt.	58,976,000	84	58,554,000	96	+979,000	59,533,000	96
Int. Proc. Syst.	6,247,000	12	14,995,000	10	+1,578,000	16,573,000	10
Univ. Tele. Net.	2,318,000	2	200,000	1	-200,000	0	0
Intrafund Adj.	-43,001,000	0	-47,620,000	0	-905,000	-48,525,000	0
Total Rec. Oper.	335,084,000	1,990	493,858,000	2,956	+40,864,000	534,722,000	2,980
Capital Equip.	25,923,000	0	22,310,000	0	+436,000 (8)	22,746,000	0
Unobl. Bal. Exp.	5,613,000	0	9,593,000	0	-9,593,000	0	0
Tot. Avail. or Est.	378,542,000	1,990	538,508,000	2,956	+18,960,000	557,468,000	2,980

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PROJECT STATEMENT
(USDA Activity)

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1.Corp. Sys. (appr.)	$11,922,000	0	$12,743,000	0	-$12,743,000	0	0
2. Admin.:	$22,939,000	157	24,520,000	172	+1,230,000	25,750,000	172
Belts. Svc. Ctr.	9,679,000	47	9,285,000	55	+440,000	9,725,000	55
Mail/Repr. Mgt.	13,260,000	110	15,235,000	117	+790,000	16,025,000	117
3. Commun.:	7,954,000	24	4,970,000	28	-820,000	4,150,000	28
BMTC	1,730,000	14	2,694,000	15	-9,000	2,685,000	15
Vis. Comm. Ctr.	6,224,000	10	2,276,000	13	-811,000	1,465,000	13
4. Fin. & Mgt.:	78,666,000	605	82,855,000	643	+5,839,000	88,694,000	644
NFC/USDA	48,155,000	312	52,068,000	318	+3,234,000	55,302,000	318
NFC/Ext. Supp.	0	0	0	0	0	0	0
NFC/TSP Supp.	0	0	0	0	0	0	0
Contr. Oper.	30,172,000	292	30,345,000	322	+2,497,000	32,842,000	322
Comp. Src.	339,000	1	442,000	3	+108,000	550,000	4
5. Info. Tech.:	71,775,000	182	242,092,000	998	+16,313,000	258,405,000	1,023
NITC	49,929,000	147	49,689,000	173	+3,715,000	53,404,000	173
Info. Tech. Svcs.	0	0	165,459,000	775	+12,471,000	177,930,000	800
Telecom. Svcs.	21,846,000	35	26,944,000	50	+127,000	27,071,000	50
6. Exec. Secr.	2,748,000	22	3,159,000	23	+81,000	3,240,000	23
7. Corp. Systems:	67,541,000	98	73,749,000	107	+2,357,000	76,106,000	106
Corp. Fin. Mgt.	58,976,000	84	58,554,000	96	+979,000	59,533,000	96
Int. Proc. Syst.	6,247,000	12	14,995,000	10	+1,578,000	16,573,000	10
Univ. Tele. Net.	2,318,000	2	200,000	1	-200,000	0	0
Intrafund Adj.	-43,001,000	0	-47,620,000	0	-905,000	-48,525,000	0
Total Rec. Oper.	208,622,000	1,088	383,725,000	1,971	+24,095,000	407,820,000	1,996
Capital Equip.	25,923,000	0	22,310,000	0	+436,000	22,746,000	0
Unobl. Bal. Exp.	5,613,000	0	9,593,000	0	-9,593,000	0	0
Tot. Avail. or Est.	252,080,000	1,088	428,375,000	1,971	+2,191,000	430,566,000	1,996

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PROJECT STATEMENT
(Non-USDA Activity)

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1.Admin.:	913,000	0	1,363,000	0	+163,000	1,526,000	0
Belts. Svc. Ctr.	913,000	0	1,336,000	0	+178,000	1,514,000	0
Mail/Repr. Mgt.	0	0	27,000	0	-15,000	12,000	0
2. Commun.:	3,186,000	0	513,000	1	+387,000	900,000	1
BMTC	455,000	0	135,000	1	-85,000	50,000	1
VCC.	2,731,000	0	378,000	0	+472,000	850,000	0
3. Fin. & Mgt.:	102,920,000	862	92,167,000	953	+18,852,000	111,019,000	953
NFC/Ext. Supp.	57,132,000	459	58,795,000	590	+18,625,000	77,420,000	590
NFC/TSP Supp.	45,788,000	403	33,372,000	363	+227,000	33,599,000	363
4. Info. Tech.:	19,443,000	40	16,090,000	31	-2,633,000	13,457,000	31
NITC	19,443,000	40	16,090,000	31	-2,633,000	13,457,000	31
Tot. Avail. or Est.	126,462,000	902	110,133,000	985	+16,769,000	126,902,000	984

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JUSTIFICATION OF INCREASES AND DECREASES

In the categories of Administration and Information Technology, WCF activities are aggregated under functional categories to simplify presentation. The aggregated functions are as follows:

Administration:

Beltsville Service Center: (Belts. Svc. Ctr.)	Central Supply Stores Consolidated Forms and Publications Distribution Center Central Excess Property Operation Central Shipping and Receiving
Mail and Reproduction Mgt.: (Mail/Repr. Mgt.)	Central Mail Unit Duplicating Unit Copier Center Departmental Mailing List Service

Information Technology:

National Information Technology Center (NITC): includes both mainframe/IT services and applications support services

Telecommunications Services:	National Telecommunications Services Office Computer Services Unit Telecommunications Customer Services Center Network Services

Justifications of increases and decreases among WCF activities are as follows:

Appropriation:

(1) A decrease in appropriation of $12,747,000 for disaster recovery and continuity of operations for the National Finance Center ($12,747,000 available in FY 2005).

Other sources of WCF funding for disaster recovery and continuity of operations needs will be explored for FY 2006.

Recurring Operations (reimbursements from serviced agencies):

(2) A net increase of $1,393,000 for recurring operations of Administration consisting of:

Beltsville Service Center	+$618,000
Mail and Reproduction Services	+775,000
Total	+$1,393,000

(a) An increase of $575,000 to provide personal property services to USDA and non-USDA agencies through the Beltsville Service Center.

The increase supports expected non-pay inflation costs associated with supply, forms warehousing, and excess property services, and oversight costs.

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(b) An increase of $691,000 to provide mail and reproduction services to USDA and non-USDA agencies.

The increase supports expected non-pay inflation costs associated with mail delivery and processing, copier and duplicating, and mailing list services, and oversight costs.

(c) An increase of $127,000 for pay costs.

This increase is needed to retain personnel needed to meet the expected level of program operations.

(3) A net decrease of $433,000 for recurring operations of Communications, consisting of:

Broadcast Media and Technology Center	-94,000
Visual Communications Center	-339,000
Total	-$433,000

(a) A decrease of $110,000 for video and teleconferencing services in the Broadcast Media and Technology Center.

The change is net of estimated non-pay inflation and workload changes.

(b) A decrease of $350,000 for visual design services in the Visual Communications Center.

The change is net of estimated non-pay inflation and workload changes.

(c) An increase of $27,000 for pay cost.

This increase is needed to retain personnel needed to meet the expected level of program operations.

(4) A net increase of $24,691,000 for recurring operations of Finance and Management consisting of:

National Finance Center/USDA Services	+$3,234,000
National Finance Center/External Support	+18,625,000
National Finance Center/Thrift Savings Plan Support	+227,000
Controller Operations	+2,497,000
Competitive Sourcing	+108,000
Total	+$24,691,000

(a) A net increase of $21,109,000 for financial management services provided to USDA and non-USDA agencies, and in support of the Thrift Savings Plan (TSP) by the National Finance Center.

The increase stems primarily from non-pay inflation and for anticipated workload changes in non-USDA/non-TSP customers.

(b) An increase of $2,237,000 for Controller Operations

The increase reflects non-pay inflation and changes in estimates of workload.

(c) An increase of $103,000 for Competitive Sourcing.

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The increase is a reflection of expected non-pay inflation costs and oversight costs required for Department-wide coordination of competitive sourcing activities.

(d) An increase of $1,242,000 for pay cost.

This increase is needed to retain personnel needed to meet the expected level of program operations.

(5) A net increase of $13,680,000 for recurring operations of Information Technology consisting of:

National Information Technology Center	+$1,082,000
Information Technology Services	+12,471,000
Telecommunications Services	+127,000
Total	+$13,680,000

(a) An increase of $829,000 for mainframe computer and applications design/support services.

The increase reflects estimates of non-pay inflation costs and costs associated with delivery of services requested by customers.

(b) An increase of $11,920,000 for information technology services.

The increase reflects non-pay inflation and estimated costs of agency-specific support. Information Technology Services is a new activity in FY 2005. It incorporates the information technology infrastructure roles of the Farm Service Agency, the Natural Resources Conservation Service and Rural Development mission area. It is a fee for service activity which will strive to provide quality infrastructure IT support to its customers with an emphasis on customer service and striving for efficiencies through management and technology.

(c) An increase of $82,000 for telecommunication operations, network support, and computer services to Departmental offices.

The increase is due to effects of non-pay inflation and other costs associated with delivery of services to customers.

(d) An increase of $849,000 for pay cost.

This increase is needed to retain personnel needed to meet the expected level of program operations.

(6) A net increase of $81,000 for recurring operations of Executive Secretariat.

(a) A increase of $59,000 for correspondence management and tracking services.

The increase is primarily the result of non-pay inflation.

(b) An increase of $22,000 for pay cost.

This increase is needed to retain personnel needed to meet the expected level of program operations.

(7) A net increase of $2,357,000 for recurring operations of Corporate Systems.

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Corporate Financial Management Systems	+$979,000
Integrated Procurement Systems	+1,578,000
Universal Telecommunications Network	-200,000
Total	+$2,357,000

(a) An increase of $863,000 for corporate financial management systems.

The increase reflects non-pay inflation, costs of shared services for functions performed in New Orleans, and costs of delivery of service to customers.

(b) An increase of $1,570,000 for integrated procurement systems.

The change is the effect of non-pay inflation estimates and estimated costs associated with development and implementation of procurement systems.

(c) A decrease of $200,000 for telecommunications infrastructure and security.

The decrease is due to the phasing out of this stage of telecommunications system and infrastructure development and implementation.

(d) An increase of $124,000 for pay cost.

This increase is needed to retain personnel needed to meet the expected level of program operations.

Capital Acquisitions:

(8) An expenditure of $22,746,000 for capital acquisitions in FY 2006 ($22,310,000 allocated in FY 2005):

(a) Expenditures for capital acquisitions are as follows:

	2005	2006
Administration:		
Beltsville Service Center	$0	$56,000
Mail and Reproduction Management	110,000	0
Total	$110,000	$56,000
Communications:		
Broadcast Media and Technology Center	$165,000	$165,000
Total	$165,000	$165,000
Finance and Management:		
National Finance Center	$6,400,000	$3,600,000
Total	$6,400,000	$3,600,000
Information Technology:		
National Information Technology Center	$6,635,000	$5,250,000
Telecommunications Services	1,900,000	1,725,000
Total	$8,535,000	$6,975,000

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Executive Secretariat: (none allocated)

Corporate Systems:

Corporate Financial Management Systems	$7,100,000	$5,000,000
Integrated Procurement Systems	0	6,950,000
Total	$7,100,000	$11,950,000
TOTAL, Working Capital Fund	$22,310,000	$22,746,000

Capital acquisitions reflect the most economical purchases of equipment and other capital investments. Capital is allocated among activity centers up to the limit of availability based on their respective equipment and capital needs. Such allocations are not based on any prior year allocation that might have been made to activities. Requests for capital must be justified to and reviewed by the WCF Controller before final allocations are made. In evaluating capital requests, the primary principle governing allocations is that where it is advantageous for the Government to purchase rather than lease assets (based on total costs over the life of the asset), capital acquisition resources are allocated. Where it is less advantageous to do so, equipment and other assets are leased (lease costs are reflected in operating costs for activity centers). In all cases, acquisitions (purchase or lease) are made in response to anticipated demand for service with an eye toward minimizing unit costs of service. Further, acquisitions will be made in a manner consistent with requirements set forth by the Office of the Chief Information Officer for information technology investments.

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Working Capital Fund

Geographic Breakdown of Funding and Staff-Years
2004 Actual and Estimated 2005 and 2006
(Recurring Operations)

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alaska	0	0	218,000	2	218,000	2
Alabama	0	0	1,199,000	11	1,199,000	11
Arkansas	0	0	1,417,000	13	1,417,000	13
Arizona	0	0	872,000	8	872,000	8
California	0	0	1,090,000	10	1,090,000	10
Colorado	9,675,000	22	16,420,000	53	14,876,000	53
Connecticut	0	0	327,000	3	327,000	3
District of Columbia	76,267,000	221	162,214,000	278	162,650,000	302
Delaware	0	0	436,000	4	436,000	4
Florida	0	0	1,090,000	10	1,090,000	10
Georgia	0	0	1,526,000	14	1,526,000	14
Guam	0	0	218,000	2	218,000	2
Hawaii	0	0	218,000	2	218,000	2
Iowa	0	0	2,289,000	21	2,289,000	21
Idaho	0	0	763,000	7	763,000	7
Illinois	0	0	1,853,000	17	1,853,000	17
Indiana	0	0	1,526,000	14	1,526,000	14
Kansas	0	0	2,398,000	22	2,398,000	22
Kentucky	0	0	1,308,000	12	1,308,000	12
Louisiana	248,648,000	1,513	250,333,000	1,663	268,495,000	1,663
Massachusetts	0	0	436,000	4	436,000	4
Maryland	10,592,000	47	12,474,000	72	13,092,000	72
Maine	0	0	763,000	7	763,000	7
Michigan	0	0	1,635,000	15	1,635,000	15
Minnesota	0	0	2,071,000	19	2,071,000	19
Missouri	76,361,000	187	92,755,000	370	90,202,000	370
Mississippi	0	0	1,635,000	15	1,635,000	15
Montana	0	0	1,199,000	11	1,199,000	11
North Carolina	0	0	1,744,000	16	1,744,000	16
North Dakota	0	0	1,526,000	14	1,526,000	14
Nebraska	0	0	2,724,000	25	2,724,000	25
New Hampshire	0	0	218,000	2	218,000	2
New Jersey	0	0	436,000	4	436,000	4
New Mexico	0	0	763,000	7	763,000	7
Nevada	0	0	436,000	4	436,000	4
New York	0	0	1,417,000	13	1,417,000	13

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Ohio	0	0	1,308,000	12	1,308,000	12
Oklahoma	0	0	1,635,000	15	1,635,000	15
Oregon	0	0	981,000	9	981,000	9
Pennsylvania	0	0	1,090,000	10	1,090,000	10
Puerto Rico	0	0	436,000	4	436,000	4
South Carolina	0	0	872,000	8	872,000	8
South Dakota	0	0	1,526,000	14	1,526,000	14
Tennessee	0	0	1,526,000	14	1,526,000	14
Texas	0	0	4,359,000	40	4,359,000	40
Utah	0	0	1,199,000	11	1,199,000	11
Virginia	0	0	1,199,000	11	1,199,000	11
Vermont	0	0	545,000	5	545,000	5
Washington	0	0	981,000	9	981,000	9
Wisconsin	0	0	1,853,000	17	1,853,000	17
West Virginia	0	0	763,000	7	763,000	7
Wyoming	0	0	654,000	6	654,000	6
Total, Available or Estimate	421,543,000	1,990	590,874,000	2,956	605,993,000	2,980

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WORKING CAPITAL FUND

STATUS OF PROGRAM

The Office of the Chief Financial Officer (OCFO), in addition to its responsibilities in financial policy and operations, is responsible for the administration of the Working Capital Fund (WCF). The Chief Financial Officer is the Departmental official charged with responsibility for the financial health of the WCF, and the Associate Chief Financial Officer for Financial Policy and Planning serves as Controller of the WCF in charge of day-to-day financial management. A staff attached to the Controller supports the OCFO in fulfilling this mission. In addition to its responsibilities for administration of the WCF, OCFO also manages four WCF activities: the National Finance Center, Controller Operations, Corporate Financial Management Systems, and Competitive Sourcing.

The WCF is a financing mechanism that provides support to more than 20 financial, administrative, and information technology activity centers across five Departmental organizations. Current activities and examples of recent progress are outlined below.

In FY 2004, the Office of the Inspector General issued an unqualified (clean) opinion on the financial statements for the WCF for fiscal years 2002 and 2003.

ADMINISTRATION

Current Activities. Activities under this heading are managed under the Assistant Secretary for Administration and include the following (all activities in Washington, D.C., unless otherwise noted):

Beltsville Service Center (Beltsville, MD):

- Central Supply Stores (self-service store operations managed in Washington, D.C.)
- Consolidated Forms and Publications Distribution Center
- Central Excess Property Operation

Central Shipping and Receiving (services both Washington, D.C. offices and the George Washington Carver Center (GWCC))

Mail and Reproduction Management:

- Central Mail Unit
- Duplicating Unit
- Copier Service
- Departmental Mailing List Service

Integrated Procurement Systems (covered under "Corporate Systems" below)

The Beltsville Service Center (BSC) provides on-demand customer services to all USDA agencies and activities, to non-USDA agencies and activities served by the USDA National Finance Center, and to certain other non-USDA agencies and activities as a service provider for the National Capital Area's Cooperative Administrative Support Program. Services are provided in: forms and publications acquisition, management, warehousing and world-wide distribution; excess personal property accountability, reuse, sales and disposal; and office and general supply acquisition, warehousing and sales.

The Mail and Reproduction Management Division (MRMD) is responsible for managing and directing programs for analysis, development, evaluation, and promotion of improvements in the policies, plans, methods, procedures and systems of the USDA mail management program, departmental mailing list

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system, copier/duplicating, printing and mailing operations. The Division has responsibility for directing centralized printing and copier/duplicating systems, automated systems providing mailing list services, divisional automated data processing (ADP) support and a staff support system in the areas of divisional financial management, program analysis and administration. MRMD has established world-class mail management and print on-demand programs through the implementation of technology and achieving cost savings through postal discount programs and centralized services.

Since services are demand-based (i.e., customers have discretion to make use of the services provided), the primary goals are sustaining high quality in service delivery and minimizing unit costs for services delivered.

Selected Examples of Recent Progress.

1. The Central Mail Unit implemented a tracking system that is used to track/trace delivery of incoming courier packages and U.S. Postal Service (USPS) accountable mail to delivery destinations. The Central Mail Unit also purchased a tracking system for outbound USPS accountable mail and FedEx packages. Through collaboration with the USPS (hardware/software requirements), delivery confirmation services are now available to customers.

2. Document shredding services were added to the menu of services available to customers. Using these services, customers can have obsolete business records destroyed safely, on-site, in a secure facility at a competitive price.

3. A realignment of mail routes and staff in the Mail Center resulted in a savings of over $150,000 annually.

4. The statement of work for the George Washington Carver Center (GWCC) copier center was revised to reduce contract costs for copier services by more than $140,000. As of April 1, 2004, headquarters began overseeing and fulfilling all print requests in GWCC. The contractors were reassigned to maintain the copier units throughout the GWCC complex.

5. The entire fleet of high volume printers was upgraded and installed through re-negotiations of the current lease contracts. This action resulted in savings of approximately $10,000 per month.

6. Fifteen small lot sales of surplus furniture and equipment were conducted yielding approximately $50,000 in net proceeds.

7. Approximately 179,350 pieces of excess personal property for the USDA and cross-serviced agencies were processed and disposed.

8. There were 12,975 pieces of ADP equipment with an acquisition cost of $14,286,940 donated to public schools and non-profit organizations in support of Executive Order 12999, "Educational Technology: Ensuring Opportunity for All Children in the Next Century."

9. Through the agreement with its current vendor, the BSC generated sales in excess of over $3 million and increased its customer base by 197 new shoppers. This agreement reduced BSC's transportation charges to its customers through the use of the vendor's no cost door-to-door shipping services to its nationwide customers.

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COMMUNICATIONS

Current Activities. Activities under this heading are managed by the Office of Communications and include the following (all activities in Washington, D.C.):

- Broadcast Media and Technology Center
- Visual Communications Center

Centrally managed teleconferencing services, video and multimedia production technologies afford users promising cost efficiencies. These strategies allow users to avoid higher costs of travel while maintaining contact between headquarters offices and field offices, agricultural program clients, and the general public. The Broadcast Media & Technology Center (BMTC) produces informational videos, TV public service announcements, national telecasts, satellite media interviews, video and audio conferences, multimedia products such as DVD's and video CD's, and audio and video web streaming (live and archived) on the Internet. Topics covered include the Bovine Spongiform Encephalopathy (BSE) crisis, Science & Technology follow-up conferences in Costa Rica and Burkina Faso, food safety, Conservation Security Program, international trade, forestry and conservation programs, employee updates, administrative training and rural development issues.

The Visual Communications Center (VCC) provides centralized design and communications product management through the use of design and imaging standards. It supports various creative services to the Department, including photography and printing services. The Center maintains a creative electronic graphics studio for print media, non-print electronic media and exhibit fabrication. It maintains an electronic archive storage site for departmental print and exhibit material and an extensive centralized USDA Photo Library of captioned black/white prints and color transparencies, color negatives and digital imagery. The facility offers complete services in the planning of print, interactive media, marketing, and consultation in communication planning, language translations for print material, audience evaluation, production art, specialized contracting and exhibit fabrication services. The Center provides photographic research services and distributes photographs to the news media and to the public. Creative design services include: logo development, illustrations, ad development, photography, specialized copy writing, posters, brochures, printing, web-sites, banners, trade-show exhibits, visitor centers, special media events, and coordination of information print campaigns shared by departmental initiatives with various mission areas. Services are provided to international, national, regional, State and local USDA offices, and other Government agencies as requested. Printing services have central printing authority, and therefore, serve as the liaison with the Government Printing Office and the Joint Committee on Printing.

Selected Examples of Recent Progress.

1. Television news producers in BMTC produced 150 stories in FY 2004, up from 140 stories in FY 2003, 130 stories in FY 2002 and 106 in FY 2001. The increase is the result of continuing technological efficiencies based on networked editing systems, and the seasoning of our producer team. The stories covered mission messages including: BSE, trade, biotechnology, rural development, research, water quality, nutrition, food aid, national forests, the new Conservation Security Program and other conservation topics, cooperative extension, small farms, marketing and food aid. These stories were aired on two nationally syndicated programs specifically targeted to rural areas and farmers and many other smaller networks and outlets. Video news releases and selected sound bites are also available to the public as "streaming media" files with direct links from the USDA Home Page on the Internet.

2. Using new state-of-the-art upgraded editing systems acquired in FY 2004, BMTC coordinated and produced over 20 major video projects including television and radio public service announcements for the general public and the agriculture community on the subjects of: Food Stamps, Soybean Rust, Backyard Bio-security for birds and BSE. The USDA agencies sponsoring these projects included APHIS, FNS, and Forest Service as well as other Federal agencies, including SBA.

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3. BMTC coordinated and produced audio and video streaming through USDA's Internet home page with new high-end web streaming servers providing multiple streams in Real and Windows Media. They provided desktop coverage of several press conferences by the Secretary and other officials during the BSE crisis this past winter. This service offered immediate access through the Internet by the public and news organizations around the world for events as they happened. The BMTC staff also assisted with audio bridges and web streaming technology as the Radio Center conducted telephone news conferences with the Secretary of Agriculture.

4. BMTC acquired new state-of-the-art computerized audio bridging equipment that is now compatible with the White House, Homeland Security and other Federal agencies. With it, BMTC produced a total of 5,520 audio conferences on topics such as: APHIS bio-security, BSE technical briefings and foreign agricultural trade policy. A total of 6,485 hours of audio conferencing was used for the 5,520 conferences.

5. BMTC coordinated a total of 90 video conferences during this period. Topics included implementation of new Interagency Fire Program Qualifications and Farm Loan Technical Training video meetings.

6. The consolidation of VCC in FY 2003 created a one-stop shopping center for visual services. Three major teams, Design, Photography and Printing, have integrated procedures to streamline activities. In fiscal year 2004 the design team had a total of 1,000 requests for design services from USDA agencies, significantly less than last year, but larger in scope of deliveries and value. The majority of work continued to be in the area of print media, while Internet services remained the same as the result of the introduction of newly mandated e-gov web templates. Agencies continued to increase education and program marketing with outreach efforts to disadvantaged customers, food security and food nutritional related matters.

7. With the addition of newly placed National Education Campaign term contracts, the request for rapid communication planning, media planning and market planning created a larger than usual request for service. VCC supported APHIS in several major high visibility program activities mandated by Congress with critical deadlines that the VCC was able to meet. In addition to saving time, administrative contract savings of 25 percent were realized through this effort.

8. Major National Marketing Campaigns:

- Soybean Rust Campaign
- Biosecurity for the Birds Campaign
- Animal ID Campaign
- BSE Campaign
- Food Thermometer Campaign

9. Major Design of Printing Standards:

- National Appeals Division
- National Agricultural Libray
- CSREES National 4-H

10. Major Designed and Fabricated Visitor Centers:

- Bureau of Printing and Engraving Fabrication, U.S. Treasury, Fort Worth, Texas, Visitor Center
- Forest Service, Hiawatha National Forest Visitor Center, Escanaba, Michigan
- USDA Annual Children's Gallery, Washington D.C.
- USDA Visitor Center Fabrication, Washington D.C.

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11. VCC continued to receive requests for agency visual information design standards and logos. These have been or are in the process of being developed, including the USDA printing standards and formats. These identities are to have integration ability with the USDA standards to ensure a cohesive reflection of the Department in one voice.

12. Requests to VCC for agency exhibition and visitor center design and fabrication support continued at steady levels. Value added term contracts were put in place to support cost competitive design and fabrication, rapid implementation of activities, and to maintain quality of services. The in-house fabrication shop has been terminated. Staff have been converted to project managers of services allowing more time to meet demand with a limited staff and provide rates competitive with the commercial sector.

13. VCC's photography Internet site continued to grow and now has over 2,000 photographs searchable by topic and provides dozens of topics and sub-topics. The site is designed to assist photo users in their research, and to answer the increasing demand for digital photography with a decreasing staff. In FY 2004 nearly 70 percent of the images the VCC photography staff supplied to users were in a digital format, a 10 percent increase from last year. This does not take into account the thousands of low-resolution images which have been downloaded directly from the website.

14. VCC's photography team supported USDA publications and special events such as: the USDA 2004 Results Agenda, USDA Human Capital Report, and the America's First Farmers Native American Indian Event. In addition, photojournalists worked with designers to photograph specific on-location shoots and studio shoots to support design projects.

FINANCE AND MANAGEMENT

Current Activities: Activities under this heading are managed by the Office of the Chief Financial Officer (OCFO) and include the following (all activities in Washington, D.C., unless otherwise noted):

- National Finance Center (New Orleans, LA)
- Controller Operations (Washington and New Orleans)
- Corporate Financial Management Systems (covered under "Corporate Systems," below)
- Competitive Sourcing

The National Finance Center (NFC), along with Corporate Financial Management Systems (CFMS), continues to play a central role in the reengineering and operation of financial management and administrative systems in USDA, consistent with the goals and objectives of both the USDA 5-Year Financial Management Plan and the Chief Financial Officer's Strategic Plan. NFC and CFMS administer and operate over 20 financial and administrative service systems in support of all agencies of USDA and over 100 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, and travel. Systems development, implementation, and maintenance activities are performed in the context of ongoing customer requirements, while developmental efforts are underway at the NFC as important elements of the Department's broader efforts to modernize financial and administrative systems.

NFC also provides Government-wide support services to the Office of Personnel Management (OPM) and the Federal Retirement Thrift Investment Board (FRTIB). NFC effectively managed the business planning for the downsizing of the Thrift Savings Plan (TSP) service upon notification of changes in FRTIB requirements in January 2004.

Controller Operations operates a unified corporate controller organization integrating accountability for sustained financial management processes and systems throughout the Department of Agriculture.

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Under Competitive Sourcing, OCFO provides guidance and direction to USDA mission areas and agencies in the implementation of OMB Circular A-76 in this critical President's Management Agenda item.

Selected Examples of Recent Progress:

1. The E-authentication initiative was expanded by virtue of selection of NFC as a Shared Service Provider (SSP) for Public Key Infrastructure (PKI) services for Government-to-Government business—the only Government entity to meet the stringent criteria. NFC completed its first Annual Compliance Audit of its PKI System and was found to be in substantial compliance with all Government PKI Policies and Procedures.

2. NFC continued the development of e-Payroll by participating fully with OPM and other key stakeholders in the development of the next steps for the e-Payroll initiative and in the migration of new e-Payroll customers to NFC. NFC served on the e-Payroll executive steering committee and worked cooperatively with its e-Payroll partner, the Department of the Interior (DoI). Further, NFC supported OPM's leadership efforts, advancing partnership with DoI by agreeing to payroll Millennium Challenge Corporation's Personal Service Contractors. Several components of the Department of Homeland Security were implemented in October 2004, and the Federal Protective Service was migrated from GSA to the Department of Homeland Security in August 2004. Parallel testing is now underway for the Department of Labor and the Federal Energy Regulatory Commission migrations.

3. NFC conducted a reengineering of the information technology (IT) infrastructure project management and change management process to focus on the business value of modifications and upgrades to NFC's data center. As a result, more than 20 projects were identified that would yield low business value and were subsequently eliminated, resulting in cost avoidance of more than $1 million. NFC also initiated a major multi-year IT operations change project expected to save $4 million.

4. In addition to extensive support of homeland security efforts, NFC developed a comprehensive cyber security plan that included enhanced network security, implementation of 24-7 intrusion detection system monitoring, encryption of the internal network, implementation of the new certification and accreditation process. NFC enhanced network security through the implementation of additional network and encryption of internal network in order to better protect NFC information assets through the "defense in depth" concept. The Center completed an effort to have all NFC systems certified and accredited ensuring that all systems were in compliance with Federal mandates.

5. Controller Operations (COD) played a major role in the implementation and continuation of business processes and enhancement of financial analysis that enabled the Department and its respective agencies to achieve a third unqualified audit opinion. This occurred even with an accelerated date to complete all financial statements. COD's staff was able to provide all schedules and required information which allowed the Department's OIG to complete its audit in a timely manner.

6. COD, in collaboration with NFC/Government Employees Services Division, automated the billing process for payroll deductions such as garnishments, alimony, etc. This resulted in the savings of 1 FTE that was deployed within the division to address other human capital needs.

7. COD negotiated with Treasury to accelerate payroll by one day. This enabled COD to have enough time to complete full testing of the Payroll System for the first time during a Disaster Recovery Drill.

8. COD implemented a new process to handle Advance of Salary payments for payroll accounting.

9. At COD's request, Treasury agreed to update the Government Online Accounting Link System with payment information two days earlier than current practice. This new process allows the agencies to

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continue to disburse for an additional day while permitting an accurate and timely cash reconciliation process to be completed at month end.

10. COD implemented an aggressive analysis of the over 900,000 vendors on the vendor tables to remove inactive or inappropriate vendors. COD researched and deactivated 567,000 inactive vendors, out of a total of 900,000, from the accounting system vendor tables. As the vendor table is a key component of the Department's accounting system, this action resulted in a substantial improvement in reporting quality and efficiency.

11. COD replaced the use of spreadsheets utilized in the daily interface reconciliation process to achieve better efficiency. COD now uses an Access database and demand macros via Electronic Information Distribution System that significantly improved the reconciliation and management reporting process.

12. COD implemented the Contractor Certification Registration System to comply with regulations requiring all government contractors be registered as a prerequisite to conducting business with the Federal Government.

13. COD improved timeliness and accuracy in a number of areas:

- It reduced the time to identify cash reconciliation variances from 7 months in 2003 to 60 days for 90 percent of agencies. Variances identified for the remaining agencies are under 90 days. There are over 700 Treasury symbols with 60 million transactions annually.

- It improved the status of Statement of Difference Reconciliation, FMS 6652, so that thirteen of seventeen Foundation Financial Information System Agency Locator Codes for disbursement are reconciled and resolved within 90 days; three of seven are reconciled and resolved within 90 days.

- It improved the detailed reconciliation of 702 Treasury symbols. In March 2004, reconciling items for FY 2003 were still being identified; effective July 15, 2004, the April 2004 reconciliations were 80 percent complete.

- It brought to near completion the project to implement the Automated Cash Reconciliation Worksheet System (ACRWS 53) for the FMS 6653, "Undistributed Appropriation Account Ledger." Parallel testing was conducted for the months of June through August. Effectively, the age of reconciling items decreased from 6 months to 90 days.

14. COD worked with the Food Safety and Inspection Service to reduce the amount of old reconciling items by $34 million, or 90 percent, during 2004.

15. COD assumed responsibility for Forest Service cash reconciliation and property reconciliation activities.

16. COD maintained 100 percent reconciliation status for all agencies within the 60 day standard for resolving reconciling items.

17. COD researched and reduced erroneous accounting entries recorded in Suspense Treasury Symbols from $358 million to $26 million. This action is a qualitative improvement to Department Financial Statements.

18. COD developed and began providing the Monthly Certification Report of Financial Processes to Agency CFOs which gives a concise list of key financial tasks such as suspense clearance, cash and

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property reconciliation, nightly cycle processing, etc., frequency of occurrence, responsible party, and task status information.

19. To demonstrate improved return on investment both through completed competitions and its green plan for competitions, USDA is now utilizing competitive sourcing as a tool to improve efficiency and effectiveness of business processes. USDA issued guidance to agencies requiring cost/benefit analysis prior to conducting studies. OCFO added the financial analyst skill set to the Competitive Sourcing program management team to get results and return on investment. OCFO is performing program reviews of agencies to emphasize efficiency and effectiveness of operations.

20. As a result of the changes made by OCFO, USDA achieved positive anticipated net savings and significant performance improvements in competitions conducted during the past year. In FY 2004, USDA completed 16 competitive sourcing studies on 1,484 full-time equivalent positions and the estimated net savings are $173.85 million for five years.

INFORMATION TECHNOLOGY

Current Activities: Activities under this heading are managed by the Office of the Chief Information Officer (OCIO), and include the following (all activities in Washington, D.C., unless otherwise noted):

Activity Centers:

National Information Technology Center (mainframe operations in Kansas City, MO; applications support services in Fort Collins, CO)

Telecommunications Services:

- National Telecommunications Services and Operations
- Computer Services Unit
- Telephone Customer Service Center
- Network Services

Information Technology Services (new activity in FY 2005)

The National Information Technology Center (NITC) continues to provide users with a comprehensive range of automated data processing operations, consultation, training, and application design services. Mainframe computing service continues to show significant reductions in unit costs of operation. Applications Services continues to be characterized by high demand for design support. Under the Telecommunications Services and Operations office in OCIO, National Telecommunications Services and Operations provides a wide variety of Department-wide telecommunications management support services, as well as an integrated information system for inventory management, billing, reporting, and validation. The system is also used for engineering and streamlining the Department-wide telecommunications network environment and ensuring that agency telecommunications network solutions are compliant with Departmental program goals and objectives. The Computer Services Unit plans, acquires, implements, and manages information technology (IT) resources for the Office of Secretary and the Office of Chief Information Officer. The Telecommunications Customer Services Center maintains and administers the USDA telecommunications equipment and services inventory in the D.C. Buildings Complex, provides USDA locator and automated telephone directory employee locator services, and administers the Departmental voice mail system service. Network Services provides technical and operations assistance on data networking telecommunications systems, design, installation, operation, and management of shared services provided on Departmental Headquarters networks and platforms; participates on the design, engineering, provisioning, and operations management of the Enterprise Network; and is responsible for the USDA Telecommunications Security program. Information Technology Services is a new organization

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within OCIO that incorporates the infrastructure roles of the Farm Service Agency, the Natural Resources Conservation Service and Rural Development mission area.

Selected Examples of Recent Progress:

1. The NITC Resource Ordering and Status System team received the Kansas City Federal Executive Board Team Award for their efforts in resolving issues during fire season.

2. NITC implemented improvements in job scheduling services and implemented systems allowing customers to schedule midrange as well as mainframe workload; it also implemented data mirroring between the NITC facilities in Kansas City and Beltsville. Availability of mainframe servers remained at 99.99 percent.

3. NITC implemented a number of cost management actions, including: full implementation of activity based costing (ABC) to assure more accurate tracking of expenses by customer, a new billing system to provide customers with a browser-based environment to better track costs, and a thorough review of software products in the shared mainframe environment that resulted in the removal of 25 products saving over $600,000 in maintenance costs. Efforts to contain costs and increased business resulted in a return of almost $3 million to shared mainframe environment customers at the end of the third quarter; rates in the environment for CPU utilization were reduced by 1.7 percent and for direct access storage devices usage by 12.1 percent.

4. Certification and Accreditation (C&A) of all NITC general support systems and applications were completed during the period. NITC also participated in C&A efforts in support of numerous customers. All plan of action and milestone items and GAO items have been addressed, and as a result of the C&A efforts will be entered into the FY 2005 Plan of Action and Milestone Database with progress tracked as projects.

5. NITC made many improvements to configuration management processes, including the establishment of a team chartered under the project management office and defining comprehensive configuration management process architecture. Significant progress was made to strengthen the change control process using Information Technology Infrastructure Library standards.

6. NITC took a number of actions regarding continuity of operations, including: leading the effort to successfully complete the OCIO continuity of operations (COOP) plan that encompasses three geographic areas and that complies fully with FEMA requirements, reviewing and updating the COOP plan to ensure it is current, training the COOP Crisis Management Team and participating in the Kansas City Regional Interagency COOP Exercise in April 2004, and conducting COOP and disaster recovery exercises.

7. The National Telecommunications Services Office (NTSO) provided support to the Universal Telecommunications Network (UTN) Project Office, including:

- Analysis and comment on numerous procurement documents;
- Evaluation of each of the vendor proposals; participation in vendor presentations of potential UTN solutions;
- Coordination of critical requirements with the selected UTN vendor in preparation for transition to the new network; and
- Procurement of services necessary to ensure a smooth transition to the UTN and providing support in monitoring of the UTN service level agreements.

8. NTSO conducted a major reconfiguration of the USDA network firewall to enhance the security of USDA's critical telecommunications infrastructure:

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9. NTSO provided operational and ongoing telecommunications support for all of the Continuity of Operations (COOP) sites, including:

- Planning and leading the implementation of a COOP mechanism to enable the wide area network team to continue operations in the event the Fort Collins Wide Area Network (WAN) servers became unavailable;
- Reconfiguring and deploying in servers in Beltsville, MD, to mirror critical WAN servers in Fort Collins in the event the Fort Collins servers are unavailable. This project was accomplished with no expenditure for new hardware; and
- Completing successful testing exercises.

10. NTSO successfully completed a project to migrate the old Departmental web servers to new servers and a new facility.

11. NTSO completed Phase 1 of the Border Gate Protocol Project, which will make routing of network traffic more efficient and enhance network management.

12. NTSO continued to support the Service Center Agencies in the operational support of their Internet based virtual private network.

13. NTSO continued the operations of the Universal Resource Locator (URL) filtering capabilities at four Internet access nodes. USDA customers that get Internet access service from the Fort Collins node, the George Washington Carver Center node, Kansas City node, and the Washington, D.C. node are protected from inadvertently accessing prohibited Internet sites as a result of this service. The impact of this project is a reduction in the growth of Internet access capacity requirements, and consequently, a reduction in the overall cost of providing Internet access to USDA customers.

14. NTSO completed or continued work on impact assessments for the following: implementation of the Integrated Acquisition System (IAS), the Corporate Property Automated Information System infrastructure impact assessment, and the assessment for the eLearning/AgLearn initiatives

15. NTSO supported the Telecommunications Cost Management Initiative to better define and track telecommunications expenditures across the Department, including a thorough analysis of accounts with the USDA billing team, saving over $355,000 to date, and an effort with the NFC to develop new reporting from the TELE system to allow USDA agency Telecommunications Mission Area Control Officers or their representatives' access to TELE accounts that reject for payment each month. This new report has been developed and is on-line for agency use.

16. Washington Telecommunications Services and Operations (WTSO) provided support to the Office of the Secretary (OSEC) and USDA Administration by:

- Enhancing the Executive Management System events tracking application;
- Developing and maintaining the Faith-Based Communities Initiative Website;
- Developing and enhancing the Candidates Nomination Program; and
- Providing wireless, other telecommunications support, and continuity of operations site and infrastructure support to the Secretary and the Office of the Secretary

17. WTSO provided messaging services, infrastructure and technical support for the following departmental initiatives:

- Universal Telecommunications Network
- e-Gov Initiative
- Service Center Modernization Initiative (SCMI), extending support to the SCMI staff with the

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George Washington Carver Center (GWCC), Natural Resources Conservation Service, Office of General Counsel and Farm Service Agency
- Continuity of Operations Plan communications initiatives
- Migrating users under the Assistant Secretary for Civil Rights to the OCIO Enterprise Local Area Network and providing additional support to this new office
- Providing support for certification and accreditation of systems
- USDA 1890 Scholars Program and 1890 Initiative

Accreditation and certification for the following systems:

- Metropolitan Area Network
- Enterprise Local Area Network
- Executive Management System
- Faith-Based Communities Initiative
- Applications for the Office of Civil Rights

18. WTSO managed the circuits, cabling replacement and support associated with:

- Phases II and III of the South Building renovation
- COOP Sites (providing telephone, network connectivity and video teleconferencing services)
- Washington Metropolitan Area Directory Locator System services to USDA agencies.

19. WTSO explored a number of different technologies and purchasing strategies that resulted in significant cost savings and improved interoperability for future Enterprise Architecture requirements associated with a variety of areas, including:

- Identifying requirements to perform an assessment of the voice mail service to compare voice mail services provided by our current provider with that of another vendor. The anticipated savings from this assessment is estimated to be $100,000;
- Providing new messaging services security (e.g. spam and virus e-mail filtering);
- Scanning approximately 1.3 million messages weekly;
- Combining existing agreements of the customer base, and consolidating the Enterprise Local Area Network (LAN);
- Consolidating LAN; Fort Collins, Kansas City, headquarters, and the National Appeals sites in Virginia, Denver, Indianapolis, and Memphis;
- Increasing the enterprise user base by adding 177 users for the Office of Civil Rights;
- Implementing a distributed mass storage system using network attached storage and NetApps Filers in the enterprise LAN;
- Implementing an enterprise Virtual Private Network; and
- Implementing enterprise servers in Headquarters, Kansas City and Fort Collins.

20. WTSO performed an upgrade to USDA e-mail, including obtaining a three-year contract resulting in a cost savings of $200,000 annually.

21. WTSO upgraded common services to provide for scalability, new security features and higher throughput; the new common services infrastructure will support new applications and services.

EXECUTIVE SECRETARIAT

Current Activities. The Office of the Executive Secretariat (OES) serves as the central office for processing and managing correspondence for the Immediate Office of the Secretary and is responsible for document control, records management, correspondence management, and correspondence policy and procedures.

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Selected Examples of Recent Progress:

1. In concert with the Office of the Chief Information Officer and the Rural Development mission area, OES developed USDA's first enterprise document management application, the Enterprise Correspondence Management Module (ECMM). ECMM, a replacement for Staff Action, the Department's "orphaned" correspondence management system, is the foundation for new document management initiatives. This new, easy-to-use, secure, Web-based system is designed to manage departmental and agency correspondence and other documents.

2. Endeavoring to assist mission areas in providing timely responses to constituent correspondence, OES began answering routine on-line communications from the general public rather than referring it to USDA agencies for response.

3. To expedite correspondence management and ensure accountability from the time correspondence arrives at the Department, OES worked with USDA Mail Operations to acquire a high-speed optical scanner for processing the Secretary's correspondence.

CORPORATE SYSTEMS

Current Activities. The Working Capital Fund finances the development, implementation, and operations of a number of corporate systems initiatives with the aim of taking advantage of state-of-the-art solutions to improve financial and related administrative systems. These include:

Administration: Integrated Procurement Systems (IPS) provides modern, integrated procurement automation tools to the USDA acquisition community through the Integrated Acquisitions System (IAS) that will enable it to enhance support of USDA's mission.

Finance and Management: Corporate Financial Management Systems, under the Associate Chief Financial Officer/Financial Systems (ACFO/FS), administers the Foundation Financial Information System (FFIS), the cornerstone of corporate financial management at USDA and the corporate integrated financial management system for USDA that:

- Brings the Department and its agencies into compliance with laws, regulations and federal financial accounting standards, including the U.S. Standard General Ledger;
- Is the basis for sound financial management at USDA; and
- Provides a critical tool for the Department to sustain an unqualified opinion on its Consolidated and Agency Financial Statements.

Information Technology: Universal Telecommunications Network (UTN) efforts are focused on improving the Department's telecommunications infrastructure and security.

Selected Examples of Recent Progress:

Under Corporate Financial Management Systems:

1. CFMS performed and identified approaches to renovate USDA legacy feeder systems. During FY 2004, significant progress was made to retire certain legacy systems and integrate their processes into the financial system and to reengineer other administrative and financial processes. This progress is described by the following accomplishments and plans:

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- CFMS implemented the real-time interface between the corporate financial management system, FFIS, and the new procurements system -- Integrated Acquisition System (IAS) -- in two phases. Phase one, completed in March 2004, implemented accounting code and vendor update functionality; phase two, completed October 2004, implemented the real-time procurement transactions into the corporate financial management system, FFIS. With all USDA agencies implemented into IAS, the legacy Purchase Order System will be retired.

- Type 60 program loan funds from Rural Development and Farm Service Agency were integrated into the Foundation Financial Information System (FFIS). This implementation removes current functionality from the legacy Purchase Order system; therefore the legacy Purchase Order System can be retired when the corporate procurement system, Integrated Acquisition System, is completely implemented.

- CFMS implemented the modernized Purchase Card Management System through the implementation of web technology. This is a significant major technology modernization improvement for this USDA corporate system and extends the systems life of this major application by upgrading and modernizing the technology and moving from a client-server environment to the web.

- CFMS integrated the Risk Management Agency program funds into FFIS. This centralizes the data in one corporate system, facilitates reporting for the agency and mission area financial statements, the USDA consolidated financial statements, FACTS reporting, and effectively reduces reconciliations between disparate systems.

- CFMS integrated the Foreign Agriculture Service (FAS) State Department transactions directly into FFIS. This eliminates a front-end system FAS was using and provides the detailed data for external reporting, which will improve reconciliations with the State Department for FAS overseas financial management processing.

- The newest portion of the Automated Cash Reconciliation Worksheet System (ACRWS) was developed and conversion parallel tested in FY 2004. This cash reconciliation research tool is used to aid in the daily and monthly reconciliation processes of USDA Agency General Ledger Data to Treasury Financial Management Service (FMS) Data, the State Department, the Health and Human Services' letters of credit and to perform other cash reconciliations. ACRWS has been a critical tool in achieving and maintaining the clean audit opinion for USDA.

- CFMS implemented the direct disbursement component of the Interagency Payments and Collection Processing System (IPAC). This system allows for a standard approach to all IPAC payments and collections using the Treasury's IPAC file as the sole source of invoice and collection data. DDGEN receives the IPAC file, matches the invoice to the obligation, and generates a Direct Disbursement document. Phase I replaced the Fedstrip (FEDS) feeder system in February of 2004. An automated chargeback feature will be added in Phase II, which creates collection actions for refused IPAC invoices. GSA Telephones and GSA Motor Pool will be replaced in Phase II, planned for January 2005. All other IPAC (manual) payments will be absorbed in a Phase III release, planned for the end of FY 2005. Collection activity is scheduled for conversion in FY 2006.

2. In FY 2004, OCFO completed the business case and the OMB exhibit 300 for the Financial Management Modernization Initiative to replace the USDA corporate financial management system, FFIS. USDA/OCFO has been a participating member of the Financial Management Line of Business (FM LOB) and supports the shared services/Information Technology (IT) hosting concepts promulgated by the FM LOB. USDA/OCFO expects to complete requirements analysis task and complete the acquisition strategy during FY 2005 to award in FY 2006 in consonance with the FM LOB direction.

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3. All of USDA real property was successfully implemented into the Corporate Property Automated Information System (CPAIS) in May 2004; marking the first time that USDA has a central repository for owned real property, GSA assignments and commercial leases. The implementation of CPAIS heralds a new day for the USDA real property portfolio, allowing USDA to track its inventory, value its properties, account for capitalized property and leases all in one corporate system. The implementation of CPAIS provides the critical underpinning for the new Executive Order, E.O. 13327, "Federal Real Property Asset Management." Major requirements of this Order are already met by CPAIS, which provides a consolidated, enterprise-wide solution for managing USDA real property and the entire real property portfolio. During FY 2004, OCFO began the analysis and business process re-engineering activities to add the personal property functionality into CPAIS. Adding Personal Property will complete this asset management solution for USDA. Implementation of the Personal Property functionality into CPAIS is scheduled during FY 2006.

Under Integrated Procurement Systems (IPS):

4. IPS deployed a real-time interface between the Integrated Acquisition System (IAS) and the Foundation Financial Information System (FFIS). This interface supports the President's Management Agenda by enabling enhanced funds control and thus contributing to USDA's ability to improve financial management.

5. A full rollout of the IAS was completed at Food and Nutrition Service (FNS), Rural Development (RD), Natural Resources Conservation Service (NRCS), and Food Safety and Inspection Service (FSIS).

6. The first Departmental Administration certification and accreditation for the Integrated Acquisition System (IAS) was attained.

7. IPS developed and deployed a computer based training course for IAS users in coordination with AgLearn, a USDA eGov initiative.

8. A secure Web based update to the Purchase Card Management System (PCMS) was implemented. PCMS Web version 4.2 eliminates the need to update client desktops with releases.

9. IPS implemented the IAS End-User's Forum and deployed a customer care strategy including enhanced help desk and agency support.

Under Universal Telecommunications Network (UTN):

10. UTN coordinated the acquisition from concept through award and developed all support documentation for the procurement of the UTN services.

11. A Request for Comment (RFC) to the vendor community was developed and issued. The RFC document was updated as it evolved into the UTN Statement of Work to secure carrier and integrator based services. UTN also developed and worked with GSA on the issuance of the UTN FTS 2001 and Connections statements of work.

12. UTN provided ongoing outreach with respect to the effort through presentations to the information technology community and to discuss UTN services and telecommunications support. As part of the effort, UTN engaged USDA stakeholders in the formation and evaluation of the UTN services.

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2006 Explanatory Notes
Office of the Chief Information Officer

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5-1

OFFICE OF THE CHIEF INFORMATION OFFICER

Purpose Statement

The Clinger-Cohen Act of 1996 required the establishment of a Chief Information Officer (CIO) for all major Federal agencies. The Act requires USDA to maximize the value of information technology acquisitions to improve the efficiency and effectiveness of USDA programs. To meet the intent of the law and to provide a Departmental focus for information resources management issues, Secretary's Memorandum 1030-30, dated August 8, 1996, established the Office of the Chief Information Officer (OCIO). The CIO serves as the primary advisor to the Secretary and Mission Area Heads in these areas. OCIO provides leadership for the Department's information and information technology (IT) management activities in support of USDA program delivery.

OCIO is leading USDA's eGovernment efforts, in coordination with the Presidential eGovernment Initiatives, to transform the Department's delivery of information, programs, and services. OCIO is designing the Department's Enterprise Architecture to efficiently support USDA's move towards eGovernment by leveraging economies-of-scale to acquire and share data and supporting IT applications and infrastructure. OCIO is strengthening USDA's Computer Security Program to mitigate threats to USDA's information and IT assets and support the Department's Homeland Security efforts. OCIO continues to facilitate the USDA IT Capital Planning and Control investment review process by providing guidance and support to the Department's Executive IT Investment Review Board, which approves all major technology investments to ensure they economically and effectively support program delivery.

Funded through the USDA Working Capital Fund, OCIO provides automated data processing (ADP) and wide-area telecommunications services to all USDA agencies through the National Information Technology Center and the Telecommunications Services and Operations organization, with locations in Ft. Collins, Colorado, Kansas City, Missouri, and Washington, D.C. Direct ADP services are provided to the Office of the Secretary, Office of the General Counsel, Office of Communications, Office of the Chief Financial Officer, and Executive Operations.

OCIO also has direct management responsibility for the IT component of the Service Center Modernization Initiative (SCMI). This includes the implementation of a common technology infrastructure to replace the outdated and stove-piped systems supporting the Farm Service Agency, the Natural Resources Conservation Service, and the Rural Development mission area.

The Office of the Chief Information Officer has three strategic goals and four strategic objectives that contribute to all Departmental strategic goals.

As of September 30, 2004, there were 295 full-time and 14 other employees under the Office of the Chief Information Officer funded by appropriated, reimbursed and Working Capital Funds. These employees were located as follows:

Location	Full-time permanent	Other	Total
Washington, D.C.	92	9	101
Field Units	203	5	208
Total	295	14	309

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Office of Inspector General Reports

#23099-1-FM 3/2000
OCIO Security over Data Transmission in the Department Needs Improvement

#50099-27-FM 3/2001
Security over USDA Information Technology Resources

#50099-28-FM 7/2000
PCIE/ECIE Critical Infrastructure Protection Review

#50099-50-FM 9/2002
Government Information Security Reform Act - Fiscal Year 2002

50501-1-FM 10/2004
Federal Information Security Management Act - Fiscal Year 2004

88501-1-FM 9/2004
National Information Technology Center General Controls Review - Fiscal Year 2004

Government Accountability Office Reports
#AIMD-00-217 8/2000
Information Security: USDA Needs to Implement Its Department-wide Information Security Plan

#GAO-04-49 2/2004
Information Technology Management – Governmentwide Strategic Planning, Performance Measurement, and Investment Management Can Be Further Improved

#GAO-04-153NI 3/2004 (Limited Official Use Only)
Information Security - Further Efforts Needed to Address Serious Weaknesses at USDA

#GAO-04-154 3/2004
Information Security - Further Efforts Needed to Address Serious Weaknesses at USDA

Closed Audits (during FY 2004)
#88099-4-FM
National Information Technology Center General Controls Review – Fiscal Year 2002

#88099-5-FM
National Information Technology Center General Controls Review – Fiscal Year 2003

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OFFICE OF THE CHIEF INFORMATION OFFICER

Available Funds and Staff Years

2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimated		2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation....	$15,493,000	66	$16,595,000	72	$16,726,000	72
Rescission.....	-91,409	--	-132,760	--	--	--
Total, OCIO.....	15,401,591	66	16,462,240	72	16,726,000	72
Obligations under						
Other USDA approp:						
Reimbursements:						
Cyber Security.....	934,671	--	--	--	--	--
E-Government.....	31,785,365		36,497,907	--	35,784,601	--
Enterprise		--				
Architecture.....	4,294,173		--	--	--	--
Service Center						
(SCIT) Oversight.....	1,051,198	7	170,000	--	--	--
NTIA Spectrum						
Management.....	957,598	--	967,000	--	977,000	--
Telecomm ACIO.....	867,180	8	981,182	8	1,005,177	8
Project Management....	377,316	--	74,000	--	74,000	--
Services Provided to						
WCF Activities.....	387,168	2	385,410	3	360,936	3
Subtotal, Reimb.....	40,654,669	17	39,075,499	11	38,201,714	11
Working Capital Fund a/:						
Information Technology.....	91,218,000	221	258,182,000	1,029	271,862,000	1,054
Corporate Systems.....	2,318,000	3	200,000	1	--	--
Capital Equipment.....	9,827,689	--	10,785,000	--	6,975,000	--
Subtotal, WCF.....	103,363,689	224	269,167,000	1,030	278,837,000	1,054
Total, OCIO.....	159,419,949	307	324,704,739	1,113	333,764,714	1,137

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OFFICE OF THE CHIEF INFORMATION OFFICER

Permanent Positions by Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006 a/

	2004	2005	2006
Grade	Washington, DC	Washington, DC	Washington, DC
Total SES	6	6	6
GS-15	12	12	12
GS-14	33	34	34
GS-13	15	15	15
GS-12	5	5	5
GS-11	2	4	4
GS-9	3	4	4
GS-7	2	2	2
GS-5	1	1	1
Total, Permanent Positions	79	83	83
Unfilled Positions end-of-year	-6	--	--
Total, Permanent Full Time Employment, end-of-year	73	83	83
Staff Year Estimate...	83	83	83

a/ Positions shown are appropriated and reimbursed only. For WCF financed positions, refer to the WCF Explanatory Notes for more details.

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OFFICE OF THE CHIEF INFORMATION OFFICER

Summary of Budget and Performance

Statement of Goals and Objectives

The OCIO has three strategic goals and four strategic objectives that contribute to all of the Departments Strategic goals and objectives.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
All USDA Strategic Goals	Goal 1: Provide customers and employees with access to the information they need.	Objective 1.1: Enhance service delivery by improving: 1)citizens knowledge and access to USDA services, 2)collaboration with public and private partners, and 3)internal efficiency through enterprise-wide solutions. Objective 1.3 Provide high quality, secure, and reliable telecommunications services to USDA agencies and customers, enabling them to obtain timely and accurate data.	eGovernment: Presidential e-Gov Initiatives Departmental e-Gov Initiatives Enterprise Architecture Telecommun-ications	Key Outcome 1: Customers and employees have access to the information they need. Maintain network uptime availability percentage
All USDA Strategic Goals	Goal 2: Ensure the protection and safety of USDA information resources.	Objective 2.1: Strengthen the security of USDA information assets.	Systems Certification and Accreditation Cyber Security Enterprise Architecture Information Survivability	Key Outcome 2: USDA programs are delivered in a safe, secure IT environment that protects the confidential data of customers and program recipients.

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All USDA Strategic Goals	Goal 3: Strengthen the management and use of USDA information technology resources.	Objective 3.1: Focus IT spending on high priority modernization initiatives	Capital Planning and Management Asset Management and Risk Assessment	Key Outcome 3: USDA acquires, manages and uses IT resources in cost efficient ways; and achieves economies of scale.

OFFICE OF THE CHIEF INFORMATION OFFICER

GOAL 1: Provide customers and employees with access to the information they need.

GOAL 2: Ensure the protection and safety of USDA information resources.

GOAL 3: Strengthen the management and use of USDA information technology resources.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Estimate			2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Goal 1.	$4,276,025	21	$5,259,080	23	+$56,920	$5,316,000	23
Goal 2.	4,160,025	21	4,492,080	24	+110,920	4,603,000	24
Goal 3.	6,892,160	24	6,711,080	25	+95,920	6,807,000	25
Unobligated	73,381	--	--	--	--	--	
Total Available	15,401,591	66	16,462,240	72	+263,760	16,726,000	72

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level

Goal 1: One hundred percent of all practicable paper transactions identified for conversion will be completed.

Goal 2: One hundred percent of USDA IT systems will be certified, accredited, or otherwise properly secured.

Goal 3: Ten percent cost reduction of Department-wide acquisitions costs.

Goal 3: Reduce number of investments in USDA's IT investment portfolio to 330.

Goal 3: One hundred percent of USDA IT projects are within 10% of cost/schedule/performance objectives.

OFFICE OF THE CHIEF INFORMATION OFFICER

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key outcomes and performance measures under each strategic goal are outlined below:

Under Goal 1 Objective 1.1 the performance outcome is to meet the requirements of the Government Paperwork Elimination Act by making current paper transactions available electronically. The strategy includes participation in 21 of the 25 Presidential e-Government Initiatives, continued design and deployment of the Department's "Smart Choice" eGovernment initiatives, as well as implementation of agencies' eGovernment tactical plans. The measure

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is a percent of all paper transactions identified as practicable for conversion to electronic access that will be complete by the milestone. The target in FY 2006 is 100% of all practicable paper transactions converted.

Under Goal 1 Objective 1.3 the performance proposal is to provide high quality, secure and reliable telecommunications services to USDA agencies and customers, enabling them to obtain timely and accurate data. The strategy is deployment of the Universal Telecommunications Network (UTN) project, which is funded through the Working Capital Fund, as well as related Department-wide telecommunications initiatives led by OCIO that create USDA's future telecommunications network. The measure is percentage of uptime (exclusive of planned outages, utilities failures).

Under Goal 2 Objective 2.1 the performance proposal is to measure the percentage of USDA IT operating systems that are certified, accredited, or otherwise authorized as being properly secured. The FY 2006 target is for 100% of USDA's operational IT systems to be properly secured (certified and accredited, or otherwise authorized).

Under Goal 3 Objective 3.1 the performance proposal is to reduce the number of investments in USDA's IT portfolio. The FY 2006 goal is USDA's IT Portfolio will be comprised of 330 investments, a 42.7% reduction over the FY 2002 Portfolio. The estimated IT Portfolio value for FY 2006 is $650,000,000.

Key Performance Targets

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure for Goal #1 Percent of all paper transactions identified as practicable for conversion to electronic access that will be completed by the milestone.						
a. Units	N.A.	16%	42%	65%	85%	100%
b. Dollars	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Performance Measure for Goal #2 Percent of USDA IT systems that are certified, accredited, or otherwise authorized as being properly secured.						
c. Units	N.A.	N.A.	N.A.	20%	100%	100%
d. Dollars	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Target	2006 Target
Performance Measure for Goal #3 Reduce the number of investments in USDA's IT portfolio.						
I. Units	N.A.	605	425	400	330	330
II. Dollars	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Percentage of USDA IT projects that are within 10% of cost/schedule/performance objectives.						
III. Units	N.A.	N.A.	N.A.	Est. Baseline	100%	100%
IV. Dollars	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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Summary of Budget and Performance Full Cost by Strategic Goal				
Goal 1: Provide customers and employees with access to the information they need.				
Program	Program Items	2004 Amount ($000)	2005Amount ($000)	2006Amount ($000)
IT Support to Office of the Secretary and Office of Communications				
	Direct Costs	$550	$1,477	$1,477
E-Government Initiatives				
	Direct Costs	3,310	3,360	3,410
Other Goal 1 Activities:				
	Direct Costs	416	422	429
	Total Costs for Strategic Goal 1	4,276	5,259	5,316
	FTE	21	23	23
Performance Measure: Percent of all paper transactions identified for conversion to electronic access that will be completed by milestones.				
		65%	85%	100%
	Cost per measure (unit cost)	n.a.	n.a.	n.a.
Goal 2: Ensure the protection and safety of USDA information resources.				
Cyber Program Office	Direct Costs	2,721	2,816	2,889
GISRA Support	Direct Costs	500	508	521
IP Address Data Base	Direct Costs	250	254	258
Intrusion Detection Support	Direct Costs	485	707	725
ISS Maintenance Costs	Direct Costs	204	207	210
	Total Costs for Strategic Goal 2	4,160	4,492	4,603
	FTE	21	24	24
Performance Measures: Percent of USDA IT Systems that are certified, accredited, or otherwise authorized as being properly secured.				
		20%	100%	100%
	Cost per measure (unit cost)	n.a.	n.a.	n.a.

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Goal 3. Strengthen the management and uses of USDA IT resources				
Program Office	Direct Costs	2,818	2,917	2,990
Telecomm. Management	Direct Costs	636	658	668
Enterprise Architecture	Direct Costs	500	110	112
Capital Planning	Direct Costs	400	406	412
Workforce Development	Direct Costs	350	355	361
Other Goal 3 Activities	Direct Costs	2,188	2,265	2,264
	Total Costs for Strategic Goal 3	6,892	6,711	6,807
	FTE	24	25	25
Performance Measures: Reduce the number of investments in USDA's IT portfolio, and increase the percentage of USDA's total dollars included in the major IT investment portfolio.				
		400	330	330
	Cost per measure (unit cost)	n.a.	n.a.	n.a.
Performance Measures: Percentage of USDA IT projects that are within 10% of cost/schedule/performance objectives				
		n.a.	Est. Baseline	100%
	Cost per measure (unit cost)	n.a.	n.a.	n.a.
	Total Costs All Goals/Programs	$15,328	$16,462	$16,726
	FTE	66	72	72
OCIO does not have any indirect costs.				

OFFICE OF THE CHIEF INFORMATION OFFICER

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed i brackets):

Office of the Chief Information Officer

For necessary expenses of the Office of the Chief Information Officer, [$16,595,000] $16,726,000.

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OFFICE OF THE CHIEF INFORMATION OFFICER

Appropriations Act, 2005	$16,595,000
Budget Estimate, 2006	16,726,000
Increase in Appropriation	+131,000

Adjustments in FY 2005:

Appropriations Act, 2005	$16,595,000
Rescission a/	-132,760
Adjusted base for 2005	16,462,240
Budget Estimate, 2006	16,726,000
Increase over Adjusted 2005	+263,760

a/ The amount is rescinded pursuant to Section 122 of Division J of P. L. 108-447.

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Office of the Chief Information Officer	$16,462,240	+$212,706	+$51,054	$16,726,000

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OFFICE OF THE CHIEF INFORMATION OFFICER

Project Statement

(On basis of appropriations)

	2004 Actual		2005 Estimated		Increase	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Or Decrease	Amount	Staff Years
Chief Information Officer.....	$15,328,210	66	$16,462,240	72	+$263,760	$16,726,000	72
Unobligated Balance.....	+73,381	--	--	--	--	--	--
Total available or estimate..	15,401,591	66	16,462,240	72	+263,760 (1)	16,726,000	72
Rescission.....	+91,409	--	+132,760	–			
Total, Appropriation	15,493,000	66	16,595,000	72			

Justification of Increases and Decreases

(1) An increase of $263,760 for the Office of the Chief Information Officer consisting of:

(A) An increase of $212,706 to fund pay costs.

(B) An increase of $51,054 to fund salary adjustments, including promotions for current staff.

These increases are needed to maintain the current level of staffing to ensure that OCIO can carryout its full range of responsibilities and agency goals. OCIO's budget does not have the flexibility to absorb pay increases without negatively impacting operations.

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OFFIGE OF THE CHIEF INFORMATION OFFICER
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004 Amount	Staff Years	2005 Amount	Staff Years	2006 Amount	Staff Years
District of Columbia.	$15,328,210	66	$16,462,240	72	$16,726,000	72
Unobligated balance.....	73,381	--	--	--	--	--
Total, Available or Estimate.....	15,401,591	66	16,462,240	72	16,726,000	72

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OFFICE OF THE CHIEF INFORMATION OFFICER

Classification by Objects

2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$6,430,611	$6,700,360	$6,927,000
11 Total personnel compensation	6,430,611	6,700,360	6,927,000
12 Personnel benefits	1,335,565	1,433,434	1,471,000
13 Payments to prior employees	1,804	--	--
Total personnel comp. & benefits	7,767,980	8,133,794	8,398,000
Other Objects:			
21 Travel	132,955	137,000	137,000
22 Transportation of things	3,960	5,000	5,000
23.3 Communications, utilities, and misc. charges	275,104	276,000	276,000
24 Printing and reproduction	39,094	39,000	39,000
25.2 Other services	3,239,303	3,053,037	3,053,000
25.3 Purchases of goods and services from Government Accounts	2,963,451	3,868,409	3,868,000
26 Supplies and materials	632,945	667,000	667,000
31 Equipment	272,917	283,000	283,000
43 Interest penalties	501	--	--
Total other objects	7,560,230	8,328,446	8,328,000
Total direct obligations	15,328,210	16,462,240	16,726,000
Position Data:			
Average Salary, ES positions	$148,389	$153,583	$157,140
Average Salary, GS positions	$88,090	$87,017	$89,961
Average Grade, GS positions	14.1	13.5	13.5

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OFFICE OF THE CHIEF INFORMATION OFFICER

STATUS OF PROGRAM

Current Activities:

USDA eGovernment Smart Choice Initiatives: Based on the eGovernment Strategic Plan approved by the Deputy Secretary in June 2002, USDA continues to make progress on key eGovernment Initiatives. Specifically, the OCIO eGovernment Program, together with hundreds of agency and staff office personnel, developed business cases for the 12 high-priority Smart Choice initiatives identified in the Plan. Of these 12 initiatives, seven are enabling (i.e., the Enablers) or foundational initiatives making the Department's transition to eGovernment efficient; and five are considered strategic initiatives addressing such mission-critical business processes as supply chain, grants, loans, human resources, etc.

Progress made during the past fiscal year prepares USDA to begin a fundamental shift in its approach to delivering enterprise services. In FY 2004, USDA began realizing the benefits of eGovernment, less than 2 years after the completion of its eGovernment Strategic Plan. This progress is due to the hard work and continued commitment of USDA agencies. Participation has been strong, with most USDA agencies participating in all three of the Enabler efforts. To support this approach, a moratorium originally issued by the Deputy Secretary in August 2002 on single-agency solutions related to the Smart Choice or Presidential Initiative investments continues to be enforced.

USDA Participation in Presidential Initiatives: USDA continues to participate in 21 of the President's 25 eGovernment initiatives plus the Federal Health Architecture Initiative. USDA is actively involved in developing business cases and implementation plans for these initiatives, and has a leading role in several. For example, USDA, through its participation in the ePayroll initiative, was selected as one of only four Federal payroll providers by the Office of Personnel Management (OPM).

USDA is also participating in a number of initiatives that made significant progress in FY 2004. These include:

- *Geospatial-One-Stop* that provides Federal and state agencies with single-point of access to map-related data enabling consolidation of redundant data.
- *GovBenefits* that provides a single point of access for citizens to locate and determine potential eligibility for government benefits and services. Currently, GovBenefits.gov includes access to 32 USDA programs.
- *Grants.gov* that creates a single Web site for all Federal grant customers to find and apply for grants, thus making it easier for potential recipients to obtain information about and apply for Federal grants. The Department's agencies developed an internal interface, the Grants Interface Module (GIM), for receiving and routing electronic applications from Grants.gov. As stated in the quarterly report, this effort is on track with the established goals. In FY 2004, USDA posted 178 opportunities to Grants.gov through GIM. Eighty-eight applications were received electronically.
- *ePayroll*, led by USDA's National Finance Center, that has continued to demonstrate progress in consolidating payroll providers. A strategy for integration with the Department of Interior's National Business Center (NBC) was advanced to OPM and OMB.
- *eTravel* that provides a government-wide Web-based service that applies world-class travel management practices to consolidate Federal travel, minimize cost and produce superior customer satisfaction. The USDA eTravel Evaluation Team comprised of representatives from each USDA mission area and major agency evaluated and selected Electronic Data System as their eTravel service provider to use FedTraveler.com. USDA developed a strategy for migrating each USDA agency in phases into FedTraveler.com beginning in March 2005 with all agencies online by the September 30, 2006—the General Services Administration (GSA) deadline.
- *DisasterHelp.gov* where USDA consolidated its disaster relief information with similar information from agencies across the Federal Government so that citizens and businesses may search for assistance

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from across the Government in one place (DisasterHelp.gov). Government emergency managers also use this service to monitor disaster and national security events and coordinate responses among Federal, State, and private organizations, increasing the speed and quality of relief services.

- *Regulations.gov* where we expanded opportunities for citizens and businesses to participate in the Federal regulatory process by working with our Federal partners to provide a single point of access to all Federal regulatory material (regulations.gov). Citizens and businesses may now easily locate, review, and provide comments on regulations in an extremely open and transparent manner.
- *Export.gov* where we provided new levels of assistance to exporters by consolidating USDA's export-related assistance and market information with similar information from our partners in the Federal and private sector. Now, in one location (export.gov), exporters may identify potential trading partners, access multi-agency requirements for documenting, packaging, labeling, and shipping products overseas, locate the services and financing tools available from multiple agencies, and access a wide variety of market research reports to identify international business opportunities.

USDA provided $9.3 million to support 15 Presidential Initiatives in FY 2004. In addition to financial contributions, many USDA staff are currently engaged in supporting the various Presidential Initiatives. Moreover, many of USDA's eGovernment initiatives are integrated with and support USDA's contributions to the Presidential Initiatives. eGrants and eAuthentication are two such examples.

Cyber Security: OCIO continues to implement its aggressive strategy to improve USDA's information security by providing training and establishing standardized computer security processes and controls within the Department. These activities align with best management practices, Federal laws and oversight requirements.

Systems Certification and Accreditation: Security accreditation is the official management decision to authorize operation of an information system. Security accreditation, which is required under OMB Circular A-130, provides a form of quality control and challenges managers and technical staff at all levels to implement the most effective security controls and techniques, given technical constraints, operational constraints, cost and schedule constraints, and mission requirements. To meet this security requirement, OCIO has developed an aggressive strategy for certifying and accrediting USDA's information systems. This strategy includes guidance, training, contract and staff support, and on-going program management. The Department's goal is to certify and accredit all USDA IT Systems in FY 2005.

Information Survivability: One essential goal of USDA's computer security program is to develop recovery strategies to minimize disruptions in the event of a catastrophic interruption. To achieve this objective, OCIO is leading the development and deployment of disaster recovery and business resumption plans for all USDA's IT Systems.

Information Security Awareness and Training: An OCIO-led, Department-wide effort to increase security awareness provides access for all USDA employees to online information security training courses. Other objectives of OCIO's Security Awareness and Training Program include: defining a security and awareness scope, identifying executive briefing package materials, surveying and assessing security and awareness products, and identifying security and awareness assessment methodologies. In FY 2004, over 68% of employees received security awareness training.

Secure Communications Initiative: The implementation of a National Security Agency (NSA)-compliant infrastructure in collaboration with the Department of Homeland Security for the transmission of classified data in Phase III of a three year project.

Intrusion Detection: OCIO continues to improve the Department's Intrusion Detection System (IDS) and tighten the security management of Departmental networks in order to detect and protect intrusion that could potentially compromise or damage critical information assets.

Telecommunications Policy: OCIO is actively engaged with the agencies and other major offices within

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USDA to establish telecommunications policies and procedures that will enhance security and promote more effective and efficient use of telecommunications.

President's Radio Frequency Spectrum Task Force: In FY 2004, OCIO represented USDA on the Issues Group for the President's Spectrum Task Force established by Presidential Memorandum to reform existing radio frequency spectrum management policies, and is preparing to address any follow-on work that may be required for improved planning of spectrum use.

Enterprise Architecture: The use of an Enterprise Architecture (EA) is key to providing the technology, data, and information that is essential for the Department to achieve its strategic goals and objectives. Moreover, the Clinger-Cohen Act of 1996, the E-Government Act of 2002, and guidance from the Office of Management and Budget (OMB) have all encouraged, and in some cases, mandated the development and use of enterprise architectures in order to effectively manage information technology and make prudent IT investment decisions.

USDA's Department-wide Enterprise Architecture effort builds upon the architectures already under development at some USDA agencies. The USDA Enterprise Architecture program is a collaborative effort between OCIO, USDA agencies, and numerous other groups and individuals. Based on the Federal Enterprise Architecture Reference Models (FEA), it consists of a current architecture, target architecture, and transition plan. A suite of tools, including the EA Repository and modeling tools, supports these basic elements of the architecture, as well as the creation of value-added reports, sharing of standards, development and storage of models, and other functions.

The following groups are the primary users of the USDA Enterprise Architecture: Strategic Planners & Enterprise Architects, Business Process Owners & Program Managers, Project Managers, Vendors, Budget Officers, Investment Decision-Makers, Acquisition Personnel, Developers, and Security Personnel.

For FY 2005, the following are planned:

- Implementation of an architecture repository to improve access and retrieval of information about the USDA enterprise architecture.
- Certification and accreditation of the EA Repository.
- Population of the baseline and target architectures in the repository.
- Use of EA data to evaluate agency IT investments and acquisitions.
- Implementation of a training program for the EA Repository.
- Development of a USDA Budget and Performance Integration Conceptual Data Model in support of the President's Management Agenda regarding Budget and Performance Integration (BPI).

Capital Planning and Investment Control (CPIC): OCIO is responsible for ensuring that the Department's IT investments deliver a substantial business benefit to agencies and a positive return on the investment for taxpayers. To accomplish this goal, USDA established the CPIC program in 1997 for selecting, managing, and evaluating the results for all major IT investments. The Department's E-Board, which is chaired by the Deputy Secretary and includes the Under and Assistant Secretaries as members, is the final CPIC decision making body at USDA. The CPIC process is used to select investments based on applicable General Accounting Office (GAO) and OMB guidance. Investments are assessed based on their ability to meet mission needs, a cost/benefit/return profile, security, telecommunications and eGovernment planning, and the risks of the investment. The CPIC program uses a consistent set of information that permits evaluations across different investments as well as focusing agency attention on factors that bear on their investments and their management of IT resources.

IT Acquisition Approval Process: Under the IT acquisition approval process, OCIO staff review significant IT investments for conformity with the USDA architecture, eGovernment objectives, elimination of telecommunications duplication, security concerns, the Rehabilitation Act Section 508 requirements, and the need for additional CPIC documentation. Based on the results of reviews,

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acquisitions are approved, modified to meet Departmental requirements, or disapproved.

IT Workforce Planning and Development: OCIO participates in many Federal activities to ensure USDA's IT workforce is well trained and has the requisite experience to contribute significantly to the accomplishment of USDA's mission.

Program Management: OCIO continues to provide IT Investment and Project Management Training to improve the management of IT investments and ensure efficient and cost-effective investments at USDA. Training delivered supports project and earned value management as well as performance-based acquisitions for IT.

Asset Management: USDA has used its collective buying power to establish a number of enterprise agreements for IT hardware, software and services. OCIO has led these efforts by identifying products that many agencies purchase and working with agencies to establish a lead agency for each enterprise agreement.

Selected Examples of Recent Progress:

Enabling Smart Choices: Following the Executive Information Technology Investment Review Board (E-Board) approval to begin implementation of the Enabling Smart Choices--eAuthentication, eLearning, and eDeployment[1]--project teams, made up of dozens of USDA employees, selected products and initiated implementing solutions for each of these initiatives. The progress made on each of these Smart Choices in FY 2004 demonstrates the transformation underway in USDA to align with the Enterprise Architecture and support enterprise approaches to developing IT solutions.

eLearning: After selecting a learning management system (LMS) in FY 2003 through OPM's Presidential E-Training Initiative, USDA completed its initial implementation in March 2004 to a limited number of agencies. In subsequent months, USDA's LMS, AgLearn, was expanded to all USDA agencies and integrated with the enterprise eAuthentication service. AgLearn supports the development of the Department's workforce by allowing personnel to manage all training activity and deploy agency-specific online training content. In addition, AgLearn provides the capability for USDA to track and manage training on an enterprise-level, identify and aggregate similar training needs, and purchase or design courseware for use across USDA agencies achieving cost savings due to economies of scale. By the conclusion of FY 2004, over 125,000 employee accounts were established in AgLearn and several online courses, including the USDA Security Literacy and Basics Course and USDA Incident Command System courses were offered to employees across the Department.

eAuthentication: USDA continued expanding and enhancing the enterprise eAuthentication service across the Department. The service, which was launched in October 2003, is now integrated with over 100 applications. Additionally, a new registration process was implemented during the past fiscal year that streamlines the issuance of credentials to employees. To date, eAuthentication credentials have been issued to over 80,000 employees and 30,000 customers. Our efforts in the eAuthentication area are fully integrated with the Presidential Initiative on eAuthentication led by the General Services Administration (GSA). GSA certified the eAuthentication service as a Level 1/Level 2 Assurance provider during FY 2004.

eDeployment/Enterprise Shared Service: Enterprise tools for portal, Web content management, document/records management, and collaboration support were selected, purchased, installed, and configured during FY 2004. Establishing this infrastructure paved the way for a number of significant accomplishments during the fiscal year including the launch of a re-designed USDA.gov and a new

[1] Based on guidance received by the E-Board, five previously separate, but inter-related initiatives--Data Management, Information Management, Portal Services, Web Content Management, and Web Presence--were integrated into the eDeployment initiative.

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"MyUSDA" capability that permits user-customizable presentation of information and services. Additionally, new USDA Web Style Standards were published to enable users of all USDA web sites to access information in a consistent manner.

As FY 2004 came to a close, USDA transitioned from eDeployment, the product design phase, to Enterprise Shared Services (ESS), the implementation of enterprise-wide online services. The Enterprise Shared Services concept promotes USDA's delivery of information and services around common lines of business and customer expectations and leveraging of investments in information technology to eliminate duplication. A number of agency applications were identified for migration onto the shared service infrastructure in FY 2005. An Enterprise Correspondence Management Module, a state-of-the-art system for managing correspondence and other documents, is one example of that will be launched early in the fiscal year.

Strategic Smart Choices: Several of these initiatives continue to make steady progress. The Department's grant-making agencies advanced the USDA eGrants initiative by developing an internal interface, the Grants Interface Module (GIM), for receiving and routing electronic applications from Grants.gov. In FY 2004, USDA posted 178 opportunities to Grants.gov through GIM. Eighty-eight applications were received electronically. Additionally, the Web-based Supply Chain Management (WBSCM) initiative moved forward with the development of a detailed business case presented to the E-Board in September 2004 and forwarded to OMB. The team also gathered detailed requirements to assist in the design and pre-implementation tasks that serve as the crucial next steps for WBSCM.

USDA Technology and eGovernment Advisory Council: USDA established an Advisory Council comprised of nine representatives with diverse backgrounds and points of view. The Advisory Council advises the Secretary and Chief Information Officer in planning and developing strategies for technology and eGovernment initiatives. Their recommendations will also be used to prioritize information technology initiatives and investments in the Department. The Advisory Council held its initial meeting in June 2004.

USDA Customer Statement: USDA launched an online Customer Statement that offers farmers and ranchers with unprecedented access to their business activities within USDA through a single report. Through the Customer Statement, customers are able to view their participation and application status in various conservation programs, payments associated with commodity and conservation programs, information on farm loans and crop insurance, as well as conservation plan and land unit information.

Paperwork Reduction Act: USDA continued a solid compliance record with the Paperwork Reduction Act (PRA) in FY 2004. While some unapproved collections of information were detected during the year, USDA ended the fiscal year with zero violations of the PRA.

eGovernment Act of 2002: USDA submitted the first annual eGovernment Act Report on December 15, 2003. The Department is actively pursuing all of the activities required in the legislation. In accordance with OMB guidance, USDA submitted its eGovernment Act Report by December 6, 2004.

Systems Certification and Accreditation: OCIO led an interagency team in the development of a USDA Certification and Accreditation (C&A) Guide that provides a comprehensive and uniform approach to the C&A process. Individuals responsible for, or involved in the C&A process, used this guide to assist them in certifying and accrediting all USDA general support systems and applications. OCIO also established a contract vehicle through which agencies engaged contract support in activities and documentation required for system certification and accreditation. USDA certified and accredited more than 90 percent of its IT systems during FY 2004.

Information Survivability: An example of recent OCIO progress is the installation of the latest version of the Living Disaster Reporting and Planning System.

Security Awareness and Training: Examples of recent OCIO progress include:

- Over 85% of USDA employees who took the annual security awareness training utilized the online

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training courses made available by OCIO.
- Developing and distributing an Executive Security Briefing Handbook to all Subcabinet officials and Agency Heads to inform them of the importance of IT security.
- Conducting a summit for telecommunications and security operations personnel to receive training on configuration management, wireless technologies, security technologies, and the capital planning process.

Information Security Technical and Management Controls: Examples of recent OCIO progress include:
- Continuing to make scanning tools available to USDA agencies that detect security vulnerabilities within the systems and networks they manage. Ongoing support and training is provided for these tools.
- Maintaining a contract vehicle through which USDA agencies and offices can obtain software tools that automate the process of applying security patches at an economical cost.
- Numerous USDA agencies have engaged contract support through OCIO's Blanket Purchase Agreement for security assessments and security plan development and for completion of Phase 1 and Phase 2 of certification and accreditation.

Secure Communications Initiative: Examples of recent OCIO progress include:

- Completing an assessment of classified requirements.
- Preparing a five-year plan for the implementation of infrastructure certified to carry classified data.
- Developing plans for FY 2005 Phase II activities that will involve policy development, an alternatives analysis and planning for implementation.
- Developing plans for FY 2006 Phase III activities that will involve the implementation of NSA-certified infrastructure in key locations throughout the Department.

Enterprise Architecture:

In FY 2004 the following activities were completed:

- Selection of a formal architecture methodology as directed by GAO and the Open Group Architecture Framework (TOGAF).
- Development of a governance process and selection of decision makers to carry out the process and approve changes to the target architecture, transition plan, or standards.
- Establishment of the Enterprise Configuration Control Board (ECCB).
- Establishment of 11 Enterprise Architecture Principles.
- Continued development of common enterprise architecture elements particularly those needed for e-Government projects.
- Continued support of the development of the National Wildland Fire Architecture and the Federal Health Architecture.
- Continued alignment of investments by Line of Business and strategic intent.
- Continued support for the identification and refinement of target architectures; especially, those in support of eGovernment initiatives.
- Selection of the EA Repository for the collection and sharing of enterprise architecture information.
- Continued present action on enterprise architecture information on the FEA Reference Models and the USDA EA Program to various groups.
- Support for National Institute of Standards and Technology (NIST) standards activities.

Capital Planning and Investment Control: The USDA Major IT Investment Portfolio for Budget Year 2006 included 80 initiatives, up from 66 in budget year 2005 and 51 in budget year 2004. Of these, 62 investments were submitted to OMB, the remainder only received conceptual approval and are authorized by the USDA E-Board only to prepare business cases. The estimated value of the Major IT System Portfolio is about $800 million. This grows to $1 billion when all infrastructure investments are included.

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The E-Board approved the FY 2006 IT Investment Portfolio in August 2004.

OCIO continued to refine tools and provide guidance for agency use in developing their investment proposals. The CPIC Process Guide was updated and staff from all OCIO functional areas (including cyber security, telecommunications management, and eGovernment) reviewed proposals and provided feedback to the agencies. USDA also hosted seminars on business case development presented by OMB. Following the seminars, OCIO staff prepared guidance to assist agencies in preparing summary information technology business cases (Exhibit 300s) to address the OMB's latest business case scoring criteria. OCIO staff reviewed 80 Exhibit 300 business cases, provided improvement guidance, and, where necessary, worked directly with the agency representatives to strengthen the business cases for submission to OMB. This was done in an effort to ensure full funding by OMB of the investments.

OCIO also continued implementation of an enterprise earned value management system (EVMS). OMB mandates use of an EVMS for all major IT investments. An EVMS commercial off-the-shelf (COTS) software package was chosen in FY 2003 and is currently in use. The COTS software enables USDA to manage IT investments more effectively and track performance, cost and/or schedule deviations. Training and implementation of this EVMS occurred in FY 2004 with at least 350 personnel trained to use the tool. The tool was certified and accredited in September 2004. OCIO identified 40 major investments that required use of the EVMS tool. Of the 40 major investments identified, 60% are currently utilizing the EVMS tool.

IT Acquisition Approval Process: OCIO staff reviewed 199 IT Acquisition Approval waivers with a dollar value of about $600 million during FY 2004. Several were partially disapproved, and most were approved with conditions that addressed management and security issues. The threshold for IT investments requiring approval was lowered to $25,000 to ensure that the Department is spending its IT resources on its highest priorities. The Acquisition Approval Process continues to enable attainment of USDA's IT architecture goals, including adherence to Section 508 requirements for accessibility, sharing of telecommunications resources at collocated office sites and directing a much greater emphasis on security. The approval process is also used as part of the control phase mechanism in the IT Capital Planning Process.

IT Workforce Planning and Development: In FY 2004, USDA continued to make progress in its IT workforce program. Working with OMB and the CIO Council, USDA established three levels of qualifications for major investment project managers (PMs). OCIO surveyed major investment PMs to assure that they hold qualifications commensurate with the level of their projects. Where skills or training gaps exist, OCIO began working with agencies to address those gaps.

OCIO participated on the Office of Human Resources Management team, which developed the USDA Human Capital Plan. OCIO served as a resource and ensured that the IT perspective was represented in the Plan, especially in the areas of electronic government and competitive sourcing.

USDA, under the leadership of the OCIO, participated in the second Federal Clinger-Cohen Assessment (CCA) Survey during August and September as required by OMB and the eGovernment Act of 2002. In the coming months, OCIO will work with the agencies in reviewing the survey data, determining potential IT skill and competency gaps, and developing action plans to close the identified skill gaps.

Program Management: Sponsored by OCIO, USDA's IT Investment/Project Management training provides USDA IT professionals with skills, tools, and techniques needed to manage IT projects effectively. It also emphasizes the issues encountered in managing within the USDA Capital Planning and Investment Control process and other Federal requirements mandated by the Clinger-Cohen Act of 1996. The training covers Federal best practices as well as the nine knowledge areas specified by the Project Management Institute (PMI) in the Project Management Body of Knowledge (PMBOK), the industry standard for project management training. At the end of the training, participants are eligible to take the examination administered by PMI for Certification as a Project Management Professional. As of September 30, 2004, 167 USDA employees have completed the training and 52 of the graduates have

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obtained professional certification as Project Managers by passing the PMI exam. OCIO is planning at least three more classes for FY 2005 and is targeting IT professionals who manage or are team members of major IT Investments at USDA. During FY 2004, USDA also trained staff from the Environmental Protection Agency, Department of Treasury and the Department of Homeland Security.

During FY 2004, OCIO also sponsored executive training for senior IT managers on Earned Value Management, which provided a high-level understanding of the EVM concept and basic requirements. The training also identified an approach that would assist executives in implementing EVM practices. In addition to EVM training, OCIO sponsored a Project Management Lifecycle course for functional and project management team members. This training is a condensed version of USDA's 5-week IT Investment and PM training focusing on providing individuals knowledge of how to apply the disciplines, methodologies, and practices of program management to evaluate requirements, define scope, develop a project plan, control the project and how to successfully evaluate project performance.

Asset Management: The development of enterprise or Department-wide contracts to achieve reduced costs and enhanced terms and conditions through economies of scale focused in 2004 on extending existing agreements and expanding those agreements where practical to complement existing product suites. To this end, the following actions took place:

- The promotion of OCIO's USDA-wide Microsoft software licensing agreement among various USDA agencies as these agencies' respective existing agreements come up for renewal. Initially signed in 2002 with 7 participating agencies, the Agreement now includes 16 agencies, representing approximately 65,000 seats or 60% of USDA. An extension of this agreement is planned through FY 2008.
- The acquisition of Cisco Security Agent (CSA) software to enhance device security across USDA. The acquisition of CSA was made through an existing USDA-wide contract vehicle with Computer Consulting Operations (CC-OPS) know as the Telecommunication Technology and Support Services blanket purchase agreement (BPA) that extends through April 2007.
- The enhancement of Symantec and McAfee product and service offerings under the existing OCIO CDW-G USDA-wide antivirus agreement was initiated in the summer of 2004. The planned offerings will complement the existing suite of antivirus products and services currently available under the USDA-wide antivirus agreement over its remaining 3 years through September 2007.
- The enhancement and extension of the existing USDA-wide Environmental Systems Research Institute (ESRI) agreement through September 2008 under the auspices of the GSA SmartBUY Program. With this extension, USDA enhanced its ESRI product and services offerings to include a range of web-based services, a wide-range of electronic training courses, broader access to ESRI user forums, and basic image processing software to complement the ESRI product suite.

Wireless Initiative: OCIO is leading a major initiative to develop blanket purchase agreements, enterprise wide standards, and configuration management for the acquisition and deployment of wireless technologies throughout the Department. Draft wireless policy has been released for review throughout all agencies and staff offices, a Department-wide requirements analysis was conducted, and technical recommendations have been drafted.

Telecommunications Financial Analysis: OCIO worked with through USDA financial systems and telecommunications suppliers to analyze the Department's telecommunications expenditures for FY 2004, validate agency and staff office telecommunications expenditures, and look for ways to save costs.

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2006 Explanatory Notes

OFFICE OF THE CHIEF INFORMATION OFFICER

Common Computing Environment

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OFFICE OF THE CHIEF INFORMATION OFFICER
Common Computing Environment

Purpose Statement

The objective of the Service Center Modernization Initiative (SCMI) is to create an environment of one-stop quality service for customers of the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Rural Development (RD) agencies. The Common Computing Environment (CCE) provides the shared information technology to assist the Service Center agencies in accomplishing this objective. SCMI involves office collocation, business process re-engineering, culture change, building partnerships and improving customer satisfaction – in addition to a modern integrated technology. In March 2000, the Office of the Chief Information Officer (OCIO) was given direct management responsibility for the CCE.

Since FY 1996, USDA has been planning and deploying an integrated information system to replace several old legacy IT systems in the Service Center agencies that could not share data. Investments in the new system are needed to provide timely, reliable service that is currently diminishing by the continued reliance on old technology, separate non-interconnected computer systems, and software applications that are not interchangeable. In addition, maintaining separate systems results in unnecessary duplication, increases maintenance and operating costs, and consumes funds that could be used more productively elsewhere. Moving forward with an integrated IT approach under the framework of a CCE enables USDA to take full advantage of opportunities to use technology to increase the productivity and efficiency and deliver better farm, conservation and rural development services to customers.

The reorganization package for the consolidated information technology (IT) infrastructure staffs for the SCA was submitted and approved. The OCIO selected Information Technology Services (ITS) as the name of the converged organization, which came into being on November 28, 2004. The ITS replaces a network of cross-agency teams used to coordinate IT infrastructure investment within the SCA and allows for unified management of the IT infrastructure. The ITS is focused around the delivery of the following classes of technology services: Acquisition and Asset Management, Application Development and Deployment, Customer Support and End User Computing, Data Utility, Hosting, Security, Telecommunications and Web Services. Service Level Agreements (SLAs) that specify performance metrics will be negotiated with the SCA for each class of service.

Over the next fiscal year (FY 2005) the SCA will begin contracting with ITS for delivery of needed IT services. The ITS cost reimbursement structure will create a level playing field for the SCA. Funding for ITS capital expenditures will continue to come from line item appropriations.

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Statement of Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004 Actual		2005 Estimate		2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
CCE	$119,289,000	---	$125,585,000	---	$142,465,000	---
Carryover Balance	27,859,663	---	2,581,541	---	---	---
Rescission	-703,805	---	-1,005,000	---	---	---
Unobligated Balance, EOY	-2,581,541	---	0	---	---	---
Recoveries	21,263	---	0	---	---	---
Total Available	143,884,580	---	127,161,541	---	$142,465,000	---
Obligations under other USDA appropriations	39,000,000	---	30,960,000	---	15,000,000	---
Total Available	182,884,580	---	158,121,541	---	$157,465,000	---

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OFFICE OF THE CHIEF INFORMATION OFFICER
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Summary of Budget and Performance
Statement of Goals and Objectives

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Goal 1: Enhance Economic Opportunities for Agricultural Producers. **Goal 2**: Support Increased Economic Opportunities and Improved Quality of Life in Rural America. **Goal 5**: Protect and Enhance the Nation's Natural Resource Base and Environment.	**Goal 1**: Provide customers and employees with access to the information they need	**Objective 1.4**: Enhance service delivery of the Service Center Agencies by improving: 1) citizens knowledge and access to USDA services, 2) collaboration with public and private partners, and 3) internal efficiency.	Service Center Modernization Initiative – Information Technology	**One-Stop Shopping:** Establish capabilities for Service Center employees to provide seamless and exceptional service for agriculture, rural development, and conservation programs. **Quality Customer Service:** Exceed customer expectations by providing fair, equitable, courteous, high-quality, professional, and personalized service in a timely and non-discriminatory manner. **Cost Reduction:** Reduce administrative and program delivery costs by implementing common information systems and administrative resources. **Partnerships:** Partner with individuals, conservation districts, communities, government agencies, and private organizations to maximize resources, achieve common goals, and protect privacy.

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Common Computing Environment

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Outcome 1: **One-Stop Shopping: Establish capabilities for Service Center employees to provide seamless and exceptional service for agriculture, rural development, and conservation programs.**

Long-term Performance Measure: The SCA co-location established a single USDA presence at about 2,700 Service Centers to enable one-stop customer service. These and other large and small offices will be enhanced with upgraded telecommunications capacity and server connectivity or capability to continue to enable SCA employees to provide seamless and exceptional service for all the programs they support.

The Web Farms play a major role in establishing one-stop shopping capability. The number of applications deployed to the web farms is a direct measure of the ability of customers to access a seamless virtual USDA Service Center.

Key Outcome 2: **Quality Customer Service: Exceed customer expectations by providing fair, equitable, courteous, high-quality, professional, and personalized service in a timely and non-discriminatory manner.**

Long-term Performance Measure: IT Consolidation will streamline Service Center operations by consolidating the infrastructure support of NRCS, FSA and RD. One of the most critical needs is to establish a single IT infrastructure support staff across all three Agencies. The IT Convergence will ensure quality customer service by utilizing Service Level Agreements (SLA) and Operational Level Agreements (OLA) to ensure responsiveness and accountability to the customer agencies through a disciplined service level management process. Performance measures will be documented and tracked through SLAs with the SCA. Among the performance measures would be factors such as system/network availability, system/network performance, service response time by priority, time to resolve by priority, and other measurable parameters. These factors, and the appropriate thresholds for acceptable performance, will be set based on agency needs and historical workload and performance data to ensure goals are reasonable but encourage continuous service improvement. These are still being negotiated between SCMI-IT and the SCA. Preliminary agreements are being established and FY 2005 results will be used to refine performance goals for FY 2006.

This converged organization, Information Technology Services (ITS), will attract and retain a high quality workforce with modern information technology skill sets; maintain a stable, effective enterprise wide information technology infrastructure that adequately supports all customer agencies and stays ahead of business needs; and provide for flexibility in policies, procedures, and processes employed by the converged organization so that it can respond quickly to changing business needs and advances in information technology services and features. A measure of performance in this area will involve establishment of a Centralized Help Desk to provide consistent service and reduce the turnaround time associated with trouble tickets.

Key Outcome 3: **Cost Reduction: Reduce administrative and program delivery costs by implementing common information systems and administrative resources.**

Long-term Performance Measure: Increase use of Enterprise Licensing Agreements to yield significant savings. To date the CCE has participated in an enterprise contracting effort for telecommunications equipment that saved over $3 million dollars in acquiring telecommunications upgrade technology for the SCA in FY 2003. The CCE has also saved over $13 million over 5 years by negotiating a revised enterprise

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licensing agreement with Microsoft for office automation software and operating system software. This agreement provides for all of USDA to receive the same level of costing which is beyond Service Center quantities.

One area where great cost savings and/or productivity improvements are expected is in the use of GIS tools and data. A measure of success in this area is the number of counties digitized and the number of Common Land Units (CLU) available in digital format.

Key Outcome 4: Partnerships: Partner with individuals, conservation districts, communities, government agencies, and private organizations to maximize resources, achieve common goals, and protect privacy.

Long-term Performance Measure: The SCA are staffed by about 35,500 staff years in headquarters and in the States, equal to nearly one-third of the entire USDA workforce. The Service Centers are assisted by 8,000 conservation volunteers, as well as by over 7,000 local soil and water conservation district employees, most of whom are co-located with the Service Centers. In addition, thousands of ordinary citizens volunteer their time to serve on local boards and committees assisting in the delivery of these programs. The converged IT organization will ensure that business needs and requirements drive information technology investments through a strong partnership with SCA program, business, and development communities.

Full Cost by Strategic Goal

Goal 1: Provide customers and employees with access to the information they need.

The entire FY 2005 CCE budget of $124,580,320 will go towards meeting Goal 1. Now that the ITS organization has been established, baselines will be established in FY 2005 for specific performance metrics based on the service level agreements between the service center agencies and OCIO. These performance measures will be documented and tracked through SLAs with the SCA. Among the performance measures would be factors such as system/network availability, system/network performance, service response time by priority, time to resolve by priority, and other measurable parameters. These factors, and the appropriate thresholds for acceptable performance, will be set based on agency needs and historical workload and performance data to ensure goals are reasonable but encourage continuous service improvement. These are still being negotiated between SCMI-IT and the SCA. Preliminary agreements will be in place for FY 2005 and FY 2005 results will be used to refine performance goals for FY 2006.

Goal 1: Provide customers and employees with access to the information they need.				
Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
SCMI/CCE				
	CCE Infrastructure and Operations	106,675	47,254	30,020
	WCF		26,600	26,600
	Carryover Funds	27,860	2,582	0
	Agency Specfic Funds			
	FSA	55,258	66,321	82,645
	NRCS	12,923	12,820	13,000
	RD	1,193	1,183	4,000
	OCIO	3,976	3,944	1,200
Total		182,885	158,122	157,465

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OFFICE OF THE CHIEF INFORMATION OFFICER
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Preparation of Appropriation Language and Explanation of Changes in Language

The estimates include appropriations language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to acquire a Common Computing Environment for the Natural Resources Conservation Service, the Farm and Foreign Agricultural Service, and Rural Development mission areas for information technology, systems, and services, [$125,585,000] $142,465,000, to remain available until expended, for the capital asset acquisition of shared information technology systems, including services as authorized by 7 U.S.C. 6915-16 and 40 U.S.C. 1421-28: Provided, That obligation of these funds shall be consistent with the Department of Agriculture Service Center Modernization Plan of the county-based agencies, and shall be with the concurrence of the Department's Chief Information Officer.

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OFFICE OF THE CHIEF INFORMATION OFFICER
Common Computing Environment

Lead-Off Tabular Statement and Summary of Increases and Decreases, Project Statement, and Justification of Increases and Decreases

Lead-Off Tabular Statement

Appropriations Act 2005	$125,585,000
Budget Estimate, 2006	142,465,000
Increase in Appropriation	+16,880,000
Adjustments in 2005	
Appropriations Act 2005	$125,585,000
Rescission	-1,005,000
Adjusted base for 2005	124,580,000
Budget Estimate, 2006	142,465,000
Increase over adjusted 2005	+17,885,000

Summary of Increases and Decreases

Item of Change	2005 Estimated	Program Changes	2006 Estimated
CCE	$124,580,000	+$17,885,000	$142,465,000

Project Statement
(On basis of appropriation)

	2004 Actual	2005 Budget	Increase or Decrease	2006 Estimated
CCE Base Infrastructure	$45,235,000	$40,312,000	+$1,308,000	$41,620,000
FSA Specific Funds	55,258,000	66,321,000	+16,324,000	82,645,000
NRCS Specific Funds	12,923,000	12,820,000	+180,000	13,000,000
RD Specific Funds	1,193,000	1,183,000	+2,817,000	4,000,000
Interagency e-Gov	3,976,000	3,944,000	-2,744,000	1,200,000
Total Available or Estimate	118,585,000	124,580,000	+17,885,000	142,465,000
Rescission	704,000	1,005,000		
Total Appropriation	$119,289,000	$125,585,000		

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Justification of Increases and Decreases

1. A net increase of $1,308,000 in CCE Basic Infrastructure:

The increase will restore CCE basic infrastructure funding to a level needed to provide a stable level of service, while increasing web farm capacity.

2. A net increase of $16,324,000 in the Farm Service Agency Specific Funds:

Farm Service Agency (FSA) is in the middle of a multi-year modernization project to reengineer its legacy application systems in support of Service Center Modernization, Government Paperwork Elimination Act (GPEA), Freedom to E-File Act, and eGovernment. The goals of modernization are twofold; 1) to eliminate FSA's dependency on a proprietary and restrictive operating environment by developing applications that are platform independent and 2) to achieve a customer-centric focus providing ease of access and convenience to FSA customers.

Throughout the past three years, FSA has spearheaded a number of bold initiatives supporting the FSA long-term strategic goals that dovetail with the Secretary's Strategic Plan and the President's Management Agenda. In April 2004, we launched the rollout of the new Farm Business Plan. In May 2004, pilot testing began for a new acreage compliance tool driven from Geographical Information Systems (GIS) geospatial data. In September 2004, we implemented a National Payment Service linked to Electronic Loan Deficiency Payments and the Milk Income Loss Contract. Capitalizing on these successes, we have embarked on an aggressive retooling of the business processes that drive FSA's "safety net" programs.

The focus of FSA's modernization project is streamlining and simplifying business process steps while incorporating GIS Common Land Units (i.e. geospatial data) into our core business processes. FSA will make better use of information known and "on file" about a customer. FSA's aim is to cause a breakthrough in productivity and efficiency so that Service Center employees can be freed from mundane, repetitive data entry tasks and refocused on providing value-added customer services and outreach to our eligible clientele. From this new foundation, all program delivery will be built.

FSA's Modernization Project is the cornerstone to our implementing the President's Management Agenda (PMA) for electronic government (eGov). The PMA directs us to construct an eGov delivery channel so that the general public, private industry partners and our customers can conduct business with the Department of Agriculture and FSA. All FSA Program Divisions are stepping back and reexamining how we deliver benefits to our customers. FSA is reexamining relationships to other Agencies and external business partners. FSA is reexamining how information technology is applied to enable our business processes. In recognizing that the best community outreach happens when FSA employees go to the underserved community members, we are also reexamining how best to equip our staff to be effective.

A "customer-centric" business model for program delivery means that we alter our business practices to deliver services on our customers' terms and in ways that they can understand. A "customer-centric" business model requires that we identify the commonalities across ALL business lines, and then define consistent, common processes so that our customers can better understand how to conduct business with us. FSA's Modernization Project will restore Service Center workloads to manageable levels and directly improve the quality of our work life. FSA is committed to move its business practices and service levels to become the best USDA has to offer. FSA's Modernization Project will have a profound and positive impact on our Agency. Our customers and business partners demand it; we expect it; and the American public deserves it.

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One of the efforts under the Modernization Project is the reengineering of the legacy Farm Programs State County Office Review Program (SCORP) applications. The SCORP applications are used by the County Office Reviewers (CORs) to document findings from their independent audit of business procedures as required by OMB. FSA will be reengineering the SCORP applications to an open portable environment to provide the capability to interface with new modernized sources of data and program processes and to improve application maintenance capabilities by eliminating the legacy software environment.

In FY 2004, under the GIS effort, Common Land Unit were digitized for 1100 counties, bringing the total complete to 2200 counties out of 3100 counties nationwide. Additional contracts were awarded for digitizing 423 counties with an anticipated delivery during the first half of FY 2005. Contracts were also awarded for National Agricultural Imagery Program (NAIP) flights for 2072 counties (out of 3100). This imagery will be used by FSA for the 2004 Crop Year Compliance activities. FSA also piloted Enterprise GIS applications for Map/Farm Records Maintenance and Land Use/Acreage reporting during FY 2004.

In FY 2005, FSA intends to deploy Enterprise GIS applications for Map/Farm Records Maintenance and Land Use/Acreage reporting to all Service Centers which have completed and certified Common Land Unit data. FSA anticipates digitizing 800-900 counties, which would complete the Continental U.S. coverage for the Common Land Unit. In addition, FSA may begin digitizing Alaska, Puerto Rico, and U.S. Territories if resources and data are available. FSA anticipates awarding contracts for NAIP Imagery for all agricultural land in the Continental U.S. for conducting compliance activities. FSA intends to deploy an Enterprise GIS application for Compliance to be used in Service Centers with Common Land Unit and NAIP Imagery.

In FY 2006, FSA expects to continue deploying fully integrated Enterprise GIS applications to all Service Centers. Common Land Unit data will be completed for Alaska, Puerto Rico and the U.S. territories. FSA anticipates awarding contracts for NAIP Imagery for all agricultural land in the Continental U.S. for conducting compliance activities.

The successful completion of FSA's Modernization Project is tightly linked to the completion of our GIS efforts. Our Modernization Project utilizes GIS digital geospatial data and technologies to provide FSA Service Centers the ability to record, process, and maintain producer crop acreage reports, producer shares, selection of farm crops for inspection and determined acreage. GIS tools also provide FSA Service Centers with access to digital geospatial data to maintain a digital database of aerial photography, soils information, customer information, and farm records, and to eliminate the printing and storage of paper maps.

In FY 2006, FSA is requesting an increase of $16,324,000 ($2,073,000 for IT support; $14,251,000 for GIS data acquisition) over the $66,321,000 ($50,201,000 for IT support; $16,120,000 for GIS data acquisition) CCE FY 2005 base for agency specific needs.

Listed below is a detailed breakout of FSA's FY 2006 increase:

State County Office Review Program (SCORP) – ($2,073,000) Complete modernization of the legacy Farm Programs SCORP applications to an open portable environment to provide the capability to interface with new modernized sources of data and program processes and to improve application maintenance capabilities by eliminating the legacy software environment.

Geographical Information Systems (GIS) National Agricutural Imagery Program (NAIP) – ($14,251,000) Provide contractor support for NAIP Imagery for all agricultural land in the Continental United States for conducting compliance activities. Necessary to support Enterprise GIS application for Compliance used in Service Centers with Common Land Unit and NAIP Imagery. In FY 2004 and FY 2005, CCC Section 4 and Section 11 funds were used to support NAIP. However, there are insufficient resources available in CCC Section 11, and the planned activities do not fit well in the CCC Section 4 authorization.

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3. Natural Resources Conservation Service (NRCS) increase totaling $180,000. This increase will pay for increased telecommunications and related costs.

4. Rural Development mission area increases totaling $2,817,000.

This increase was originally requested under the Rural Development agency specific funds because it dealt with the Web Farm in St. Louis which was part of Rural Development. Now that the Information Technology Services (ITS) organization is operational, all the Web Farms are part of the ITS organization. This increase will allow for accomplishment of several important initiatives and upgrades. The RD increase supports activities including the telecommunications support associated with Service Center modernization activities and the continued development and operation of the ITS web farms. RD has moved all of its major applications to the web. A common infrastructure integrates web services for RD customers, employees, and trading partners. This infrastructure is making the web a mainstream for doing RD business. The public will be able to access more information and services online. Funds are requested for this initiative to provide the continued support, enhancement of the common infrastructure hosting all applications for RD, regular software and hardware maintenance and the daily costs for operations and security.

The following activities will be addressed:

Improve availability of hosted web farm applications: The existing Web Farm infrastructure was built to allow for load balancing and failover of applications between web farms. This capability of the web farms has been successfully used for several hosted applications. However, to maximize the benefits of the highly available web farm infrastructure, additional servers and manpower are needed to implement this capability for additional critical applications.

Increase web farm capacity: As the direction of the Service Center Agencies' development efforts moved more toward web applications, the web farms have seen enormous growth over the last few years. This growth rate is expected to continue and will require that improvements be made to the web farm infrastructure and increases made in server capacity. Maintaining sufficient capacity is essential for supporting the Agencies' eGovernment initiatives.

Refresh aging equipment: Some of the web farm equipment is reaching the end of its useful life and some is no longer covered by warranty or maintenance. To keep the availability of hosted applications high, the web farms must replace aging, obsolete equipment with new equipment.

Improve development region: The web farms have been working to create development regions where developers can code and test their applications in an environment which duplicates the production environment. This greatly decreases problems moving an application to production and enhances the Agencies' ability to deploy applications in a timely manner. Additional hardware and software is required to accomplish this goal.

5. A net decrease of $2,744,000 in the OCIO Interagency e-Gov Funds:

More of the interagency e-Gov costs are becoming operational in nature and less infrastructure related. Therefore, the amount of interagency e-Gov costs borne by SCMI is decreasing. The e-Gov operational costs will be part of the service level agreements between the ITS and the Service Center Agencies.

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OFFICE OF THE CHIEF INFORMATION OFFICER
Common Computing Environment

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	$118,585,000	--	$124,580,000	--	$142,465,000	--
Carryover Balance.....	27,860,000	--	2,582,000	--	0	--
Total, Available or Estimate..	146,445,000	--	127,162,000	--	142,465,000	--

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OFFICE OF THE CHIEF INFORMATION OFFICER
Common Computing Environment

Classification of Objects
(Dollars in Thousands)

Object Class	2004 Actual	2005 Estimate	2006 Budget Est.
21 Travel and transportation of persons	$713	$310	$310
22 Transportation of things	23	--	--
23 Rent, communications, and utilities	69	7	7
24 Printing and reproduction	60	--	--
25 Other services	133,850	59,792	75,095
26 Supplies and materials	2,515	20,000	20,000
31 Equipment	6,635	47,053	47,053
43 Interest and dividends paid	20	0	0
Totals	143,885	127,162	142,465

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COMMON COMPUTING ENVIRONMENT/SERVICE CENTER MODERNIZATION

The Common Computing Environment (CCE) is the integrated technology infrastructure portion of the Service Center Modernization Initiative (SCMI). The CCE will enable the Service Center Agencies (SCA): the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Rural Development Mission Area (RD) to modernize and improve service delivery to customers. In addition to providing a modern integrated technology infrastructure, SCMI involves office collocation, business process re-engineering, culture change, building partnerships and improving customer satisfaction. The Office of the Chief Information Officer (OCIO) has direct management responsibility for the integrated technology portion of the SCMI.

The objective of SCMI is to enhance service delivery of the SCA by improving: 1) citizens' knowledge and access to USDA services, 2) collaboration with public and private partners, and 3) internal efficiency. The CCE provides the shared information technology to assist the SCA in accomplishing this objective.

Since FY 1996, USDA has been planning and deploying an integrated information system to replace several old legacy IT systems in the SCA that could not share data. Investments in the new system are needed to provide timely, reliable service that is currently diminishing by the continued reliance on old technology, separate non-interconnected computer systems, and software applications that are not interchangeable. In addition, maintaining separate systems results in unnecessary duplication, increases maintenance and operating costs, and consumes funds that could be used more productively elsewhere. Moving forward with an integrated IT approach under the framework of a CCE enables USDA to take full advantage of opportunities to use technology to increase the productivity and efficiency and deliver better farm, conservation and rural development services to customers.

Current Activities:

- **Server Upgrades** - Additional network server upgrades were completed to accommodate the expected increase in processing needs once Microsoft SQLServer 2000 and ESRI's ArcSDE are deployed. Design of the configuration for the RDBMS and GIS software for the enhanced network servers was completed.

- **SQLServer and ArcSDE** - The CCE team and FSA fielded Microsoft SQLServer 2000 and ESRI's ArcSDE at an initial 30 pilot sites for CLU applications. The pilots are still continuing, and deployment to the remaining sites is also dependent on FSA's CVS application, currently under revision, which is to be fielded with ArcSDE/SQLServer 2000.

- **Microsoft Operations Manager (MOM)** - MOM became operational at the three information technology centers in Kansas City, St. Louis, and Fort Collins, and is yielding significant information that will facilitate operational optimization. MOM is also running on all of the CCE field servers to allow the CCE to centrally monitor those servers, and has been successfully monitoring network traffic. MOM continues to be an important tool in identifying causes of report problems and in problem prevention.

- **Small Office Servers** - Image development for small office servers (ML350s and ML370s) was completed.

- **Exchange Migration** - Microsoft Exchange migration of field office personnel was completed at the beginning of July 2004. This migration supports a common e-mail system for all field office personnel.

- **Software Update Service (SUS)** – SUS completed deployment to all State and Field office servers in August 2004 with the exception of the 30 sites where ArcSDE and SQLServer 2000 are being piloted.

- **Spamkiller** - The McAfee E500 Spamkiller was fielded in late July 2004.

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- **Systems Management Server (SMS)** - The CCE Enterprise Management Team completed development of an architecture for SMS 2003. This Microsoft release provides the robust capabilities that CCE needs for optimal remote management. The SMS 2003 infrastructure is now anticipated to be in place by the first quarter of FY 2005 and will also be deployed on Windows 2003 servers.

- **Split Domain Name System (DNS)** – Split DNS was implemented in September 2004. The split DNS design is able to continue DNS service if one of the DNS servers goes down; backup DNS servers automatically route traffic without impact to the network.

- **CCE Workstations** - All CCE workstations in the field were either migrated from Windows NT to XP or replaced by new XP machines. Also, the FY 1999 Workstation Replacement contract was awarded, and 15,694 high-end computers, mid-range computers and laptops were purchased, along with a limited number of indoor Tablet PCs.

- **IT Convergence** – The need for unified management of the new IT infrastructure kept the SCMI-IT Program Management Office (PMO) concentrated on creating the converged IT organization within OCIO from SCA IT personnel, selecting Information Technology Services (ITS) as the name of the converged organization. ITS will be a service organization structured to address the particular needs of its customers on a reimbursable or fee-for-service basis. ITS will work closely with its customers to develop comprehensive Service Level Agreements (SLAs).

  Now that the ITS is realized, the SCA will begin contracting with ITS for delivery of needed IT services. In the past, some agencies have carried the burden of cost and responsibility for Service Center IT support. The ITS cost reimbursement structure will create a level playing field for the SCA. The goal is for customers to only pay for service they receive. Funding for ITS capital expenditures will continue to come from line item appropriations.

  As part of establishing a fee-for-service structure, the agencies and ITS will be able to begin identifying actual costs. The complexity of the current environment makes it very difficult to identify true numbers. SLAs and the reimbursement structure will help ITS develop performance metrics and cost analysis. Once the agencies and OCIO begin identifying real costs, they will be able to identify efficiencies and overall cost savings.

- **Enterprise Licenses** - The CCE continues to implement a variety of enterprise license agreements with the Environmental Systems Research Institute (ESRI), Microsoft, and others.

- **GIS Partnerships** - GIS and geospatial data play a key role in enabling many of the more dramatic benefits identified for the SCMI CCE. Production of some of the core geospatial databases requires a multiyear investment by USDA. USDA has been a major partner to the US Geological Survey (USGS) as well as partners with other levels of government in investing in production of digital orthophotography quadrants (DOQs) and quarter quadrants (DOQQs). USGS produces the initial DOQ, which USDA data centers process to provide county mosaics and DOQQs that are enhanced to be more useful for interpretation of agricultural features. While these digital orthophotos are now available for the entire country, production of county image mosaics will continue until they are available for all required areas. DOQQs are old in some areas and collection of new data and production of a more current DOQQ is planned to occur every five years. The Common Land Unit (CLU) is USDA's agricultural cadastre (i.e., agricultural land ownership and use data type). CLU data are being provided by the FSA at a variety of digitizing centers across the country. In addition, some CLU data are or will be produced by contractors. Soils maps have been and are being digitized to provide this type of data in geospatial data formats. The Natural Resources Conservation Service (NRCS) is responsible for soil maps and soil map digitizing.

- **Rural Development**, as part of a USDA sponsored initiative, successfully collaborated with Health and Human Services to provide a single USDA point of integration with the grants.gov web site. This

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service is titled USDA Grants.gov and was opened to the public in May 2004. USDA has received approximately one hundred grant applications via this service. Rural Development continues to participate in the USDA working group to maintain and enhance this service.

- **Remote Management** - The Remote Insight Lights Out Edition II (RILOE II) cards were installed on all the network servers; the addition of the RILOE II cards made monitors, keyboards and mice unnecessary on the servers, providing an enhanced level of physical security as one of the benefits.

- **Security Certification and Accreditation (C&A)** – The four General Support Systems (GSS) – Web Farms, Data Centers, Telecommunications, and CCE Infrastructure – went through full C&A activities, which led to an interim Authority to Operate and finally full Authority to Operate from OCIO Cyber Security in September.

- **Other Security Accomplishments** - Intrusion detection systems were implemented on the CCE firewalls, IT security training was provided, and FISMA POA&M quarterly reports were submitted to OCIO Cyber Security throughout the fiscal year, with the Security team actively ensuring ITWG compliance with reporting requirements and deadlines.

Selected Examples of Recent Progress:

- Completed the following interagency GIS training:
  - Introduction to ArcGIS 1 for USDA-SCA - Custom
  - Introduction to ArcGIS 2
  - Introduction to ArcIMS
  - Customizing ArcIMS Using ArcXML
  - SDE Administration for SQLServer
  - Building Geodatabases 1
  - ArcIMS Administration
  - Customizing ArcIMS Using Active X Connector
  - Customizing ArcIMS Using HTML/JavaScript
  - Introduction to Programming ArcObjects with VBA)
  - Advanced ArcObjects Component Dev. 1 for VB
  - ArcGIS Enterprise Systems: Performance and Scalability
  - The NCGC provided the following training:
    - GPS Training
    - Mobile Computing Course (ArcPad, Tablet PC, etc.)
    - Tele Atlas
    - GDW Data Availability & Utilization Methodologies
- Relocated or installed thirteen Service Center offices this fiscal year, providing basic LAN/WAN/Voice capabilities.
- Provided rapid response to numerous service centers due to tornado and fire damage.
- Completed the Voice Over IP Telephony (VoIP) Pilot Projects in Kansas, Wyoming, Pennsylvania, Texas, Utah, and West Virginia. Results were published and are under review.
- Completed piloting PDAs in the field to build specifications for procurements. The first set of Tablet PCs was purchased as part of the overall workstation acquisition at the end of FY 2004.
- Released the National Soil Information System (NASIS), Version 5.2, which made the Soil Data Warehouse and Soil Data Mart operational on December 17, 2003. With this release, three new entities within the overall concept of NASIS were established – the Staging Server, the Soil Data Warehouse, and a Soil Data Mart. The warehouse and data mart provide a single point of delivery of our official soil survey information, whether it is to the Electronic Field Office Technical Guide (eFOTG), Soil Survey Geographic (SSURGO) Database, Customer Service Toolkit, Technical Service Providers, or the general public. The eFOTG can be dynamically linked to a specific soil survey on the

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Soil Data Mart, reducing the workload and burden of management and maintenance of eFOTG for the current official soil survey data.

- IT convergence activities included regular updates to the IT Convergence website, conducting numerous meetings with Labor Relations, Human Resources, field advisory personnel, Unions, and Employee Associations on IT Convergence. The Executive Project Manager gave updates on IT Convergence to State IT Leadership, Agency Heads, and Conservation Districts.
- Other IT Convergence communication activities included:
    - Processed many frequently asked questions (FAQ) from SCA personnel on impacts of IT Convergence. FAQs are posted to the IT Convergence web site.
    - Distributed bi-weekly newsletters to all SCA-IT Personnel on IT Convergence.
    - Briefed NRCS State Conservationists, FSA State Executive Directors, and RD Directors on IT Convergence.
    - Continued bi-weekly teleconferences with unions and associations to share information and address IT Convergence related questions.
    - Developed brochures and guides summarizing the changes associated with convergence to be distributed to customer agencies and incoming staff prior to "Day One" of the ITS.
- The last remaining components of the reorganization package, the Civil Rights Impact Analysis and the Incidental Transfer Agreement (ITA), were completed for the creation of ITS and submitted to the Department and approved. Memoranda of understanding (MOUs) between OCIO and each agency have been created to address the mechanics of implementing the resource transfers and providing for interim administrative and logistical support for ITS in such areas as space, vehicles, and incidental supplies.
- Meetings continued with the National Finance Center to ensure the transfer is as seamless as possible for employees. The goal for "Day One" of ITS operations was moved to November 28, 2004 to allow adequate time for necessary transition activities.
- A new fund type was created under the Department's Working Capital Fund to process obligations for ITS. Notifications to OMB and Congress were made to address the expansion of existing activities in the Working Capital Fund. An account code structure was input into the Financial System in the Working Capital Fund to support ITS and to provide information on levels of effort and costs in providing Service Levels.
- Additionally, work is proceeding on transferring administrative resources such as telephone calling cards, cell phones, quality of life issues such as transit and other subsidies and the instigation of purchase cards for the organization. A network of administrative contacts in each state group and large office has been established to provide interim administrative support until additional administrative resources are obtained by the organization. Training is being planned for these administrative contacts in the areas of coordination of time and attendance, input of Personnel Actions in a SF52 system, and in purchase card responsibilities. Training for the Administrative Coordinators was held in Washington, DC the week of September 11, 2004, in Fort Collins the week of October 18, and Kansas City the week of October 25, 2004.
- ITS entered into an agreement with the Bureau of Public Debt to provide full HR support to the new organization and also to provide support for a web-based time and attendance system. A preliminary stand-up agreement was executed for FY 2004 and an agreement subject to availability of funds was prepared for FY 2005. The Human Resources support will include Classification, Staffing and Recruitment, Employee and Labor Relations, Employee Benefits and Retirements, and Personnel Processing, Pay and Leave and WebTA Services (Time and Attendance).
- The Configuration/Change/Release Management team continues to work towards implementing change management across the enterprise. Additional areas of Change Management that are being defined are release management and configuration management. This work will continue throughout the next fiscal year as the team ensures that commonality is applied to all aspects of SCMI-IT and ITS. In August the Request for Change (RFC) submission deadline was moved back from one week prior to the bi-weekly Change Control Board (CCB) meeting to the Friday preceding the CCB meeting in order to give more time for the development activities necessary for the new CM process.

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- Processed the Delivery Order for the Tri-Agency Consolidated Cisco Maintenance. The contract provides maintenance services for VPN Bundle, bridges, access servers, Ethernets, modems, chassis, power supplies, routers, IP phones, ports, switches, catalysts, and SmartNet systems for the SCA.
- Combined the various Veritas licenses and products under one Blanket Purchase Agreement (BPA).
- Participated in the evaluation and selection of the FTS 2001 vendors for the award of the UTN task. The selected FTS 2001 vendor is AT&T Government Solutions. The T-Strat Team continues to work with the OCIO and GSA in support of this endeavor.
- Continued GIS data development, with 2009 counties or soil survey areas digitized to date out of 2865, and 1875 certified.
- Digitized Common Land Units or farm field boundaries for 2250 counties out of 3137; 566 have been certified.
- Continued to acquire replacement imagery annually for all U.S. cropland areas, through FSA/NRCS and other federal and state partners.
- Implemented the FISMA Plan of Action and Milestones (POA&M) and associated reporting for FY 2004.
- Coordinated the handling of incident reports with the ISSPMs and OCIO-CS.

CCE Support of SCA Program Delivery

The CCE improvements have significantly helped the SCA meet the requirements of the latest Farm Bill, Freedom to E-File legislation, the Paperwork Reduction Act (PRA), the Government Paperwork Elimination Act (GPEA), and other legislative mandates. Improved access to data and enhanced communication capabilities, coupled with the ability to do business electronically, result in more efficient staff use. Greater efficiency and improved service will result from the full implementation of GIS and the continued use of the shared technology that the CCE has provided to the SCA.

There are multiple sources of funding for SCMI activities. The funds appropriated directly to the OCIO CCE account are generally used to fund shared infrastructure activities. The SCA, out of their individual agency budgets, fund the majority of the application development activities associated with using the infrastructure to deliver program benefits to the customer. Both of these areas are critical to the success of the SCMI, therefore, we have included a section on the program activities funded by the SCA and information about the infrastructure activities funded through the OCIO CCE budget.

The application development groups of FSA, NRCS, and RD each develop GIS applications. The Business Process Reengineering (BPR) Labs generated many of the concepts and requirements for desktop GIS pilot applications, which have since been further developed by the agency applications development groups. All three SCAs have developed GIS applications and have plans to develop additional applications, as well as migrating desktop GIS applications to an enterprise GIS architecture. Desktop GIS applications that have been deployed include NRCS' Customer Service Toolkit, which is a conservation-planning tool, and FSA tools to digitize and maintain CLU data and calculate acreages. RD has also deployed its web based MAP application, which provides RD managers with the ability to map the locations of RD grants and loans and generate geospatial queries and reports. NRCS has deployed a number of other applications including the Resource Data Gateway, Wetlands Determination Toolkit, webEasements, and the Soil Data Viewer. Resource Data Gateway is a geospatial data portal, which allows users to identify available geospatial datasets of interest and places orders for delivery of data via CDs or ftp. WebEasements is the most advanced application from an architectural standpoint; webEasements makes innovative use of NRCS developed web geospatial services and ESRI's Internet GIS tools to provide geospatial data capture and editing capabilities over the web. Table 1 presents a listing of implemented GIS applications by service center agency.

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Table 1 - Service Center Agency Implemented GIS Applications

FSA Implemented GIS Applications	NRCS Implemented GIS Applications	RD Implemented GIS Applications
Land Cover Tool	Customer Service Toolkit	Mapping Analysis Program (MAP)
CLU Map Production (Digitizing Tool)	Wetland Determinations Toolkit	
Acreage Reporting	Soils Data Viewer	
CLU Maintenance Tool	Resource Data Gateway	
CLU Crop Reporting Tool	webEasements	
CLU Compliance Tool	Office Information Profile	
	ProTracts	

Future plans include development of a number of new enterprise GIS applications. For example, FSA will develop the Customer-Land link in a new GIS based version of SCIMS. In addition, FSA will migrate existing CLU digitizing and maintenance applications from the desktop to a local client server architecture. This was piloted in FY 2004 and will be deployed nationally in FY 2005. This migration will provide support for editing by multiple users, versioning, history tracking and other advanced geospatial data management techniques. In addition, programs will be deployed in FY 2005 to replicate CLU data changes to the Geospatial Data Warehouse (GDW) to allow integration of CLU with applications like the Customer Statement and other e-Gov applications. Future SCA GIS applications development plans are presented in Table 2.

Table 2 -Future SCA GIS Applications

Future FSA GIS Applications	Future NRCS GIS Applications	Future RD GIS Applications
Acreage Reporting (Land Use)	ArcGIS Customer Service Toolkit	RHS Single Family Housing Program Eligibility Locator
Acreage Compliance	Mobile Data Collection	Environmental Hazard Reporter
SCIMS Customer-Land Link		Spatially Enabling the RD Data Warehouse
CLU Maintenance		Spatially Enabling the Preservation Information Exchange
CLU GDW Linkage		
CRP Signup		

Since 1998, the SCA have been re-engineering business processes. They have engaged Service Center and other staff at all levels in the three agencies to accomplish this re-engineering. The SCA have developed, piloted and deployed many major Business Process Re-engineering Projects. A discussion of these projects follows:

1. The Customer Service Toolkit (CST) provides NRCS and other USDA SCA employees with tools to develop and manage conservation plans, plan maps, and soils inventories. CST uses functions provided in commercial software applications such as Microsoft Outlook, Microsoft Access, Microsoft Excel, and ESRI ArcView. Toolkit programming loosely couples these commercial packages and extends their utility. The CST is customer focused to provide high quality conservation plans and plan maps. It can be used in the field or in the office. It makes use of available GIS data and displays it in a

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very usable format. Conservation plans are produced in Microsoft Excel, which provides compatibility with most of our customers' technology. Products can be delivered via disk, paper, or e-mail. The Soil Data Viewer, a tool within CST, allows the creation of soil-based thematic maps. Soil Data Viewer shields users and applications from the complexity of the soil database and incorporates rules for appropriate use of soil data. It provides an easy to use tool for geospatial analysis of soil information for resource assessment and management. CST is deployed in all service centers and is the primary NRCS program delivery tool for conservation planning and resource analysis.

2. The Multi-Family Integrated System (MFIS) provides a web based system for managing Rural Development multi-family housing units including facilities and tenant tracking. During the past fiscal year, a totally paperless process was provided for automatically collecting and processing Multi-Family Housing loan payments and updating borrower accounts. This process provides project management agents the capability to approve payment amounts via the web and to authorize the electronic collection of payments from the borrower's bank account. In addition, using data warehouse capabilities, the capability to generate reports which support the forecasting of rental assistance usage and renewal requirements using various inflation factors was also implemented.

3. The Guaranteed Loan System supports both Rural Development and Farm Services Agency guaranteed loan programs. This system continues to be enhanced to include new guaranteed loan business processes. Enhancements completed this past fiscal year include enhancing the processing of Single Family Housing loan loss claims by allowing lenders to electronically enter claims via a web-enabled process and to disburse loss payments directly to lender using electronic funds transfer. In addition, an enhancement automating Single Family Housing Direct Loan Program loan underwriting processes was completed. Future enhancements include extending the automating of loan loss claims to other programs, web-enabling lender application processing, and expanding automated process supporting compliance with the Debt Collection Improvement Act.

4. The Rural Utilities Loan Servicing System is being designed to retire Rural Utilities Service legacy systems and applications that are inadequate to meet the business needs of the program managers and to comply with Joint Financial Management Improvement Program requirements. The deficiencies within these systems have been identified in several Office of Inspector General audit reports and as material weaknesses in Federal Financial Managers Integrity Act reports. This web-based system will resolve all audit findings and correct all material weaknesses that have been identified as well as provide Rural Development program managers and financial managers with state-of-the-art commercial loan servicing capabilities. The project is being completed in a series of phased implementations. Several project milestones have been completed and basic systems capabilities have been deployed. Work is underway on automating the finance and accounting processes of this system.

5. Rural Development is continuing to actively expand its document management system capabilities. Rural Development is developing an enterprise-wide document management solution for correspondence management using existing FileNet technologies built on USDA's Enterprise Shared Services infrastructure. This application enters the pilot phase in December 2004. Participants in this pilot include the Office of the Executive Secretariat, Office of the General Counsel, Office of Program and Budget Analysis, and specific Rural Development Offices in Washington, D.C. It is planned to extend this application to all USDA agencies and all Rural Development field offices and complete the full rollout of this system by December 2005. In addition, other management applications being planned as enhancements to this system include automating case management and inter-office memorandum tracking capabilities.

The SCA have the following additional projects that are being readied for deployment or deployed.

1. FSA implemented a Conservation Reserve Program (CRP) signup process during 2003 that used CCE GIS capabilities and CCE network infrastructure to conduct CRP General Signup 26. FSA is in the process of developing a new web based signup process for CRP and an updated GIS determination tool. The CRP Sign up web site is based on the prototype system built in 2003. This system performs all the technical determination for land eligibility and environmental benefits index scoring for ranking

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of offers. A desktop GIS tool was developed and deployed in FY 2004 for General Signup 29 which calculates the acreage for the three main soil map unit symbols for a Common Land Unit (CLU) for a polygon drawn by the users. The tool incorporates the soils information on FSA's Soils Web Site. This data allows the CRP GIS tool to perform maximum payment rate calculations and erodibility index (EI) calculations. FSA has accessed soils data provided by NRCS to automate the collection of CRP offer information from customers. GIS data (where available) and a GIS application has been used to identify the location of the land included in the offer (the CLU) and calculate the amount of acreage for each soils type in the offer. A CCE based tool has been constructed to validate the soils, hydrological data, climate, land value, and environmental factors, as well as calculate the Environmental Benefits Index (EBI) for the offer. This has reduced the error rate in the determination of the EBI and improved the accuracy of the process and the overall environmental benefit of the CRP. The customer has also benefited by receiving up-front information on the eligibility and EBI viability of the proposed offer.

2. The Electronic Loan Deficiency Project (e-LDP) is being developed and released in phases. The e-LDP provides a Web Based system that producers can access via the Internet to obtain loan deficiency payments. Phase I was released in FY 2002 in 21 counties for six crops and applied to direct deposit producers only. Phase II was released in August 2003 in 50 states and 50 counties for 15 crops. A National release at the end of FY 2004 provides access for most cooperatives and marketing associations. This release utilizes a fully functional National Payment Service that includes additional functions for issuing checks and performing set offs and assignments for producers.

3. FSA is constructing and implementing web-based Financial Services to collect and maintain producer information needed for establishing assignment of payments, banking account information, and participation in electronic payments. This system will be e-Gov-enabled to provide customers the ability to update their personal information. The target date is early in 2005 and will replace legacy processes on the AS/36.

4. FSA is constructing and implementing web-based National Payment Services to provide the accounting services for issuing payments including handling setoffs, assignments, claims, and receivables and providing certification functions. This National Payment Service will be used by all FSA web-based applications to handle the issuance of electronic and paper payments. The target date is early in 2005.

5. FSA is developing a web-based system to administer the new Milk Income Loss Contracts (MILC) program. This new application providing the ability to enroll producers, track contracts, record production of milk, calculate payments, and utilize the National Payment Services to issue payments will be operational early in 2005.

6. FSA is developing a web-based system to administer the Trade Adjustment Assistance legislation. This new system will provide the functionality to record petitions, record the signup applications for approved petitions, calculate the payments authorized for customers, and utilize the National Payment Services to issue payments. The target date for full implementation is early in 2005.

7. NRCS released the initial version of TechReg in January 2003 to provide a streamlined process for registering Technical Service Providers (TSPs) and tracking their assistance in delivering conservation programs. The application will provide TSPs on-line access to enter performance data in the agency's accountability database. The application automates processes for agency certification of TSPs and linkage to external certification databases. The application is integrated with SCIMS and uses WebCAAF for authentication.

8. NRCS released its Smartech Electronic Field Office Technical Guide (eFOTG) "Thunderbook" in January 2003. This application is a digital briefcase for technical information frequently used by agency conservationists while working with customers in the field. The eFOTG, which has been on-line and publicly available from the NRCS or Service Center Agency web sites since August 2002, contains or electronically references all official technical content the agency uses to deliver

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conservation programs and technical assistance. The new Thunderbook enables agency employees and technical service providers to download eFOTG content to a hand-held or laptop computer, which subsequently is taken to the field. When the user re-docks the laptop or PDA to the CCE network, the content is automatically refreshed. Enhancements, such as an Improved Search Function, and County-Based eFOTG, are planned for February and October 2005, respectively.

9. NRCS' ProTracts application manages the cost-share contracting process for NRCS conservation programs. The application eliminates all paper transactions and need for forms, although completed forms are a product for those that need them. The application was evaluated in a telecommunications pilot featuring remote connectivity in the field, where practices are certified in the field using GPS units and uploading of data to the on-line system database hosted in the SCA Web Farms. The field conservationist also approves payment and processes customer receipts while in the field with the customer. ProTracts is integrated with SCIMS and uses E-authentication. Fund Manager 2005 is planned for release in late 2004 or early 2005.
10. NRCS has implemented Web Modernization Phase 2 - Conversion of region, State, center, and institute web sites to NRCS Web site style guide template. WebMod 2005 is planned for the end of FY 2005.
11. NRCS released the Performance and Results Measurement System (PRMS) Update, which provides a linkage to SCIMS, Quarterly Goals, and Farm Bill changes.
12. NRCS' Conservation Information System (CIS) Update adds budget plan and status of funds reports; modifies user profile categories for selective access to CIS reports.
13. NRCS has implemented the Vegetative Planting Specifications (VegSpec), which includes the migration of old legacy web application to Java J2EE framework; new riparian buffer practice; linkage to PRISM climate data; 508 compliance; improved wetland rule; 45 additional conservation plants to database.
14. NRCS' Resource Data Gateway Update provides web tools for troubleshooting navigation; customer feedback tool; 508 changes; quick-snap feature to download data for area of interest; quick state order for county Farm Bill downloads.
15. The Total Cost Accounting System (WebTCAS) Update from NRCS is an update of the timekeeping application to accommodate direct charges in FY 2004.
16. NRCS Intranet (My.NRCS) – Web Modernization Phase 3 consolidates all internal agency content and access to applications to a My.NRCS site with e-Authentication (formerly WebCAAF authentication).
17. Performance Results System (PRS) – New performance application that mines data from the Customer Service Toolkit, ProTracts, and eFOTG databases.
18. Program Operations Information Tracking System (POINTS) – Web enabled application replaces and consolidates multiple program operations databases with different formats into a single system for easier maintenance and improved access to data for agency accountability reports.
19. Soil Data Warehouse/Mart – On-line source of soils data for the electronic Technical Guide (eFOTG) and Customer Service Toolkit. The application is available to agency soil scientists, who are developing data sets to populate the mart.

In addition to the projects listed, the agencies have a number of other projects in the initial planning stages. All of these projects were made possible by the development of a common shared information technology system.

Investments have also been made in data warehouses, data centers, security components and the web farms to support internal and external data sharing and electronic services. A data storage architecture was finalized and implemented, and it includes disaster recovery, failover and other features. Training is ongoing to ensure employees have the skills needed to effectively use and support the new technologies.

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2006 Explanatory Notes
Office of the General Counsel

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OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel (OGC) was established in 1910, (70 Stat. 742) as the law office of the Department of Agriculture. The mission of OGC is to provide legal services necessary to support activities of the USDA. OGC provides legal services primarily to the Secretary of Agriculture and officials at all levels of USDA as well as members of Congress concerning the programs and activities carried out by USDA.

Description of Programs:

The Office of the General Counsel (OGC) is the law office of the Department of Agriculture (USDA). OGC determines legal policy and directs the performance of all legal work conducted by the United States Department of Agriculture. All legal services are centralized within OGC and the General Counsel reports directly to the Secretary.

The Office provides all necessary legal advice and services for the Department's ongoing programs. The headquarters legal staff is divided into six sections: (1) Marketing, Regulatory and Food Safety Programs; (2) International Affairs, Commodity Programs and Food Assistance Programs; (3) Rural Development; (4) Natural Resources; (5) Legislation, Litigation, and General Law and (6) Civil Rights.

The General Counsel is the chief law officer of USDA and is responsible for providing legal services for all programs, operations, and activities of USDA. The General Counsel is assisted by a Deputy General Counsel and six Associate General Counsels, each of whom is responsible for a portion of the legal work of USDA. The Law Library was transferred from the National Agricultural Library to OGC in 1982.

Legal Advice. OGC provides legal advice, both written and oral, to all agency officials of USDA. That advice takes the form of oral advice, written opinions, review of administrative rules and regulations for legal sufficiency, review of agency agreements and contracts and review and advice concerning any other agency activities which involve legal issues.

Legislation and Document Preparation. The Office also prepares legislation, patent applications arising out of inventions by USDA employees, contracts, agreements, mortgages, leases, deeds and any other legal documents required by USDA agencies.

Administrative Proceedings. USDA is represented by OGC in administrative proceedings for the promulgation of rules having the force and effect of law and in quasi-judicial hearings held in connection with the administration of various USDA programs.

Federal and State Court Litigation. OGC works with the Department of Justice (DOJ) in all Departmental civil litigation. The bulk of this litigation is defensive litigation. The Office serves as liaison with DOJ and assists in the preparation of all aspects of the government's case. OGC makes referrals of matters which indicate criminal violations of law have occurred and assists DOJ in preparation and prosecution of criminal cases. In some instances, OGC attorneys represent USDA as Special Assistant United States Attorneys, both in civil and criminal matters.

By delegation, the Associate General Counsel for Legislation, Litigation, and General Law represents the Department in certain classes of cases before the United States Courts of Appeals.

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Geographic Location. The work of this office is carried out in Washington, D.C., and four regions which include 17 offices as follows:

Eastern Region:
Atlanta, Georgia
Columbus, Ohio
Harrisburg, Pennsylvania
Milwaukee, Wisconsin
Montgomery, Alabama

Central Region:
Kansas City, Missouri
Chicago, Illinois
Little Rock, Arkansas
St. Paul, Minnesota
Temple, Texas

Mountain Region:
Denver, Colorado
Albuquerque, New Mexico
Missoula, Montana
Ogden, Utah

Pacific Region:
San Francisco, California
Juneau, Alaska
Portland, Oregon

As of September 30, 2004, the office had 331 employees of which 320 were permanent full-time employees and 11 were other than permanent full-time employees. There were 160 permanent full-time employees and 7 other than full-time employees located in Washington, D.C., and 160 permanent full-time employees and 4 other than full-time employees in the field.

OGC did not have any OIG or GAO evaluation reports during the past year.

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OFFICE OF THE GENERAL COUNSEL

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	$34,625,053	302	$35,861,000	310	$40,263,000	321
Rescission	-205,000	--	-287,000	--	--	--
Subtotal, Salaries and Expenses	34,420,053	302	35,574,000	310	40,263,000	321
Allocation from:						
Hazardous Materials Management Prgm	1,372,343	11	1,556,000	11	1,600,000	11
Obligations under other USDA appropriations:						
FS Non-Litigating Sprt	111,232	0	250,000	0	250,000	0
Milwaukee Space	110,410	--	--	--	--	--
Details (FSA/FS/CR)	103,625	1	--	--	--	--
Civil Rights Reimbursables	46,278	1	158,000	2	165,000	2
AMS-User Fees	1,034,159	5	1,084,000	6	1,109,000	6
APHIS-User Fees	178,418	1	258,000	1	264,000	1
GIPSA-User Fees	10,108	0	16,000	0	17,000	0
FSA-User-Fees	17,776	0	18,500	0	19,000	0
FSIS-User-Fees	1,096	0	--	--	--	--
Total, Other USDA Appropriations	1,613,102	8	1,784,500	9	1,824,000	9
Total, Office of the General Counsel	$37,405,498	321	38,914,500	330	43,687,000	341

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OFFICE OF THE GENERAL COUNSEL

Permanent Positions by Grade and Staff-Year Summary
2004 Actual and Estimated 2005 and 2006

	2004			2005			2006		
Grade	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Executive Level	1	--	1	1	--	1	1	--	1
Senior Executive Service	16	4	20	16	4	20	16	4	20
GS-15	36	24	60	39	25	64	41	25	66
GS-14	51	62	113	53	63	116	59	65	124
GS-13	12	3	15	11	4	15	10	5	15
GS-12	14	7	21	11	9	20	12	10	22
GS-11	10	13	23	6	7	13	7	5	12
GS-10	2	--	2	3	--	3	3	--	3
GS- 9	6	14	20	7	14	21	7	14	21
GS- 8	13	17	30	12	16	28	12	16	28
GS- 7	6	17	23	6	17	23	6	17	23
GS- 6	2	3	5	2	3	5	2	3	5
GS- 5	1	--	1	1	--	1	1	--	1
Total Permanent Positions	170	164	334	168	162	330	177	164	341
Unfilled Positions end-of-year.....	-10	-4	-14	--	--	--	--	--	--
Total Permanent Full-time Employment, end-of-year.....	160	160	320	168	162	330	177	164	341
Staff-Year Estimate.....	160	161	321	168	162	330	177	164	341

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OFFICE OF THE GENERAL COUNSEL

Summary of Budget and Performance
Statement of Goals and Objectives

OGC has one strategic goal and five strategic objectives that contribute to all the Department's strategic goals.

USDA Srategic Goal/Objective	**Agency Strategic Goal**	**Agency Objectives**	**Programs that Contribute**	**Key Outcome**
All USDA Goals	**Agency Goal 1**: To provide effective legal services in support of all programs and activities of USDA, consistent with the strategic goals of USDA and the priorities of the Secretary of Agriculture.	Objective 1.1: Review of all draft regulations submitted by USDA agencies, and provisions of advice to USDA officials as to their sufficiency. Objective 1.2: Preparation and review for legal sufficiency of all legal documents, memoranda, and correspondence. Objective 1.3: Conduct of litigation before courts and administrative forums, and provision of litigation support services to the Department of Justice, in connection with litigation arising out of all USDA programs and activities. Objective 1.4: Drafting of legislation, and review for legal sufficiency of legislation reports and testimony, in connection with proposals to establish or amend USDA programs and activities. Objective 1.5 : Provision of advice and counsel to USDA officials concerning legal issues arising out of USDA programs and activities.	Legal Services Program	Provide effective legal services in a responsive manner to support USDA activities, consistent with the priorities established by the Secretary of Agriculture.

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Strategic Objective and Funding Matrix

OFFICE OF THE GENERAL COUNSEL

STRATEGIC OBJECTIVE 1.1:
Review of all draft regulations submitted by USDA agencies, and provisions of advice to USDA officials as to their sufficiency.

STRATEGIC OBJECTIVE 1.2:
Preparation and review for legal sufficiency of all legal documents, memoranda, and correspondence.

STRATEGIC OBJECTIVE 1.3:
Conduct of litigation before courts and administrative forums, and provision of litigation support services to the Department of Justice, in connection with litigation arising out of all USDA programs and activities.

STRATEGIC OBJECTIVE 1.4:
Drafting of legislation, and review for legal sufficiency of legislation reports and testimony, in connection with proposals to establish or amend USDA programs and activities.

STRATEGIC OBJECTIVE 1.5:
Provision of advice and counsel to USDA officials concerning legal issues arising out of USDA programs and activities.

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Budget		Increase	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	or Decrease	Amount	Staff Years
Legal Services	$34,495,000	302	$35,574,000	310	+ $ 4,689,000	$40,263,000	321
Total Available	34,495,000	302	35,574,000	310	+ 4,689,000	40,263,000	321

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level: OGC will aim to provide effective legal services in a responsive manner in order to ensure that agency officials can implement their programs.

Means and Strategies

OGC has requested an increase in resources to ensure that agency officials are receiving effective, responsive legal services for all essential agency activities. The requested increase would be used to hire legal and support staff to meet the demands for legal services generated by the Department. This amount includes funds necessary to hire additional staff, support and maintain current staff and improve computer and information systems. Improving the ability to communicate internally and with agencies outside of the Department would improve the efficiency in OGC.

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Specific activities to move OGC toward the desired goal include the following:

Effective direction and supervision of attorneys and support staff, in Washington headquarters office and all field offices, in order to accomplish delivery of effective legal services in support of all USDA programs and activities.

Careful prioritizing in delivery of legal services to USDA officials and client agencies, in order to target principal resources towards support of USDA's strategic goals and the priorities of the Secretary of Agriculture.

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OFFICE OF THE GENERAL COUSEL

Summary of Budget and Performance
Key Performance Outcomes and Measures

GOAL 1: Provide effective legal services in a responsive manner to support USDA activities, consistent with the priorities established by the Secretary of Agriculture.

Key Outcome: Maintain effective legal services to support USDA activities, consistent with priorities of the Secretary of Agriculture.

Key Performance Measures: All OGC's Performance Measures are key measures.

Key Performance Targets:

Performance Measure	2003 Actual	2004 Estimate	2005 Target	2006 Target
Performance Measure #1 Percentage of USDA regulations reviewed and cleared within statutory and assigned OGC timeframes.	90% of USDA regulation reviewed and cleared timely	90% of USDA regulation reviewed and cleared timely	90% of USDA regulation reviewed and cleared timely	95% of USDA regulation reviewed and cleared timely
Performance Measure #2 Percentage of formal legal memoranda and other legal documents prepared within assigned timeframes.	80% of legal documents prepared within timeframes	80% of legal documents prepared within timeframes	80% of legal documents prepared within timeframes	85% of legal documents prepared within timeframes
Performance Measure #3 Items of controlled correspondence reviewed for legal sufficiency within assigned timeframes.	80% of legal documents prepared within timeframes	90% of legal documents prepared within timeframes	90% of legal documents prepared within timeframes	95% of legal documents prepared within timeframes
Performance Measure #4 Litigation before administrative forums, including EEOC, MSPB, USDA's Board of Contract Appeals, USDA's ALJ's and JO, and other administrative bodies, conducted in effective and timely manner.	80% of pleadings and filings made timely	80% of pleadings and filings made timely	80% of pleadings and filings made timely	85% of pleadings and filings made timely
Performance Measure #5 Provision of assistance to Department of Justice and U.S. Attorneys in connection with litigation in Federal courts as assigned accomplished in effective and timely manner.	Litigation assistance provided effectively and briefs filed timely	Litigation assistance provided effectively and briefs filed timely	Litigation assistance provided effectively and briefs filed timely	Litigation assistance provided effectively and briefs filed timely
Performance Measure #6 Drafts of legislation in support of USDA goals and priorities, and provision of drafting services when requested by Committees and Members of Congress, provided timely and effectively.	Draft legislation provided timely	Draft legislation provided timely	Draft legislation provided timely	Draft legislation provided timely

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Performance Measure #7 Legislative reports and testimony reviewed within assigned timeframes.	90% of legislative reports and testimony reviewed timely	90% of legislative reports and testimony reviewed timely	90% of legislative reports and testimony reviewed timely	95% of legislative reports and testimony reviewed timely
Performance Measure #8 Legal advice and counsel to USDA officials and agencies provided timely and effectively.	Legal advice provided timely	Legal advice provided timely	Legal advice provided timely	Legal advice provided timely
Total Costs	$ 34,466,470	$ 34,420,053	$ 35,574,000	$ 40,263,000

Performance Targets for FY 2001 and FY 2002 are not available.

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Full Cost by Strategic Goal

Goal 1: To provide effective legal services in support of all programs and activities of USDA, consistent with the strategic goals of USDA and the priorities of the Secretary of Agriculture.

PROGRAM	PROGRAM ITEMS	2004 AMOUNT ($000)	2005 AMOUNT ($000)	2006 AMOUNT ($000)
Legal Services	Direct Costs	$31,658	$33,238	$36,707
All performance measures apply	Other Direct Costs	2,762	2,336	3,556
	Total Costs	$34,420	$35,574	$40,263
	FTE's	321	330	341

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Appropriation Language

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets)

Office of the General Counsel:

For necessary expenses of the Office of the General Counsel, [$35,861,000] $40,263,000.

SALARIES AND EXPENSES

Appropriations Act, 2005	$35,861,000
Budget Estimate, 2006	40,263,000
Increase in Appropriation	+4,402,000

Adjustments in 2005:		
Appropriations Act, 2005	$35,861,000	
Rescission under P.L 108-447 a/	-287,000	
Adjusted Base for 2005		35,574,000
Budget Estimate, 2006		40,263,000
Increase over adjusted 2005		+4,689,000

a/ The amount is rescinded pursuant to the FY 2005 Consolidated Appropriations Act, P.L. 108-447.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Legal Services	$35,574,000	+$869,000	+$3,820,000	$40,263,000
Total Available	$35,574,000	+$869,000	+$3,820,000	$40,263,000

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OFFICE OF THE GENERAL COUNSEL

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Legal Services	$34,420,053	321	$35,574,000	330	+ $4,689,000	$40,263,000	341
Unobligated Balance	74,947	--	--	--	--	--	--
Total Available or Estimate	34,495,000	321	35,574,000	330	$4,689,000	$40,263,000	341
Rescission	205,000		287,000				
Total, Appropriation	$34,700,000	321	$35,861,000	330			

Justification of Increases and Decreases

(1) An increase of $4,689,000 for the Office of the General Counsel ($35,574,000 available in 2005) to help accomplish OGC's performance goal. The increase consists of:

(a) An increase of $1,623,000 to maintain and support current staff.

This increase will enable OGC to meet its goal of providing effective legal services in a responsive manner to support USDA activities, consistent with the priorities established by the Secretary of Agriculture. It is absolutely critical that OGC be able to support and maintain current staffing levels in order to insure that agencies of the Department receive adequate predecisional legal advice, training, appeal and litigation legal services. Placing OGC attorneys in the decision-making process helps insure that Departmental decisions comply with applicable legal requirements, litigation is avoided and improves the Department's chance of avoiding litigation or successfully defending itself against litigation filed. Insuring that adequate staff are available to provide legal advice garners significant savings from avoiding to costly litigation expenses. Approximately 91 percent of OGC's budget is in support of personnel compensation, which leaves no flexibility for absorbing increased cost for personnel benefits, lump sum payments and salary adjustments.

(b) An increase of $869,000 to fund pay costs.

Unlike large program agencies which have more flexibility concerning budget implementation, OGC can only absorb this increase by reducing staff or reassessing its operating requirements for travel, maintenance of equipment, law library purchases and supplies. A staff reduction would result in backlogs and delays in reviewing and clearing agency rulemakings and correspondence, and in providing legal advice within requested time frames.

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(c) An increase of $1,045,000 and 11 staff years for additional legal services.

As a result of increasing workload, there are several areas where staffing is insufficient to adequately meet the demands for legal services generated by the Department. This increase will enable OGC to meet its objective of providing effective legal services in a responsive manner to support USDA activities, consistent with the priorities established by the Secretary of Agriculture. Staffing will consist of 10 attorney positions and 1 Information Technology Specialist. The resources are needed in the following areas:

Regulatory Division (2) There is a critical need for additional legal services and support to assist APHIS in addressing the major animal health issues related to bovine spongiform encephalopathy (BSE) and other serious and potentially devastating diseases of livestock, and a constantly expanding array of international sanitary and phytosanitary issues that arise in the context of the implementation of U.S. international agreements. The demand for legal services is also increasing in connection with plant pest and animal disease eradication programs. This increase is especially marked in connection with enforcement and compliance activities, and in defending challenges to quarantine and eradication programs based on National Environmental Policy Act (NEPA) claims and other environmental and related concerns. In addition, the APHIS program for the regulation of biotechnology is growing exponentially and now involves not only the products of plant biotechnology and plant health programs, but genetically modified livestock and arthropods and the full panoply of animal health programs. The emergence of biotechnology as a major focus of public and regulatory concern will necessitate the development of responsive policies and new regulations, with more intensive legal review and legal analysis to support and explain such initiatives. An increasing number of cases are being filed and issues raised with regard to the adequacy of environmental analysis and NEPA compliance in connection with the granting of field trial permits and determinations of non-regulated status, all of which require more legal and litigation support.

The food safety program of the Department is certainly one of the highest priorities of the Department and the Administration. The food safety initiatives are designed to enhance public health by minimizing food-borne illness from meat, poultry and egg products. Among those initiatives are the regulatory mandates for the meat and poultry industry to adopt and implement Hazard Analysis and Critical Control Point (HACCP) systems and sanitation and microbiological testing programs. A second initiative is the development of working partnerships with other public health agencies and other stakeholders to support the President's national food safety initiatives. A third initiative is the promotion of food safety from farm to table through cooperative programs with the states and other federal agencies. A fourth initiative is the promotion of international cooperation on food safety by the application of sound internationally accepted food safety standards. A fifth initiative is the reformation of the existing regulations with HACCP principles and the removal of unnecessary regulatory obstacles to innovation. All of those have led to a substantial increase in the demand for legal support of the food safety program area.

Civil Rights (3) An Assistant General Counsel for Civil Rights Policy, Compliance and Counsel is needed to complete reorganization of OGC's civil rights functions. Also, additional attorneys are needed to insure that agencies of the Department receive adequate legal services, and it is critical that OGC is able to represent USDA agencies in all formal EEO proceedings. This increase will provide legal counsel to the Department and agency officials, aid in processing and adjudicating civil rights complaints brought by both employees and applicants for employment in the Department, as well as individuals who allege violations of their civil rights in programs administered by the Department. One of these positions will be located in the field.

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Natural Resources Division (1) A Deputy Assistant General Counsel for Natural Resources is needed to complete reorganization of OGC's natural resources function and to assist in supervising the attorney and support staff of the division. This position is also needed to bolster expertise in defending litigation challenging timber sales and other actions on the National Forest.

Conservation and Environment Division (1) An attorney position is needed to enhance capabilities to provide legal assistance to the Natural Resources Conservation Service related to conservation easements arising under the Farm and Ranch Lands Reserve, Grasslands Reserve, and Wetlands Reserve Programs.

General Law (1) An attorney position is needed to strengthen legal capabilities in the areas of contracts, procurements, and outsourcing of Federal functions.

International Affairs and Commodity Programs Division (1) Additional legal services are required in connection with the implementation of major commodity program, disaster, and trade activities.

Kansas City (1) An attorney position is needed to strengthen capabilities of OGC's Central Region headquarters office to address expanding requirements in the provision of legal services in support of FSA commodity and loan programs and RD loan and grant activities.

Information Technology (1) With the recent influx of mandated security requirements (Federal Information Security Management Act milestones and reports, Certification and Accreditation of Computer Systems, Development and Implementation of a Computer Security Awareness Program, Implementation of Computer Workstation Security Checklists, and Internet Security Scans) the challenge to meet deadlines without an increase in resources is almost impossible. OGC requires an Information Technical Specialist to assist the OGC in meeting these security mandates. Information Security is USDA's highest information technology priority and resources are essential to the delivery of USDA's mission. This position would also be utilized to oversee the Microsoft Exchange Server, once OGC has migrated its current Novell GroupWise mail system to Microsoft Exchange.

(d) An increase of $1,152,000 for Information Technology requirements.

OGC currently uses Novell GroupWise for its internal mail system and Novell GroupWise API gateway software to communicate between unlike mail systems. To be compatible with the majority of USDA agencies, migration to Microsoft Exchange is a priority for OGC. Recently, OGC's GroupWise API gateway failed. Since the API gateway is no longer being enhanced and/or upgraded, support is very limited and it is difficult to troubleshoot and resolve software malfunctions. Until the migration to Microsoft Exchange is funded and completed, the potential exists for OGC's Novell API gateway to crash and permanently affect the GroupWise mail system. This migration effort is mandated by a necessity for reliable external mail communication with USDA client agencies that we service. The funding would provide OGC the ability to purchase two cluster servers to migrate the existing Novell GroupWise e-mail system to Microsoft Exchange, the required Microsoft client licenses to run Outlook Express, and the ability to utilize a Departmental BPA contract for migration conversion, implementation, and training to fully implement the Microsoft Exchange system into our current computing environment nationwide. In addition, OGC would purchase personal computers to replace computers that are at the end of their life cycle.

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OFFICE OF THE GENERAL COUNSEL

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	$456,423	5	$471,725	5	$533,903	5
Alaska	612,667	5	583,207	4	716,670	5
Arkansas	919,610	9	950,440	10	1,075,718	10
California	1,655,817	15	1,711,329	15	1,936,899	16
Colorado	1,757,533	14	1,816,455	15	2,055,882	15
District of Columbia	18,460,582	149	19,199,481	157	21,594,342	162
Georgia	1,725,979	17	1,783,843	18	2,018,971	18
Illinois	719,883	6	744,017	6	842,086	6
Kansas	1,194,353	11	1,234,394	11	1,397,099	12
Minnesota	659,395	7	681,501	7	771,330	7
Montana	700,865	7	724,362	7	819, 840	8
New Mexico	460,220	5	475,649	5	538,344	5
Ohio	371,322	4	383,771	4	434,355	4
Oregon	1,345,868	12	1,390,989	12	1,574,335	12
Pennsylvania	1,074,512	12	990,535	11	1,256,915	12
Texas	979,696	11	1,012,541	11	1,146,003	11
Utah	448,654	5	463,696	5	524,815	5
Wisconsin	876,674	8	956,065	7	1,025,493	8
Subtotal, Available or Estimate.....	34,420,053	302	35,574,000	310	40,263,000	321
Unobligated balance	74,947					
Total, Available or Estimate.....	34,495,000	302	35,574,000	310	40,263,000	321

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OFFICE OF THE GENERAL COUNSEL

Classification by Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, DC	$13,621,418	$14,270,125	$15,750,681
Field	12,102,873	12,654,639	13,967,585
11 Total personnel compensation	25,724,291	26,924,764	29,718,266
12 Personnel benefits	5,933,434	6,312,502	6,988,350
13 Benefits for former personnel	720	720	720
Total pers. comp. & benefits	31,658,445	33,237,986	36,707,336
Other Objects:			
21 Travel and Transportation of persons	261,549	201,253	214,453
22 Transportation of things	27,264	23,305	23,305
23.3 Communications, utilities and misc. charges	1,189,824	892,798	1,026,648
24 Printing and reproduction	115,027	115,027	115,027
25.2 Other services	723,459	689,146	1,134,234
26 Supplies and materials	202,730	347,730	497,242
31 Equipment	241,755	66,755	544,755
Total other objects	2,761,608	2,336,014	3,555,664
Total direct obligations	34,420,053	35,574,000	40,263,000
Position Data:			
Average Salary, ES positions	$141,535	$144,085	$147,785
Average Salary, GS positions	$83,638	$ 84,647	$86,024
Average Grade, GS positions	12.31	12.35	12.43

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OFFICE OF THE GENERAL COUNSEL

STATUS OF PROGRAM

Current Activities: The Office of the General Counsel (OGC) serves as the legal advisor and counsel for the Secretary and provides legal services for all agencies of the Department. These services include, but are not limited to, the following:

- rendering opinions on legal questions;
- preparing or reviewing rules and regulations;
- preparing or interpreting contracts, mortgages, leases, deeds, and other documents;
- preparing briefs and representing the Department in judicial proceedings and litigation;
- representing departmental agencies in nonlitigation debt collection programs;
- processing applications for patents for inventions by the Department's employees;
- representing departmental agencies in state water rights adjudications;
- considering and determining claims by and against the United States arising out of the Department's activities;
- representing the Department in formal administrative proceedings;
- assisting the Department of Justice in the preparation and trial of cases involving the Department; and
- representing the Secretary of Agriculture and the Commodity Credit Corporation before the Federal Maritime Commission and the International Trade Commission.

Highlights of OGC's Fiscal Year (FY) 2004 operations are described below:

Selected Examples of Recent Progress:

ADMINISTRATION AND RESOURCE MANAGEMENT

The Office of the General Counsel continues to focus on development of shared resources for the electronic exchange of data nationwide. In FY 2004, a new backup server and tape library were purchased which greatly enhanced the backup strategy for electronic mail and data files. In addition, obsolete workstations and network printers continued to be replaced with newer technology and faster processing speeds.

MARKETING, REGULATORY, AND FOOD SAFETY PROGRAMS

Marketing Agreements and Orders: OGC attorneys reviewed over 200 dockets, as well as many other documents relating to marketing orders, and provided daily legal advice to client agencies in connection with a wide variety of matters arising under both the fruit and vegetable and the milk marketing order programs. Substantial legal services were devoted to both formal and informal rulemakings. Formal rulemaking proceedings presented complex and substantial amendments and revision to a number of marketing order programs. Significant legal services were provided in connection with enforcement and defense of these programs. There is one administrative challenge to the constitutionality of the nectarine

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and peach marketing orders on first amendment grounds, which is pending. In addition, OGC has filed numerous administrative complaints to enforce the terms of marketing orders which require regulated entities to pay their assessments and to comply with the requirements in the order. There are two complaints pending in the federal courts filed by the Department of Justice (DOJ) in order to obtain payments from milk handlers into the producer-settlement fund.

An extensive amount of legal services was provided in the drafting of regulatory language in various rulemaking proceedings. OGC provided legal analysis to the Agricultural Marketing Service (AMS) Dairy Division on several recommended decisions in the Mideast, Upper Midwest and Central Orders which provided for changes to the milk pooling standards. OGC continued work on the ongoing rulemaking proceeding involving potential changes in the producer-handler definition in the Pacific Northwest and Arizona-Las Vegas Orders. OGC provided legal assistance in the amendment of the Appalachian, Florida, and Southeast Florida Orders to implement a temporary supplemental charge on Class I milk to be paid to handlers who incurred extraordinary transportation charges for moving milk to supply those markets because of the hurricanes in August and September 2004. OGC also worked on changes to all the Orders to reclassify milk used to produce evaporated milk and sweetened condensed milk in consumer-type packages from Class III to Class IV.

Research and Promotion Programs: OGC continues to provide legal assistance to DOJ and the client agencies in numerous administrative and federal court cases involving challenges to the constitutionality of generic advertising funded by mandatory assessments in research and promotion programs. All of the proceedings have been stayed pending an expected ruling in the spring of 2005 from the United States Supreme Court in Veneman v. Livestock Marketing Association (LMA). LMA is a First Amendment challenge to the Beef Promotion and Research Act, administered by USDA, in which the government argues that the program passes constitutional muster both as government speech and under the commercial-speech doctrine. USDA is advancing those same arguments in defense of the other challenged research and promotion programs. All research and promotion programs continue to receive legal services in the intervening period. OGC also provided extensive legal analysis for a proposed implementation of a new research and promotion program for mangos.

Animal Welfare and Horse Protection Acts: OGC expended substantial resources in connection with the Animal Welfare and Horse Protection Act Programs. OGC attorneys serve as agency counsel in administrative enforcement actions brought under these two statutes, and in FY 2004, OGC initiated 39 enforcement cases, and 41 decisions were issued in ongoing cases. In addition, OGC reviewed and provided drafting assistance to the Animal and Plant Health Inspection Service (APHIS) in a number of rulemaking actions for publication in the Federal Register. OGC also provided drafting assistance in connection with APHIS's Operating Plan for the Horse Protection Act program.

Grain Standards Act: OGC reviewed a variety of rulemaking and other documents in connection with this program. OGC continued to work with and advise the agency concerning program changes to better serve the grain industry in a more cost effective and efficient manner. OGC attorneys provided substantial advice and guidance in connection with a number of issues, including restructuring of the user fee schedule, establishing a commodity process verification program, and implementing a new pilot program that would allow more than one designated agency in the same geographic area.

Perishable Agricultural Commodities Act: OGC devoted substantial resources to provide legal services in connection with the Perishable Agricultural Commodities Act (PACA) in FY 2004. OGC received 31 new enforcement referrals, and attorneys filed 27 new administrative enforcement cases. Attorneys closed 16 administrative enforcement cases, and collected $145,000 in civil penalties levied in enforcement actions under the authority of the PACA. In FY 2004, OGC committed increased legal resources in the negotiation of settlement in PACA "no pay" cases. The PACA Branch has begun to settle disciplinary cases in which businesses have failed to pay timely for produce, if the company agrees to pay all produce sellers in full and to pay a penalty. Since many of the businesses are in bankruptcy seeking reorganization,

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a considerable amount of time is necessary to negotiate the plan and to gain approval from the bankruptcy court for these settlements, but as a result of this work, seven cases settled in FY 2004, with debtor companies pledging to pay over $9.7 million dollars in produce debt. In FY 2004, 20 individuals petitioned for review of their "responsibly connected" status. In these cases, principals in companies that were the subject of enforcement action are attempting to rebut their responsible connection to the violating company, and avoid employment sanctions. In the Trade Practices Division's most labor intensive work of the past fiscal year, OGC continued its work in litigation on behalf of the PACA Branch of the AMS in seven cases alleging violations by Hunts Point Terminal Market (the Bronx, N.Y.) produce companies whose employees were convicted of paying bribes to federal inspectors. In each case, the Agency seeks revocation of the company's PACA license. Three of the cases were litigated in FY 2004; each case required litigation and legal support from two attorneys; each case required a week to a week and a half of hearing.

In addition to the prosecution of enforcement actions under PACA, OGC attorneys act as presiding officers in reparations cases. In FY 2004, attorneys acting as presiding officers issued opinions on the merits in 10 disputes between private party litigants in the perishable agricultural commodities industry under PACA's reparations provisions, issued 59 decisions on reconsideration, default or other grounds, and reviewed an additional 104 decisions on the merits, 200 default decisions and 46 orders on reconsideration drafted by PACA specialists. The total amount of awards in reparation proceedings in FY 2004 was $6,421,835. Also in support of the PACA program, OGC provided legal services in defense of a regulation which provided that battered and coated french fries remain a perishable agricultural commodity. After a decision in district court upholding the validity of the regulation, the case is now before the Court of Appeals for the 5th Circuit. Finally, OGC again this fiscal year participated in training to prepare investigators for their role in administrative proceedings, and met with PACA regional supervisors to discuss new developments in PACA law and to answer questions regarding investigative techniques and issues.

Packers and Stockyards Act: During FY 2004, OGC received 29 referrals from the Grain Inspection, Packers and Stockyards Administration (GIPSA), Packers and Stockyards Programs for administrative action. These referrals seek the issuance of a complaint for the enforcement of the requirements of the Packers and Stockyards Act (P&SA), legal review of agency action, or referral of a matter to DOJ. In FY 2004, 18 new enforcement actions were filed, 16 enforcement actions were closed, and two matters were referred to DOJ. OGC collected approximately $69,000 in civil penalties arising from enforcement actions under the P&SA. OGC also provided substantial legal resources to P&S in the preparation of investigation of 4 cases alleging anti-competitive practices or trade practices violations. The Department continued proceedings in a significant case under section 202 of the P&SA against a major livestock packer. In the case, the Department alleges that the packer altered the formula by which it calculated lean percent (a significant factor affecting the price to be paid for hogs on a carcass merit basis) without informing the hog producers who were selling under the formula of the change. After an administrative hearing, the Administrative Law Judge (ALJ) issued a decision finding the packer had violated the P&S Act, and issued a cease and desist order but did not assess a civil penalty. Both parties appealed that decision to the Department's Judicial Officer (J.O.). The J.O. issued a revised cease and desist order, but did not assess a civil penalty. The packer has now appealed the J.O.'s decision to the U.S. Court of Appeals for the 10th Circuit. In FY 2004, OGC also provided legal assistance and support to DOJ in defense of a lawsuit challenging Packers and Stockyards Programs' interpretation of its regulation requiring that a market agency make full payment to livestock consignors unless the consignor (or seller) has agreed in writing prior to the transaction, that certain amounts may be withheld by the market.

In FY 2004, OGC provided legal services in the interpretation of the P&SA's statutory trust provisions and provided legal advice in two significant trust matters involving claims for approximately $400,000 of unpaid livestock sales. OGC also provided training to P&S investigators as part of a regional conference and continued its work with P&S legal specialists.

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Liason with Antitrust Agencies: Under a Memorandum of Understanding between DOJ and the Federal Trade Commission (FTC) the agencies agree to cooperate and share information (within statutory confidentiality limitations) on issues related to competition in agriculture. OGC continued to coordinate the responses of the various agencies of the Department to information requests from DOJ related to a number of merger or acquisition reviews. OGC also provides legal counsel and services to the USDA Committee charged with oversight of the Department's responsibility under the Capper-Volstead Act. In FY 2004, OGC attorneys in the Trade Practices Division acted as liaison between DOJ, the FTC and the Department as the three agencies considered the impact of foreign membership on Capper-Volstead agricultural cooperatives.

Meat and Poultry Inspection Acts: During FY 2004, OGC worked on a large number of criminal, civil, and administrative cases. OGC assisted DOJ in prosecuting an array of criminal and civil cases involving violations of the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA), resulting in convictions and the issuance of injunctions by the federal courts. Additionally, OGC attorneys assisted DOJ in civil actions brought against USDA in regard to Food Safety and Inspection Service (FSIS) programs and regulations. With respect to administrative cases, our attorneys represented FSIS in disciplinary administrative proceedings. OGC handled approximately 200 criminal, civil, and administrative cases. The criminal cases involved not only violations of the FMIA and PPIA, but also violations of provisions of U.S. criminal laws relating to false statements, bribery, conspiracy, and mail and wire fraud. The civil cases involved injunctions, seizure actions, bankruptcy and claims collections actions and the defense of civil lawsuits brought against the Department and its officials. OGC prepared indictments, information and complaints, and provided other assistance as necessary for the successful prosecution or defense of the cases. OGC staff also assisted in the criminal prosecution of the owner of the Santos Linguisa establishment for the murder of three compliance officers.

OGC attorneys handled approximately 40 actions brought by FSIS to withdraw or deny federal meat and poultry inspection or custom exemption services under the FMIA and PPIA based on criminal convictions, as well as on Hazard Analysis and Critical Control Point (HACCP) and Standard Sanitation Operating Procedures (SSOP) regulation violations. For example, OGC successfully prosecuted a case involving the withdrawal of inspection from Homestead Gourmet Foods for HACCP and SSOP violations. The ALJ, after the hearing, upheld our authority to suspend or withdraw inspection for such violations. Many other administrative actions resulted in the successful negotiation of comprehensive consent settlements.

Various civil actions were initiated in federal court against the Department involving FSIS' food safety programs. One of those actions involves a Bivens complaint filed by the Veal Connection in the District Court for the Northern District of California alleging that FSIS employees improperly suspended inspection services. A second involves a Bivens complaint filed by Nebraska Beef in the District Court for the District of Nebraska alleging that five FSIS employees improperly suspended inspection services. Nebraska Beef also filed other lawsuits in that federal court challenging FSIS enforcement actions. A third involves a Bivens complaint filed by Montana Quality Foods in the District Court for the District of Columbia alleging that FSIS employees took retaliatory action in enforcing FSIS' policy regarding of E.coli O157 contamination. Other actions involve a complaint filed by the House of Raeford in the District Court for the Western District of Louisiana seeking an injunction to prevent the suspension of inspection for sanitation regulation violations, and an action brought in the District Court for the Eastern District of Texas by the bankruptcy trustee for Supreme Beef challenging FSIS implementation of its salmonella performance standards. OGC attorneys continue to work with DOJ attorneys in defending these actions.

OGC reviewed, assisted in revising, and cleared for legal sufficiency approximately 100 FSIS rulemaking dockets, notices and directives. OGC provided assistance to FSIS in preparing and revising a final rule requiring federal establishments that produce certain ready-to-eat products to establish programs to control Listeria Monocytogenes. OGC also provided assistance to FSIS in the development of food security guidelines for meat and poultry establishments designed to prevent intentional contamination of food products. Additionally, OGC assisted in the development of USDA's indemnification policy. This policy sets forth procedures for the possible indemnification of USDA employees sued in connection with Bivens

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lawsuits. OGC will continue to provide support to FSIS on an array of rulemaking initiatives and FSIS' continuing work on rulemaking related to Bovine Spongiform Encephalopathy (BSE) and the prohibition on the use of specified risk materials for human food and requirements for the disposition of non-ambulatory disabled cattle.

Animal and Plant Health Laws and Wildlife Services: During FY 2004, OGC reviewed, assisted in drafting or revising, and cleared for legal sufficiency over 200 proposed rules, final rules or notices for publication in the Federal Register. OGC worked closely with the APHIS in developing a final rule to implement the Agricultural Bioterrorism Protection Act of 2002. OGC also provided substantial assistance to APHIS in the development of a final BSE-related rule to allow the importation of certain animals and products from Canada. The number of rulemaking proceedings to allow the importation of various commodities from other countries continues unabated as a result of increased international trade. In FY 2004, OGC reviewed numerous import regulations and associated pest risk assessment and environmental impact documents. Examples of significant import-related notices and rulemakings include regulations involving the importation of clementines from Chile, avocados from Mexico, and orchids from Taiwan, as well as requirements for the use and importation of solid wood packing material. OGC attorneys also worked on regulations involving agricultural quarantine inspection user fees and over 15 notices regarding APHIS' biotechnology program, including a notice announcing the initiation of an environmental impact review to support the comprehensive revision of APHIS' biotechnology regulations. We also provided substantial support to APHIS in dealing with sudden oak death syndrome, Ralstonia and soybean rust.

Numerous criminal, civil, and claims collection cases involving APHIS matters were referred for prosecution or otherwise handled during the fiscal year. OGC has also provided substantial assistance in several lawsuits challenging APHIS' animal and plant health programs and regulations, as well as Wildlife Services activities. During FY 2004, OGC assisted DOJ in successfully defending, in federal district court, APHIS' decision to allow the resumption of clementines from Spain. OGC continued to work with DOJ in successfully defending APHIS' decision to hold shipments of mahogany under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. In FY 2004, OGC provided substantial assistance to APHIS' biotechnology regulatory services division in connection with several cases. These cases include the issuance of biotechnology permits for field testing of genetically engineered plants in Hawaii and the regulatory treatment for genetically engineered creeping bentgrass.

INTERNATIONAL AFFAIRS, COMMODITY PROGRAMS AND FOOD ASSISTANCE PROGRAMS

Commodity Credit Corporation (CCC), Farm Service Agency (FSA), and Domestic Commodity-Related Program Activities: During FY 2004, OGC provided substantial assistance with respect to commodity loan, conservation, and producer income programs authorized under various acts, including the Farm Security and Rural Investment Act of 2002, the CCC Charter Act, the Federal Agriculture Improvement and Reform Act of 1996 and the Act of August 24, 1935. The majority of these efforts concerned the provision of advice with respect to individual producers who were participating in the major commodity programs administered by FSA or the Conservation Reserve Programs. Several billion dollars are expended annually under these programs with respect to several million producers. Most notably, OGC attorneys expended substantial efforts in response to the commitment by the President to assist those producers who suffered losses under the unprecedented occurrence of successive hurricanes in Florida and regarding losses incurred in other States due to hurricanes and other natural disasters. These efforts included participation in meetings with White House and Office of Management and Budget (OMB) officials, senior personnel of the Department of Agriculture and representatives of various agricultural commodity groups in order to ascertain the degree of these losses. OGC attorneys provided significant counsel regarding the use of funds under Section 32 of the Act of August 24, 1935, to alleviate these losses. OGC also reviewed and assisted in the preparation of legislative proposals that related to the provision of additional assistance in Florida and other areas of the U.S. that were affected by natural disaster, including the Emergency Supplemental Appropriations for Hurricane Disasters Assistance Act, 2005.

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OGC attorneys continue to advise FSA officials with respect to: the development of individual Conservation Reserve Enhancement Program agreements; the procurement of commodities for use in the National School Lunch Program and other domestic feeding programs; CCC programs designed to increase the utilization of ethanol and bio-diesel; and the disposition of CCC inventories of non-fat dry milk and other dairy products. Significant resources were also devoted to the administration of the domestic sugar program, including the defense of CCC actions before Departmental administrative law judges in several complex administrative cases involving the allocation of allotments to domestic processors of sugarcane and sugar beets. In addition, OGC attorneys continue to advise senior Departmental officials on the administration of the domestic sugar program and its relationship to the Sugar Re-export Program administered by the Foreign Agricultural Service.

Foreign Agricultural Service (FAS) and CCC International Activities: During FY 2004, OGC supported the work of FAS in the implementation of a number of major international trade and foreign assistance initiatives. OGC attorneys provided extensive assistance to the Office of the United States Trade Representative (USTR) and FAS on a variety of issues and disputes arising under U.S. obligations under World Trade Organization (WTO) Agreements and other bilateral agreements. These included: the WTO challenge filed by Brazil regarding the U.S. domestic cotton programs and the Export Credit Guarantee Programs; the WTO challenge lodged by the U.S., Argentina and Canada against the European Union's (EU) de facto moratorium on the approval of genetically-modified organisms (GMOs); numerous countries' efforts to establish labeling regimes on GMOs; country of origin labeling requirements; and the effects of the Central America Free Trade Agreement and the Australian Free Trade Agreement on U.S. agricultural interests. OGC made significant contributions regarding the WTO cases brought by Brazil with respect to the U.S. cotton programs and the case brought by the U.S. against the E.U. regarding the E.U. moratorium on GMO's. The legal theories set forth by Brazil in support of their case involve complex arguments arising under the Agreement on Agriculture and the Agreement on Subsidies. Similarly, OGC attorneys have developed major portions of the U.S. legal positions and drafted major portions of the U.S. submissions to the WTO on this matter and participated in the initial WTO panel dispute sessions and in the appeal of the initial panel's decision before the WTO appellate body. OGC attorneys also assisted in the development of issues and positions with respect to the WTO Ministerial meetings, and continue to provide assistance to USTR and Departmental officials in numerous bilateral and multilateral trade negotiations, most notably activities involving Mexico and the Central American countries. In addition, OGC attorneys provided assistance with respect to negotiations within the framework of the Organization for Economic Cooperation and Development regarding the establishment of disciplines for operation of export credit programs and efforts related to the establishment of the proposed Free Trade Agreement of the Americas.

OGC continues to be actively involved in the daily operation of other FAS programs through the provision of legal advice for the export credit, supplier credit, and facilities guarantee programs. OGC also provides extensive legal advice and review for the International Cooperation and Development Division of FAS regarding their international agricultural cooperative efforts and arrangements. During FY 2004, OGC assisted FAS in reviewing a substantial number of foreign assistance agreements which provided for the donation of agricultural commodities abroad under the Food for Progress Program, section 416(b) of the Agricultural Act of 1949, and title I of Pub. L. 83-480. These efforts included extensive review of draft agreements and advice related to: commodity procurement; release of commodities from the Bill Emerson Humanitarian Trust and preparation of a Congressionally-mandated report on the management of the Trust; ocean transportation issues; and cargo loss and damage claims. OGC has also advised other Departmental agencies on WTO and international trade aspects of proposed legislation and regulations.

Nutrition Assistance Programs: During the past year, OGC frequently assisted in furthering the program integrity objectives of the nutrition assistance programs. OGC played a significant role in coordinating the development of strategy for improved cooperation between the Food and Nutrition Service (FNS) and various other Federal agencies, including the Counter Terrorism Section of the Criminal Division at DOJ, USDA's Office of Inspector General and representatives of several U.S. Attorneys' offices in the effort to combat money laundering by authorized food stamp retailers as a source of funding for terrorist

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activities. OGC also worked closely with Department officials engaged in evaluating and sanctioning States for their performance in administering the Food Stamp Program (FSP) under the quality control system. OGC advised FNS that certain provisions of the Arizona Taxpayer and Citizen Protection Act (Proposition 200) are not likely to be determined to apply to Federal nutrition assistance programs. Proposition 200 will exclude undocumented aliens from receipt of the covered benefits and require reporting to the U.S. Citizenship and Immigration Services of anyone discovered to be in the country illegally.

OGC provided formal and informal advice on a number of issues affecting the administration of the nutrition assistance programs. OGC provided advice to the Under Secretary for Food, Nutrition and Consumer Services in the development of the strategy for requiring the State of California to control the Women, Infants, and Children (WIC) program food costs through a moratorium on the authorization of additional WIC vendors. OGC provided legal analysis in support of the Department's legislative objectives in connection with the Child Nutrition and WIC Reauthorization Act of 2004. This effort required careful coordination with the Offices of the Under Secretary for Food, Nutrition and Consumer Services and the Assistant Secretary for Congressional Relations, as well as OMB. It also involved sensitive discussions with key staff members of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Education and the Workforce.

OGC participated in the preparation and review of numerous significant documents, memoranda, and correspondence in FY 2004. Included among these were 98 pieces of controlled correspondence signed at the Under Secretary level or above. OGC also provided review of a substantial number of proposed and final Federal Register publications, including a complex revision of the grantee and subgrantee procurement requirements under the National School Lunch Program and regulations for the Farmers Market Nutrition Program. Similarly, OGC provided legal review of the documentary basis for the Department's nutrition assistance response to disaster conditions caused by Typhoon Sudal in Micronesia and Hurricanes Charley, Frances, and Jeanne in Florida and the Gulf Coast.

Litigation involving the Department with respect to the nutrition assistance programs continued to be a significant element of work. Among other issues, litigation involved: U.S., et al. v. Dairy Farmers of America, Inc. in which OGC worked closely with DOJ in the preparation of a witness testifying with regard to USDA's suspension and subsequent debarment of a dairy company doing business under the National School Lunch Act. Among other cases before the Department's Administrative Law Judges, OGC provided substantial legal services in connection with In re Pennsylvania, Department of Public Welfare and In re State of Michigan Family Independence Agency in which favorable settlement agreements were reached. In the case of In re State of California Health and Human Services Agency (California), throughout extensive pre-hearing discovery motions, OGC was effective in defense of burdensome or over-reaching requests from counsel for the State. OGC was also instrumental in the preparation and execution of the settlement agreement which, after two years of litigation, concluded this appeal. In Ameira Corporation, d/b/a John's Curb Market v. United States of America, OGC successfully opposed the plaintiff's motion to compel discovery of the FNS Compliance Handbook 317 (Handbook). The Handbook details the investigative tactics of the FNS Retailer Compliance Branch and has long been deemed by FNS to be non-public and vital to the retailer compliance process.

RURAL DEVELOPMENT

Community Development Division: The Community Development Division provides legal advice to the Rural Housing Service (RHS), the Risk Management Agency (RMA), Rural Business-Cooperative Service (RBS), and the farm lending arm of FSA in all their major areas of activity. Implementation of the Debt Collection Improvement Act of 1996 in conjunction with offset and debt collection activities of the Treasury Department affects all of the Division's client agencies and involves significant time of several OGC attorneys. During FY 2004, this Division continued to advise FSA and its client agencies within the Rural Development (RD) mission area (RHS and RBS) concerning implementation of the Farm Security

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and Rural Investment Act of 2002. The Division also provided legal advice on implementing the Department of Agriculture, Food and Drug Administration, and Related Agencies Appropriation Act, 2004. Farm Loan Programs of the Farm Service Agency: The Community Development Division continued to provide assistance to DOJ in connection with a putative class action challenging FSA's receipt of administrative offsets from the FSA Farm Program payments of nonborrower entities which contain participating FSA delinquent farm loan program borrowers. Ongoing litigation continues to require assistance to DOJ in putative class actions by former Mexican bracero laborers seeking substantial damages from the United States Government for return of their rural savings accounts earned for agricultural work in the United States between 1942 and 1946. The Division continues to provide extensive assistance to the Civil Rights Division (CRD) of OGC concerning FSA program issues arising in the context of several discrimination class actions by FSA borrowers. The Division spent significant time assisting FSA in its efforts to streamline Farm Loan Programs direct loan making regulations.

Rural Housing Service (RHS): The Community Development Division continues to be extensively involved with numerous Multiple-Family Housing (MFH) loan prepayment cases filed across the country which challenge statutorily mandated prepayment restrictions which were retroactively imposed on MFH borrowers. The Division is working closely with RHS to develop procedures to deal with the increase in prepayments by MFH borrowers resulting from this litigation and to minimize possible displacement of tenants as a result of prepayments. During the year, the Division worked extensively with RHS in the interim final promulgation of a revised and updated MFH loan-making and servicing regulation. The Division also assisted RHS in revising its Guaranteed Multi-Family Housing regulations to facilitate sale of guaranteed loans on the secondary market. Additionally, the Division worked with RHS to implement the Executive Order on Faith Based organizations and to revise the Rural Business Enterprise Grant regulation.

Rural Business-Cooperative Service (RBS): There continues to be a significant increase in the Division's workload for RBS issues. Much of this is attributable to development and implementation of new programs authorized under the Farm Security and Rural Investment Act of 2002 (2002 Act.) The Community Development Division, working with its counterparts at the Small Business Administration, assisted RBS in the implementation of the Rural Business Investment Partnership (RBIP) program (including the requisite regulations and forms) and began receiving and evaluating applications to recognize the first Rural Business Investment Companies. Under the 2002 Act, the Division continued to work closely with RBS to implement the Value Added Producer Grant Program, the energy program under section 9006, and the National Rural Development Partnership. In addition, significant Division involvement was required due to changes in the definition of "rural area" under the 2002 Act and the use of data from the 2000 census. The Division continued to have responsibility for the liquidation of the projects established by the Alternative Agricultural Research and Commercialization Corporation.

Risk Management Agency (RMA) and the Federal Crop Insurance Corporation (FCIC): The Community Development Division was heavily involved in assisting RMA in its major rewriting and overhaul of the basic crop insurance provisions and the renegotiation of the Standard Reinsurance Agreement. Issues relating to the implementation of the provisions of the Agricultural Risk Protection Act of 2000, including those provisions relating to compliance and new crop insurance products and coverages, continue to occupy significant resources of the Community Development Division. The Division continued to defend FCIC in civil actions involving the 2000 sugar beet and 2002 peanut policies. During the past year Division attorneys were involved in the wind-up of a major crop insurance company that had failed in 2002. The RMA's increased emphasis on sanctions and disqualifications of producers who have defrauded or misrepresented information to FCIC also involved increased and significant Division resources in the past year.

Rural Utilities Division: The OGC Rural Utilities Division (RUD) provides legal services required in the administration of the electric, telecommunications, broadband, water and waste disposal services of the Rural Utilities Service (RUS). RUS also furnishes legal services required for the operation of the Rural Telephone Bank (RTB). Principal legal services include the drafting of loan documents, negotiation of complex, transaction-specific documents, the drafting and review of program regulations, and general

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advice and counseling on program implementation, environmental issues, and loan servicing and collection activities.

Examples of specific legal services provided by OGC through the RUD in FY 2004 include:

- Provided legal advice and assistance to RUS in advancing the President's Broadband Initiative by making 33 broadband loans exceeding $600 million in the aggregate.

- Provided legal advice and assistance for 221 electric infrastructure loans and guarantees approved by RUS and aggregating nearly $4 billion.

- Provided legal advice and assistance to the Administrator of RUS in her capacity as one of the four members of the Local TV Loan Guarantee Board (LTL) in developing and analyzing the LTL's initial solicitation of requests for federal loan guarantees.

- Provided legal advice and assistance to RUS in structuring and conducting the liquidation sale of a partial interest in the Catawba Nuclear Generating Station serving as collateral for nonperforming loans made or guaranteed by RUS to Saluda River Electric Cooperative, Inc. This is the most complex sale of collateral ever attempted by RUS.

- Reviewed, assisted in drafting or revising, and cleared for legal sufficiency all proposed rules and final rules published by RUS and RTB in the Federal Register, including the initial regulations implementing a new $3 billion RUS guarantee program.

- Advised on legal issues regarding the implementation and application of Census 2000 results showing demographic changes that raised difficult questions about continuing eligibility for programs intended for rural areas.

- Analyzed legal effects of industry changes and variations upon the traditional RUS large-scale power sales contracts that serve as primary security for the majority of RUS loans and guarantees.

Examples of significant shifts or trends in the existing workload of the RUD include:

- Administrative and judicial litigation involving RUS, its borrowers and their affiliates is trending upward at an accelerating rate. Drivers include regulatory proceedings at the FERC and the FCC that can materially and adversely affect the RUS loan portfolio; changing demographics; construction of massive infrastructure projects; defaults by telecommunications borrowers; and legal difficulties encountered by affiliates of RUS borrowers.

- The RUS portfolio of outstanding direct and guaranteed loans now exceeds $80 billion and RUS program authority has increased to nearly $6 billion per annum. As the value of the loan portfolio accumulates and the volume diversity of financial transactions also increases, demands for legal services to support RUS programs have correspondingly increased. Much of this growth is occurring in the more complex and riskier power supply sector and broadband sectors.

- Some recipients of broadband loans are encountering financial reversals before the RUS funding commitment has been fully disbursed. Such situations require legal analysis of RUS's rights to suspend or terminate funding--an action that in most cases would significantly if not fatally harm the borrower and third parties.

- RUS has received the first application from a private lender seeking a RUS guarantee of the

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lender's obligations under Section 313A of the Rural Electrification Act. The amount of the first guarantee under this novel program would be approximately $1 billion and the related legal work will be done by RUD.

NATURAL RESOURCES

Forest Service (FS) Programs: OGC and its field offices provided advice to assure compliance with federal environmental and administrative laws for protecting public lands and assets while maintaining federally permitted activities and contract programs.

In the area of land management planning, OGC continues to face enormous challenges involving legal assistance and defense of FS program area compliance with environmental and administrative laws and regulations.

- Program & Project Advice and Litigation: Substantial legal advice and assistance is provided annually regarding FS programs and individual activities. This year has seen a substantial increase in litigation involving agency compliance with National Environmental Policy Act (NEPA), National Forest Management Act (NFMA), and the Endangered Species Act (ESA) (with approximately 170 pending cases compared to approximately 120 pending cases last year). OGC anticipates this level of litigation to continue and likely increase further. Examples of litigation regarding program matters and regulatory actions include National Fire Plan, Roadless Rule and Planning Interpretative Rule Concerning Best Available Science; as well as project level litigation involving timber sales, grazing permits, and special use authorizations, etc.

- Forest Plan Revisions and Amendments: OGC continues to provide extensive assistance to the preparation and defense of the FS's 125 Land and Resource Management Plans. Numerous plans and amendments are currently the subject of administrative appeals and litigation. The promulgation of revised NFMA planning regulations will no doubt spark additional litigation and a heavy investment of OGC legal services. OGC has devoted substantial time and resources to the assisting the FS with preparation of several large-scale planning initiatives such as the Sierra Nevada Framework and Northwest Forest Plan Amendments; as well as offering assistance to FS Regions seeking to fulfill their statutory obligation to issue revised forest plans. OGC also assists the FS regarding administrative appeals regarding plan revisions and amendments (as well as appeals of project decisions).

- Healthy Forest Initiative and Related Matters: OGC has provided advice and assistance to USDA and the FS regarding efforts to implement the President's Healthy Forest Initiative and the Healthy Forest Restoration Act. The Initiative has resulted in a substantial investment of OGC time and effort to assist developing and defending agency reforms including: special ESA counterpart regulations for National Fire Plan actions, adoption of both FS and Inter-Departmental NEPA procedures, and two new appeal regulations. Numerous lawsuits are ongoing that challenging these reforms and all have been successfully defended to date.

- Administrative Laws: OGC continues to provide legal advice to assure FS compliance with federal administrative laws such as the Administrative Procedure Act, Data Quality Act, Federal Advisory Committee Act, Freedom of Information Act, Paperwork Reduction Act, Privacy Act, and executive orders and of authorities governing federal decisionmaking.

In real property matters, OGC works closely with USDA agencies which manage real property assets, primarily the FS and Natural Resources Conservation Service (NRCS), on a variety of legal issues relating to land ownership. The agency's real estate practice is divided among its Washington office which primarily handles legislative and policy matters, and the regional and field offices which conduct most of the transactional work. Increasingly, Federal land ownership adjustments are done through land exchanges which involve legal counsel in contract preparation, environmental compliance, title work, and closings.

OGC also provides legal services regarding access and rights of way to public lands, title claims and

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disputes, treaty rights, land appraisal and survey, and other issues incident to the ownership and management of real property assets of the Government.

- In FY 2004, OGC provided legal services for the acquisition of lands and conservation easements under various programs including $61.8 million appropriated for land acquisition under the Land and Water Conservation Fund Act.

OGC has provided legal services on a number of significant issues concerning tribal relations. OGC provided substantial legal assistance regarding federal laws such as those concerning American Indian treaty rights and religious freedom, and historic and archaeological resource protection.

- OGC worked with the FS to draft legislation: 1) to expand the agency's partnership activities with the public and the private sector; and 2) to improve tribal relations by broadening agency authority to protect and make available uses and resources of importance to Indian tribes.

- OGC assisted the FS in drafting regulations and guidelines to implement Title III of the Healthy Forest Restoration Act and the Tribal Forest Protection Act of 2004.

- OGC participated on the FS sacred sites team, which is developing policy to protect tribal sacred sites on NFS land, as required under EO 13007.

In the forest management program area, OGC has continued to provide substantial legal services, including managing a substantial amount of litigation.

- OGC continued to provide litigation support to DOJ in collecting millions of dollars in damages owed the government by defaulting timber sale purchasers. OGC continued to provide assistance to DOJ in on-going settlement negotiations of several consolidated cases, at one time numbering twenty, concerning the collection of tens of millions of dollars in principal damages plus interest owed the government pursuant to Orders issued in two of the representative consolidated cases. OGC is preparing for the up-coming trial of one of the consolidated cases where principal damages and interest exceed approximately $10 million dollars.

- OGC provided legal assistance on the defense of approximately 25 lawsuits challenging timber sale suspensions, modifications and cancellations, and alleging breach of contract for unlawful suspensions, modifications and cancellations seeking tens of millions of dollars.

- OGC provided legal assistance in drafting contract provisions published in the Federal Register to limit liability for contractual damages and clarify the obligations of the parties to the timber sale contract.

- Additionally, OGC continued to revise and present, twice annually, a three-day course on Contract Law to train FS contracting officers on various aspects of contract law as it relates to their daily program activities.

- OGC provided legal advice and assistance to the FS regarding implementation of stewardship contract projects aimed at harvesting timber while simultaneously advancing forest resource management objectives, such as road & trail maintenance, watershed restoration and restoration of wildlife habitat. OGC has participated in the development of a standard contract form for stewardship projects, and which has been published as a proposed policy in the Federal Register.

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- OGC also provided legal advice and assistance on the interpretation and implementation of a statute authorizing the collection and retention of fees associated with the harvest of special forest products and draft regulations to be published in the Federal Register governing the special forest products program.

The timber sale program in Alaska continues to require significant legal services.

- In addition to assisting the FS with interpretation of statutory language authorizing the cancellation of uneconomical timber sales and various related program issues, OGC successfully supported the defense of a $1.5 billion lawsuit brought by the Alaska Pulp Corporation (APC) challenging the denial of contract claims arising under APC's 50-year timber sale contract on the Tongass National Forest. OGC's commitment of significant time and resources to defend against APC's aggressive litigation stance, the related massive discovery effort, and a six week trial, culminated in a finding by the trial judge that the government was not liable for any damages, and that APC's ultimate demise was not caused by the government but by APC's own practices, outdated facilities, and significant environmental compliance costs.

- OGC has continued to provide litigation support to DOJ in determining the extent of the Ketchikan Pulp Company's outstanding obligations under its long-term timber sale contract in Alaska to achieve a final close-out of the contract.

OGC has provided advice and assistance to the FS in the area of outsourcing pursuant to OMB circular A-76. OGC has provided advice and assistance to the Most Efficient Organization Team which successfully prepared the agency employee bid in response to a request for proposals for an IT contract affecting FS personnel nationally. In light of this relatively untested area of contract and personnel law, OGC continues to anticipate committing significant time and resources to the provision of advice and assistance in this area.

In the recreation area, OGC drafted a final cost recovery rule for special use applications and authorizations, drafted a new administrative appeal rule for special uses, as well as minerals and grazing, prepared interagency recreation fee legislation that Congress enacted, and drafted a memorandum on legal standards applicable to civil fire trespass claims.

In legislative matters, OGC provided extensive assistance to FS in reviewing drafts of, and providing legal advice on issues relating to the Recreation Fee bill. OGC drafted and reviewed the FS budget legislative proposals, including proposals to expand and clarify FS authority to enter into an agreement with the State of Colorado to perform watershed restoration activities on National Forest System lands adjacent to Colorado State lands and to expand and clarify FS authorities to enter into partnership agreements with cooperators. OGC also reviewed and drafted other legislation affecting the FS, including legislation regarding FS tribal relations, and authority to transfer Department of Defense equipment to the Secretary of Agriculture for re-utilization by State fire fighting agencies.

In the minerals area, OGC provided extensive assistance to the FS in preparing an interim rulemaking to clarify when authorization is required before a person can commence mining on NFS lands under the United States mining laws. OGC then played a pivotal role in the Department of Justice's successfully defense of a lawsuit challenging that interim rule. OGC also provided extensive legal assistance to the Department of Justice in the defense of precedential litigation challenging oil and gas leasing activities and programs. In addition, OGC also drafted provisions of a rule which would bring long needed clarity to the question of what decisions concerning private and federal minerals underlying NFS lands are subject to administrative appeal to the FS.

OGC reviewed and advised the FS on numerous Memoranda of Understanding and other cooperative agreements entered into by the Forest Service with other federal and state agencies, non-profit and for-profit organizations.

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OGC provided extensive assistance to the Forest Service regarding hydroelectric licensing projects on NFS lands, including counseling the Forest Service regarding conditions on licenses, cost accounting requirements, and compliance with Federal Energy Regulatory Commission licensing procedures. OGC worked with the Justice Department to represent the Forest Service in major appellate litigation regarding Forest Service compliance with NEPA, NFMA, the Northwest Forest Plan, and the APA when placing conditions on a hydropower project.

OGC counseled the FS on a number of wilderness and wild & scenic river management issues, including representation in litigation and issuance of opinions involving commercial outfitter operations, placement of structures and installations, and management plan and protection requirements.

Natural Resources Conservation Service (NRCS) Programs: OGC provided legal advice and services to the NRCS regarding its programs for natural resource conservation on private or other non-Federal farm, range, pasture and nonindustrial forest lands, including programs authorized by the Food Security Act of 1985 and other statutory authorities. The 1985 Act, as amended in 2004, provides for approximately $17 billion in conservation funding for the 2002-2014 period. In total, NRCS received more than $2.8 billion for natural resource conservation programs in fiscal year 2004, leading to a significant increase in requests for program related legal services. OGC supplied legal counsel to the agency in developing the final regulations, standard form documents, and internal guidance needed to implement several new or expanded conservation program authorities, such as the Conservation Security Program, the Farm and Ranch Lands Conservation Program, the Grassland Reserve Program, and the Technical Service Provider initiative.

The following are examples of natural resource conservation program areas where legal advice and services were provided by OGC to NRCS and the Department in FY 2004:

- Publishing regulations and requests for proposals for providing grants under the Agricultural Management Assistance program, the Conservation Innovation Grants portion of the Environmental Quality Incentives Program, and the Biomass Research and Development Act.

- Developing and publishing regulations to implement the Conservation Security Program which is authorized at more than $6 billion total program funding through 2014.

- Negotiating of cooperative agreements and the purchase of several hundred conservation easements under the Grassland Reserve Program, the Emergency Watershed Protection Program, the Farm and Ranch Lands Protection Program, and the Wetland Reserve Program (WRP). As an example of this work, OGC has assisted NRCS in acquiring and protecting easements on 1,633,398,245 acres. Last year, 189,144 acres were added to the program, and there were 125 restoration projects undertaken in the past year. OGC provides title review for easement acquisitions as well as reviewing restoration contracts. It is anticipated that the WRP will continue to grow at an additional acreage increase of 150,000 - 200,000 acres per year.

- Resolving challenges to the implementation of the wetland conservation provision of the Food Security Act, including administrative appeals and three court challenges to the agency's wetland determinations of prior alterations and agricultural use of certain wetlands.

OGC also assisted the Department in reviewing the regulations promulgated by the Environmental Protection Agency (EPA) under the Endangered Species Act for the registration of pesticides, and in discussions with the EPA regarding guidance under the Clean Water Act related to the use of pesticides.

Pollution Control: OGC provided substantial assistance to the Department on issues relating to the cleanup of hazardous substance sites and compliance with applicable pollution control laws. In particular, OGC provided assistance to the Department and the FS on the cleanup of hazardous materials sites on National

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Forest System (NFS) lands and other property and facilities for which USDA acts as federal land manager. OGC brought responsible parties into negotiations to obtain early and substantial contributions to cleanup costs incurred in connection with activities that took place on NFS lands. OGC's Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) enforcement efforts resulted in completed agreements with responsible parties for environmental cleanup work of more than $22 million during FY 2004. Additional agreements worked on in FY 2004 will secure an estimated $25 million worth of environmental cleanup from responsible parties. OGC also provided legal advice on numerous hazardous substance cleanup and cost-recovery matters to other USDA agencies, including the CCC, ARS, and APHIS. OGC also defended claims against the Department arising out of environmental contamination, provided advice on compliance with pollution control standards concerning USDA programs and facilities, and provided advice on hazardous materials liability in real property transactions. OGC's efforts on behalf of USDA on pollution control matters include the following:

- OGC provided substantial assistance to the Department and the FS on issues arising out of widespread selenium contamination resulting from historic and current phosphate mining in Southeastern Idaho where total response costs to address selenium contamination are projected to run as high as $225-450 million. OGC was responsible for successfully negotiating a settlement of over $12 million from the Bankruptcy Planning Committee representing the reorganization of Washington Group International, a potentially responsible party at some of the phosphate mining sites contaminated with selenium. Additionally, OGC has negotiated three Administrative Orders on Consent (AOCs) for site investigatory work by the companies responsible for the contamination and are negotiating AOC's for four additional sites where selenium contamination has been found.

- The USDA CCC continues to conduct investigations concerning potential groundwater contamination by carbon tetrachloride used to fumigate grain at former CCC grain storage facilities in the Midwest, primarily Kansas and Nebraska. OGC will continue to represent CCC in negotiating cleanup action at these affected sites.

- OGC anticipates a significant increase in advice to the FS on the disposal of surplus facilities as the Forest Service attempts to reduce its operations and maintenance costs on these old facilities by selling them. This poses a significant challenge to the FS CERCLA program as most of the facilities have lead-based paint, asbestos containing materials, and other hazardous and acutely hazardous materials contained within the structures. OGC will provide legal support to ensure that the facilities are transferred from federal ownership in accordance with the necessary CERCLA 120(h) requirements.

- OGC has had significant involvement in the EPA One Cleanup Program (OCP), Federal Environmental Work Group (FEWG) subcommittee on coordinating a joint mine waste repository policy and model site-specific agreement for joint repositories at mixed-ownership (public/private land) sites and for watershed-wide cleanups. EPA's new policy will be consistent with existing USDA and USDOI mine waste repositories and will facilitate greater use of joint mine waste repositories that will likely result in the savings of millions of dollars in construction and operations and maintenance costs. OGC anticipates a sharp increase in the provision of legal advice and drafting assistance for these joint repository agreements.

LEGISLATION, LITIGATION, AND GENERAL LAW

Legislation: During FY 2004, OGC reviewed 257 legislative reports on bills introduced in Congress or proposed by the Administration, and cleared for legal sufficiency written testimony of approximately 388 witnesses testifying on behalf of the Administration before Congressional committees. The Division provided extensive assistance to USDA policy officials in drafting and analyzing legislative proposals and

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amendments, and reviewed and coordinated the legal review for USDA in the clearance of legislation and ancillary legislative materials. The Division drafted or provided technical assistance in the preparation of bills and amendments for the Secretary, members of Congress, Congressional committees, Senate and House Offices of Legislative Counsel, and agencies within USDA, including:

- Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2005, Division A, Pub. L. No. 108-447;
- Emergency Supplemental Appropriations for Hurricane Disasters Assistance Act, 2005, Division B, Pub. L.108-324;
- Child Nutrition and WIC Reauthorization Act of 2004, Pub. L. 108-265;
- Fair and Equitable Tobacco Reform Act of 2004, Pub. L.108-357; and
- Legislation to protect the confidentiality of information collected in the developing Livestock Identification System.

Litigation: OGC is responsible for development and communication of the Department's position in cases on appeal. During FY 2004, Litigation Division attorneys were assigned full responsibility for 12 appellate cases, and obtained favorable results in 6 of them. One case was settled before the court issued a decision. The other 5 appellate cases are awaiting briefing schedules, are fully briefed and argued, or are waiting to be scheduled for oral argument in the near future.

The Litigation Division is responsible for briefing and arguing all cases before the appellate courts arising under the PACA, and the Horse Protection Act (HPA). During FY 2004, the Litigation Division defended the Secretary's decisions in three PACA cases before the United States Court of Appeals for the District of Columbia Circuit. In Merna K. Jacobson v. Department of Agriculture, the District of Columbia Circuit reviewed for the first time the Secretary's revised definition of "actively involved" under the PACA. The Court upheld the Secretary's application of the definition and affirmed the Secretary's determination that Merna K. Jacobson was responsibly connected to a corporation that violated the PACA. The Litigation Division has two PACA cases pending before the District of Columbia Circuit, the first defending the Secretary's determination that a corporation's failure to pay its produce sellers, and the payment by its employee of illegal gratuities and bribes to a USDA produce inspector, is a violation of the PACA. Post & Taback, Inc. v. Department of Agricuture. The second defends the Secretary's determination that the corporation's officers, directors, and shareholders are responsibly connected to the corporation under those circumstances. Joel Taback v. Department of Agriculture.

The Litigation Division represented the Secretary in Robert B. McCloy, Jr. v. USDA, in which the Tenth Circuit Court of Appeals upheld the Secretary's interpretation of the HPA to hold the owner of a Tennessee Walking horse liable for the horse's entry in a show while the horse was sore, regardless of whether the owner was implicated in any way in the soring of the horse.

Litigation Division attorneys also assisted the Department of Justice in preparing the Government's positions in lawsuits, including reviewing and advising on Supreme Court briefs affecting USDA programs. For example, in FY 2004 , Litigation Division attorneys assisted the Solicitor General's Office in preparing the briefs in Veneman v. Livestock Marketing Association, in which the Supreme Court will consider a First Amendment challenge to the Beef Promotion and Research Act.

Finally, but equally important, OGC's appellate lawyers prepared the Department of Agriculture's 42 recommendations to the Solicitor General on whether to appeal adverse decisions of various trial courts, or to participate as amicus in appellate or Supreme Court cases, during FY 2004. For example, the Litigation Division recommended an appeal to the Seventh Circuit in the case of Horn Farms, Inc. v. Ann M. Veneman, which raises due process issues, as well as addresses the NRCS's construction of the Wetland Conservation provisions of the Farm Security Act, and the FSA's payment of farm subsidy benefits to

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farmers who comply with the provisions. Litigation Division attorneys analyzed adverse trial court decisions and prepared recommendations regarding appeal on a wide range of issues, including challenges to Forest Service land management plans, the award of attorneys fees, and the regulation of motorboats on the Boundary Waters Canoe Area Wilderness, to name only a few.

In sum, the Litigation division's attorneys were responsible for 54 appellate cases during the last fiscal year.

General Law Division (GLD): This division is responsible for handling on behalf of all of the agencies and offices of the Department the legal work and litigation that arise under the many statutes and regulations that apply generally to all agencies of the Federal Government. These include, but are not limited to, the following: the Federal Tort Claims Act (FTCA), the Freedom of Information Act (FOIA), the Privacy Act (PA), the Federal Advisory Committee Act (FACA), the personnel laws and regulations, the Federal Service Labor-Management Relations Statute, Federal procurement statutes and regulations, and Federal intellectual property statutes.

During FY 2004, GLD provided extensive services to client agencies under these statutes and regulations including:

- reviewing and deciding approximately 66 FTCA claims that exceeded $100,000;
- reviewing approximately 189 FOIA and PA requests and appeals;
- litigating with DOJ attorneys 5 newly filed FOIA and PA lawsuits, in addition to those suits pending from previous years;
- litigating with DO J attorneys 21 newly filed FTCA lawsuits, in addition to the 157 pending FTCA cases from previous years; and
- litigating other cases filed under the Fair Labor Standards Act, the FACA, the Whistleblower Protection Act, and other Federal personnel laws.

GLD also represented USDA, or assisted DOJ representation, in:

- 40 procurement protests before the General Accounting Office;
- 6 contract claims before the Agriculture Board of Contract Appeals;
- 12 agency-level protests;
- 5 procurement protests before the United States Court of Federal Claims;
- 6 contract claims before the United States Court of Federal Claims;
- 2 qui tam lawsuits;
- 1 bankruptcy lawsuit;
- 6 nonprocurement lawsuits in United States District Court;

In FY 2004, GLD reviewed 12 memoranda of understanding between various agencies and non-Federal parties.

Applications for patents were prepared on inventions by USDA employees with the objective of obtaining patent protection for the Government - 81 patent applications were prepared and submitted to the U.S. Patent and Trademark Office during FY 2004 and 50 patents were obtained,13 applications were abandoned, and 22 cases were closed.

In addition to its traditional duties of reviewing claims, FOIA requests and appeals, and litigating lawsuits that arise, GLD often provides advice regarding the scope and application of FOIA, the Privacy Act, FACA, and the FTCA to new policy initiatives. After the outbreak of BSE in December 2003, GLD provided extensive advice to employees and officials in APHIS and to high level officials in the Department regarding the confidentiality and releasability issues posed by a proposed system of animal identification, the FACA implications involved with the establishment of a group charged with providing advice on the proposed animal identification system, and potential liability issues. Attorneys in GLD

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drafted a bill, which was presented to Congress, to protect from release under FOIA information in a system of animal identification.

GLD attorneys played a major role advising policy officials on election reform pursuant to section 10708 of the Farm Security and Rural Investment Act of 2002 for Farm Service Agency County Committees. GLD assisted drafting and reviewing uniform guidelines for conducting county committee elections and providing legal advice on related issues.

In FY 2004, GLD attorneys rendered advisory opinions and provided legal services in numerous areas including conflicts of interest; fund-raising; the acceptance of gifts; budget and fiscal matters; property management; advisory committee activities; delegations of authority; subpoenas; personnel; Whistleblower Protection Act matters; Paperwork Reduction Act matters; and the Administrative Procedure Act. Throughout FY 2004, GLD continued to provide legal advice to USDA agencies and offices regarding implementation of Presidential competitive sourcing, faith-based, and e-Government initiatives. GLD provided training for other OGC divisions regarding the revised OMB Circular A-76; worked with agency competitive sourcing officials regarding letters of obligation; advised agencies concerning the conduct of various competitions, responses to contests of competitive sourcing decisions, and implementation of competitive sourcing decisions; and represented USDA in precedent-setting challenges before the Government Accountability Office to competitive sourcing decisions. Regarding the faith-based initiative, GLD worked closely with the USDA Center for Faith-Based and Community Initiatives in promulgating the USDA final rule regarding equal opportunity for religious organizations and assisted the U.S. Department of Justice in defending against a lawsuit alleging violations of the Establishment Clause. Concerning the e-Government initiative, GLD expended substantial resources advising FS and the interagency team on and defending a protest and multiple lawsuits arising out of the procurement of the National Recreation Reservation Service as part of the Recreation One-Stop Initiative.

Beyond the Presidential Initiatives, GLD expended considerable resources to support implementation of other high-priority USDA programs. For example, throughout FY 2004, GLD continued to work extensively with the Office of the Chief Economist on the regulatory actions necessary to implement the USDA Guidelines for Designating Biobased Products for Federal Procurement Program.

In FY 2004, GLD additionally provided substantial legal support for procurement actions in support of USDA emergency response activities. GLD provided procurement-related assistance to APHIS in support of its intensive animal testing program for BSE, including defending challenges to the procurement of necessary testing equipment. GLD also provided extensive procurement-related advice and services to FS in support of wildland fire suppression activities. GLD advised FS on procurements for airtanker, fire retardant, catering, mobile shower, and emergency equipment rental support contracts. GLD attorneys represented FS in GAO protests against the fire retardant, catering, and mobile shower contracts, and assisted the Department of Justice in defending against lawsuits in the Court of Federal Claims and district court arising out of the airtanker, fire retardant, and catering contracts.

In addition to assisting agencies in responding to emergency situations, GLD advised USDA agencies relating to planning for potential emergency situations. GLD provided legal assistance to Departmental Administration regarding the procurement of space and use of funds for continuity of operations planning for emergency relocation facilities and services. GLD advised agencies regarding the use of funds for emergency provisions for the headquarters facilities. GLD also coordinated the compilation of legal authorities available to the Department in emergencies. Beyond direct USDA activities, GLD worked closely with CSREES to craft clauses for funding agreements to address facility security for Federally-funded research at non-Federal institutions.

In FY 2004, GLD provided substantial support to ARS to assist the U. S. National Arboretum in revising and republishing its regulations. Additionally, GLD provided assistance to ARS in connection with a

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proposed gift from the Government of China of a classical Chinese garden to be constructed on the grounds of the U.S. National Arboretum.

In FY 2004, GLD provided substantial support to CSREES in its efforts to develop and administer a grant program in the Republics of Armenia and Georgia under the Freedom from Russian and Emerging Eurasian Democracies and Open Markets Support Act of 1992 in conjunction with FAS and the United States Agency for International Development.

CIVIL RIGHTS

The Civil Rights Division (CRD) is in the process of a major reorganization to be completed within FY 2005. CRD is in transition to become two separate and distinct divisions, each lead by an Assistant General Counsel, under the umbrella of the Associate General Counsel for Civil Rights. The Civil Rights Litigation Division (CRLD) defends USDA in cases filed under the equal employment opportunity laws, the Equal Credit Opportunity Act, and other federal statutory and constitutional authorities. In March 2003, a "firewall" was created in CRD to ensure a complete separation between CRD's litigation activities in the formal EEO process and its responsibilities for providing advice and counsel at the informal, pre-complaint stage.

The newly created Civil Rights Policy, Compliance & Counsel Division (CRPCCD) will retain responsibility for providing advice and counsel in the informal EEO process. CRPCCD will also prepare formal legal opinions on a wide variety of civil rights and EEO matters and will have the primary responsibility for working with the Departmental Office of Civil Rights to ensure compliance with Title VI of the Civil Rights Act and related statutes covering federally assisted programs. CRPCCD will also function as a proactive civil rights office to suggest changes to agency practices in order to reduce discrimination complaint activity, develop action plans in response to compliance reviews, and anticipate areas in which civil rights issues may arise.

In FY 2004, one of the major employment class actions filed against USDA was dismissed on summary judgment by the EEOC. CRLD litigated the class action, Epps v. Veneman, a class of African American employees challenging the promotion practices of the NFC. CRLD's current workload includes six active employment class action cases:

- Basu v. Veneman - Department-wide class action filed on behalf of Asian employees and job applicants; settlement agreement approved by EEOC reached with class representatives; implementation of the settlement agreement will proceed in FY 2005;
- Donnelly v. Veneman - Class action filed on behalf of female employees of the Forest Service, Region 5, who alleged sexual harassment or retaliation; class certified by U.S. District Court pursuant to settlement agreement;
- Brionez v. Veneman - Class action filed on behalf of Hispanic employees of the Forest Service, Region 5; class certified by U.S. District Court pursuant to settlement agreement;
- Herron v. Veneman - Class action filed on behalf of African American employees of FSA; class certified by EEOC; currently on appeal;
- Sedillo v. Veneman - Class action filed on behalf of Hispanic employees of the Forest Service; class conditionally certified by EEOC; and
- Spencer v. Veneman - Department-wide class action filed on behalf of African American employees; class certification denied by EEOC; case is currently on remand and in settlement discussions.

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CRLD also continues to coordinate the defense of USDA in a myriad of program class action cases brought by plaintiffs who allege discrimination in the delivery of USDA direct loan and other programs:

- Chiang v. Veneman - Class action alleging discrimination by Rural Housing Service in the Virgin Islands; class certified by U.S. District Court and upheld by the Third Circuit; case proceeding with discovery on the merits;

- Garcia v. Veneman - Class action alleging discrimination by Farm Service Agency against Hispanic farmers and ranchers; class certification denied by U.S. District Court; on appeal to D.C. Circuit;

- Keepseagle v. Veneman - Class action alleging discrimination by Farm Service Agency against Native American farmers and ranchers; class certified by U.S. District Court; discovery is proceeding;

- Love v. Veneman - Class action alleging discrimination by Farm Service Agency against female farmers and ranchers; class certification denied by U.S. District Court; on appeal to D.C. Circuit;

- Pigford v. Veneman - Class action alleging discrimination by Farm Service Agency against African American farmers and those who attempted to farm; class certified by U.S. District Court; continuing to implement Consent Decree.

- BFAA, Inc. V. Veneman - Class action alleging discrimination by Farm Service Agency against African American farmers subsequent to the Pigford Consent Decree; motion to dismiss is pending.

Implementation of the April 14, 1999 Consent Decree in Pigford/Brewington, the class action filed on behalf of African American farmers alleging race discrimination in farm loan and benefit programs, continues to require significant effort by CRLD. As of December 15, 2004, 61.3% of the 22,188 Track A claims filed were decided in favor of the claimant. The Government has paid over $663.7 million to prevailing Track A claimants and provided approximately $20.1 million in debt relief. CRD continues to provide assistance in responding to claims and petitions for review by the Monitor, as well as a variety of other activities relating to implementation of the Consent Decree.

In addition to the class action cases, CRLD litigates a substantial number of employment cases pending before the EEOC or federal district courts and individual program cases filed administratively or in court. The demand for representation by CRLD continues to increase as the attorneys achieve favorable results in its litigation. Currently, CRLD provides representation in complex and sensitive employment discrimination cases before the EEOC, as well as cases involving issues of first impression or disputes involving high-level positions or officials within USDA.

During FY 2004, CRPCCD attorneys worked on two significant projects to implement Section 10708 of the Farm Security and Rural Investment Act of 2002 (Section 10708) and expect to continue these activities well into FY 2005. Section 10708 requires USDA to report on the participation rates of farmers and ranchers by race, ethnicity, and gender in all USDA programs designed exclusively for the benefit of farmers and ranchers. CRPCCD reviewed over 300 USDA programs to recommend to the Assistant Secretary for Civil Rights which programs are required to report under 10708 as well as other laws and regulations requiring similar reporting. CRPCCD also drafted a significant portion of the narrative for the

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first 10708 report to be released by the end of 2004. CRPCCD played a leading role in the implementation of Section 10708's requirement to reform the county committee elections process and improve minority representation on those committees. CRPCCD worked as part of the team to draft proposed regulations to implement the new requirements.

REGIONAL OFFICES

OGC currently has four regional and thirteen branch offices which provide legal services to numerous USDA agencies with field organizations, such as the Agricultural Marketing Service, Farm Service Agency, Rural Housing Service, Forest Service, Food and Nutrition Service, Risk Management Agency and Natural Resources Conservation Service.

The OGC field offices provide legal advice and services on a wide range of legal matters. Generally, attorneys in the field locations advise USDA officials who have been charged with program implementation duties at the regional, state and local level. Field attorneys also provide a wide range of assistance to the United States Attorney concerning the conduct of litigation in which USDA agencies are involved. OGC field offices provide essential services in nationally significant litigation in coordination with the Washington OGC office and with DOJ. Civil Rights issues, debt collection matters, natural resource litigation, Food Stamp Program violations and Farm Service Agency program matters form the core workload of the field attorneys.

Field attorneys provide legal services in connection with, and legal representation on, cases before administrative law judges of the Agriculture Board of Contract Appeals, the Interior Board of Land Appeals, the Federal Energy Regulatory Commission, the Equal Employment Opportunity Commission, the Merit System Protection Board, and the National Appeals Division. The types of cases include contract appeals, mining and patent contests, hydro-electric licensing procedures, Title VII employee complaints, appeals of adverse personnel actions, and appeals of farmers aggrieved by adverse decisions on certain farm programs.

Examples of types of litigation and other matters handled by the field include the following:

Eastern Region

Fire Suppression Recovery Costs. Atlanta OGC attorneys took the lead nationally in reviewing the legal bases for recovery of fire suppression costs by the FS in circumstances where fires set by private parties on private property spread to National Forest lands. A high-profile situation involving a Member of Congress led to a reexamination of the issue nationally and the issuance of clearer national guidance on the matter.

Oil and Gas. Atlanta OGC successfully completed its handling of two complex cases involving the alleged ownership of oil and gas "mineral servitudes" by private individuals on land within the Kisatchie National Forest in Louisiana. The 5th Circuit Court of Appeals in both Central Pines Land Co. v. United States and Petro-Hunt, LLC v. United States upheld the rights of the Forest Service to full ownership of minerals. The Supreme Court denied review of these cases.

Representation in NAD Proceedings. Atlanta, Harrisburg and Montgomery OGC devoted increasingly larger percentages of attorney time to representing RD, the FSA, and the NRCS in appeals to NAD. In a series of cases involving denials by RD-RBS of loss claims by lenders arising out of the Business & Industrial (B&I) guaranteed loan program, Atlanta attorneys vindicated the handling of these cases by the client agency and obtained NAD affirmation of the requirements of the new B&I regulations. In an appeal involving FSA denial of DCP (Direct/Countercyclical Program) benefits based upon "prevented planting," Atlanta attorneys established that FSA is required to follow EPA determinations as to whether alleged environmental contamination of farmland prevents the planting of crops.

Representation in BCA Proceedings . Eastern region attorneys handled a sizeable number of appeals to the

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Agriculture Board of Contract Appeals (BCA). In one particular case, Harrisburg attorneys are representing NRCS in a contractor suit for over $1.1 million dollars. Because NRCS undertook the contract pursuant to a Watershed Protection and Flood Prevention Act Plan with local sponsors who agreed to pay the costs of certain improvements, Harrisburg's attorneys were successful in getting the sponsors to participate in the litigation at the sponsors' costs. Milwaukee office attorneys assisted on several contract matters including claims from timber sale operators whose contracts had been cancelled or suspended for environmental reasons and who had appealed to the Board for relief. One case in dispute for over 10 years, H&N Wood Products, which involved a claim of $1.28 million dollars which was fifteen times the value of the original contract, was settled in 2004 for a total of $230,000.

Civil Rights. Employment discrimination and programmatic discrimination claims filed administratively and in federal court constituted a growing segment of the caseloads of many Eastern Region attorneys. Harrisburg attorneys were instrumental in getting a dismissal of a lawsuit by a church against an RD, RUS borrower which, in turn, sued the United States as an additional defendant in Federal Court, Second Baptist Church v. Gilpin Twp. Sewer Authority v. U.S.A. (W.D. Pa.). The Court dismissed the complaint and ruled that the borrower's tap-in ordinance did not violate the Religious Land Use and Institutionalized Persons Act, and failed to state a cause of action for its constitutional claims against the U.S. that requiring the borrower to comply with its loan agreement violated both state and federal constitution guarantees.

Peanuts and Tobacco . Atlanta attorneys handling FSA matters were called upon frequently to render legal advice to that client and legal support to United States Attorneys in connection with disputes regarding tobacco quotas and rendered extensive support to U.S. Attorneys in several states litigating aspects of the Peanut Quota Buyout Program. In addition to serving as advisors in several Tobacco Review Committee hearings, Atlanta attorneys handled a flurry of requests for legal opinions as to ownership of tobacco quotas in the months preceding passing of the Tobacco Buyout Program and thereafter.

NRCS Wetlands and Grasslands Reserve Programs . All Eastern Region offices rendered legal services for increasing numbers of conservation easements under the NRCS Wetlands Reserve Program and other NRCS easement programs. Harrisburg attorneys alone assisted in the acquisition of easements over thousands of acres in five states valued at over $3 million. In addition, several Eastern Region offices advised NRCS regarding breaches of easement restrictions by participating landowners. Additionally, legal advice and counsel has been provided to the NRCS in the implementation of the National Grassland Reserve Program in several Eastern Region states.

NRCS EQIP Contracts. Harrisburg attorneys were involved in enforcement of an EQIP contract against a local farmer. The farmer certified that certain work on his farm had been performed in compliance with the terms of the EQIP contract, accepted over $35,000 in CCC payments, and then used the money to pay for non-EQIP contract improvements. NRCS claimed fraudulent misrepresentations and false claims by the farmer, and Harrisburg attorneys were able to get a full-reimbursement of the EQIP funds for CCC-NRCS.

Forest Service Lands Matters. Atlanta, Milwaukee, and Montgomery attorneys reviewed and prepared legal documents to close a record number of Forest Service lands acquisitions and exchanges involving millions of dollars during FY 2004. In addition, attorneys from all three offices assisted the agency in resolving a large number of hotly contested title disputes and several claims seeking access to privately-owned inholdings.

Forest Plan Revisions. Attorneys in both Atlanta and Milwaukee have devoted significant amounts of time to providing legal advice to Regions 8 and 9 as they struggled to complete the revision process for the national forests in their respective Regions. Atlanta assisted Region 8 in finalizing the new plans for the five national forests of the Southern Appalachians as well as the Daniel Boone National Forest in Kentucky. Milwaukee assisted Region 9 in revising plans for the majority of the 14 national forests in that Region.

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Natural Resource Litigation. Atlanta and Milwaukee attorneys worked on a wide variety of litigation challenging projects and programs on the national forests, including some salvage and hazardous fuel reduction projects, wilderness management initiatives, and adverse title claims. Milwaukee attorneys successfully defended a Forest Service supervisor in a civil contempt proceeding in the Glisson case (S.D. Ill.) and advanced settlement potential in wilderness management challenge in the Stupak-Thrall case (W.D. Mich.). Atlanta attorneys defended – among other things -- a series of challenges to timber sales by the National Forests of Mississippi as well as suits in Georgia, Kentucky, Virginia, and Florida alleging noncompliance with environmental laws.

FNS Retailer Disqualifications. Atlanta, Harrisburg, Columbus and Montgomery attorneys routinely assist in the representation of the FNS in retailer disqualification appeals in Federal Court. The Harrisburg office settled a significant case involving whether the Food Stamp Act applied to "take-out" restaurants. The retailer, originally a fish market authorized to accept Food Stamps, evolved into a fish-sandwich take-out restaurant and was disqualified by FNS.

RD Community Facilities. In keeping with "faith-based" executive orders, both Atlanta and Harrisburg attorneys have been called upon to make eligibility determinations of applicants for Community Facilities loans and grants which turn on whether use of the funds will be for inherently religious purposes or not.

Central Region

FSA/RMA Fraud. The Kansas City office assisted DOJ in obtaining a guilty plea from a producer for making false statements and aiding and abetting bankruptcy fraud in the Northern District of Iowa. The scheme to defraud CCC and FCIC involved $247,278 in farm program benefits. The producer will be sentenced in February, and he will be a witness in multiple other fraud cases uncovered through the investigation of his misdeeds.

RUS Loans. The Kansas City office is providing substantial legal assistance to RUS due to funding challenges to a $7.5 million obligation for a sewer system expansion for a kosher meat processing plant in Postville, Iowa.

The Kansas City office assisted DOJ in obtaining a favorable 8th Circuit opinion finding that plaintiffs must have a cognizable injury-in-fact in order to have standing to contest funding of a sewage treatment plant in Kinross, Iowa.

The Kansas City and Temple offices were involved several municipal annexation litigation cases affecting boundaries of water districts financed by RUS. Such litigation attempts to limit or eliminate the statutory prohibition (U.S.C. §1926b) against municipal encroachments by annexation of USDA financed public water districts.

RD Guaranteed Loans. The Little Rock office obtained a favorable NAD decision voiding a Bank's $6 million loss claim for guaranteed loans made to a tomato cooperative, based upon the Bank's inadequate supervision of the borrower and the loans.

FSA Guaranteed Loans. The Temple office assisted DOJ in obtaining a $16 million settlement against a guaranteed lender, Gold Bank, for charging unauthorized interest in violation of FSA regulations. This was the largest civil recovery ever obtained in the Western District of Oklahoma.

Multi-Family Housing Loans. The Kansas City office assisted with briefing an 8th Circuit case involving RHS prepayment restrictions on a loan made to a Housing Authority for a 40-unit complex which now stands vacant and uninhabitable, due to the Authority's refusal to use its available cash in the amount of $700,000 to maintain the property. The Authority does not want to own and operate the low-income

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project, but RHS has determined that the City of Charleston, Missouri needs the units for low-income housing.

Indian Tribal Loans . The St. Paul office obtained a dismissal of the United States in a suit brought by a nonprofit corporation organized under state and tribal law. The suit alleged that RD breached its fiduciary duty to the tribal entity by allowing it to enter into the bad business decision of obtaining the RD guaranteed loan.

The St. Paul office assisted DOJ in obtaining a U.S. District Court ruling that the rights of FSA, as mortgagee, to rental proceeds for land located on an Indian Reservation, are superior to the rights of heirs of the original FSA borrowers, who were enrolled members of the Tribe.

The St. Paul office is assisting DOJ in arguing that foreclosures of RHS single-family housing loans secured by mortgages on leasehold interests on allotted land within a reservation may be brought in United States District Court, rather than in tribal courts. The argument involves interpretation of 25 U.S.C. §483a, and it appears to be a case of first-impression in terms of its application to RHS foreclosures.

Mountain Region

NEPA and National Forest Management Act Cases. Mountain Region attorneys provided extensive assistance to the FS and DOJ in the handling of many administrative appeals and federal lawsuits challenging management activities under NEPA and NFMA. Lawsuits alleging failure to comply with the management indicator species requirements of NFMA continued to emerge as the most significant challenge faced by Mountain Region lawyers. For example, Mountain Region attorneys provided assistance to DOJ lawyers in all phases of the 10th Circuit case of UEC v. Bosworth and a variety of district court actions, including Colorado Wild v. USFS (D. Colo.), Forest Guardians, et al. v. USFS (D.N.M.), and Biodiversity Conservation Alliance v. Stem (D. Colo.). Cases challenging compliance with NEPA, including the Ninth Circuit ruling in Lands Council, also required extensive legal work from Mountain Region attorneys.

Water Rights. Mountain Region attorneys continued to provide representation to the FS in the area of water rights. Many matters handled were nationally significant. For example, in 2004, Mountain Region attorneys played a major role in reaching a final agreement in the Wild & Scenic River Water Rights action in central Idaho. Mountain Region attorneys also assisted in drafting a landmark MOU between the State of Colorado and the FS designed to resolve water disputes. Mountain Region attorneys won a significant victory for the FS in an administrative case in Arizona that confirmed the FS's right to participate in the state's in-stream flow program. Mountain Region attorneys also represented the FS in negotiations before the Montana Reserved Water Rights Compact Commission. Finally, Mountain Region attorneys continue to advise the FS regarding water rights issues involved in Forest plans and also with respect to how to comply with the landmark opinion issued in 2004 in the case of Trout Unlimited v. USDA (D. Colo.).

Civil Rights. The Mountain Region continued to expand its work in the area of civil rights. In 2004, the Mountain Region provided legal advice and representation to the FS, RD, and several other USDA agencies involving cases before the MSPB and EEOC. One newer client the Mountain Region served extensively was the Job Corps, whose facilities are frequently located on FS lands. The Mountain Region also defended the FSA against Section 741 discrimination complaints and won a major victory in a case known as In re Shiplet.

Healthy Forests Initiative and the National Fire Plan. Mountain Region attorneys continued to advise the FS on implementing a wide range of activities related to hazardous fuels reduction under the National Fire Plan and newly promulgated regulations and enacted provisions of the Healthy Forests Initiatives. For example, Mountain Region attorneys reviewed and approved orders to close sections of the national forests

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in response to the threat of wildfires during the 2004 fire season, responded to subpoenas for FS employees in civil and criminal matters, and provided advice on a large number of civil tort claims resulting from individual fires.

Contract Litigation. Mountain Region attorneys assisted several USDA agencies in large contract disputes, including the FS and NRCS. In 2004, litigation continued in a $2.1 million contract claim against the FS alleged by Omni Development Corporation. This case went to hearing before the AGBCA and a decision is expected soon. Mountain Region attorneys also represented the FS in several precedent setting lawsuits resulting from timber sale contracts cancelled or suspended for environmental reasons, including the Mountain Valley Lumber claim before the AGBCA, and the Precision Pine case before the Court of Federal Claims.

Forest Plans. Mountain Region attorneys continued to assist the FS in its efforts to amend or revise several forest plans. For example, Mountain Region attorneys worked directly with the Black Hills National Forest to assist in the development of its Phase II plan revision. Mountain Region attorneys also advised the Forest Service regarding appeals of completed plans.

Pollution Control. Mountain Region attorneys continued to handle a wide variety of matters involving the CERCLA. In 2004, several new cleanup agreements were negotiated with potentially responsible parties, and advice was provided to the FS on many other matters involving abandoned mine cleanup. Mountain Region attorneys have increasingly been called upon to help advise the FS in responding to complaints regarding alleged violations of the Clean Air Act, the Clean Water Act, and the Resource Conservation and Recovery Act.

Commercial activities. Mountain Region attorneys continued to assist the FSA and RD by drafting detailed closing instructions for loan administered by those agencies throughout the states of Colorado, Wyoming, Arizona, New Mexico, Montana, and Utah. Mountain Region attorneys also provided significant assistance to RD in the processing of foreclosure actions and referring actions to the United States Attorney's Offices for the lifting of bankruptcy stays against delinquent debtors. Mountain Region attorneys also provided assistance to the USAO in Montana in successfully pursuing fraud claims against Robert Stephens, Jr., who created sham entities to illegally receive millions of dollars from FSA. Mountain Region attorneys also handled matters in bankruptcy, including the Spady Brothers bankruptcy in Colorado in which a plan of reorganization favorable to FSA was negotiated.

Lands activities. Mountain Region attorneys assisted in resolving several Quiet Title Act challenges brought against the FS. For example, in 2004, Mountain Region attorneys were instrumental in winning seven judgments in the Mt. Sopris actions involving 53 quiet-title lawsuits related to the 1994 congressionally-legislated Mt. Sopris land exchange. Mountain Region attorneys also assisted in defending against environmental challenges to the issuance of easements and rights-of-way for private lands and other developments. Mountain Region attorneys also provided pre-decisional advise in significant upcoming permit decisions, including the Wolf Creek Ski Area EIS in Colorado. Mountain Attorneys also advised the Regional Forester regarding a ski resort's failure to comply with a large-scale land exchange agreement near the town of Avon, Colorado. Mountain Region attorneys also helped secure a legal victory in Grand Lake Estate Homeowners Assoc. v. Veneman (D. Colo.), a case in which the court upheld the Forest Service's right to require a special use permit for use of a marina on FS lands.

Private Land Access. Mountain Region attorneys continued to assist on a wide variety of issues involving claims of access to private lands under ANILCA, and advised on claims of R.S. 2477 rights of way through FS lands. For example, Mountain Region attorneys assisted in winning a favorable ruling in Cabinet Resources Group v. USFS (D. Mont.), and in the handling of MESDA Investments v. Veneman (D. Ariz.).

Off-Highway Vehicle Issues. Mountain Region attorneys are being called upon with greater frequency to advise the FS in the handling of travel management conflicts. For example, Mountain Region attorneys assisted the USAO in gaining a favorable ruling in Silverton Snowmobile Club v. Forest Service, (D. Colo.), in which the court upheld a snowmobile closure order on the San Juan National Forest.

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Mining and Minerals Activities. Mountain Region attorneys provided advice to the FS on a wide range of matters arising under the mining regulations codified at 36 C.F.R. 228. Mountain Region attorneys also provided advice regarding mining claims issues and litigated mining contests. For example, Mountain Region attorneys assisted in resolving several trespass actions against miners who failed to submit proper plans of operation on the Pike/San Isabel National Forest in Colorado.

Pacific Region

Civil Rights. The Pacific Region expanded its role in defending agency officials against employee Title VII complaints before the EEOC. The caseload in this area has tripled over the past year and it is the fastest growing practice in the Pacific Region. The Pacific Region successfully helped in defending the Secretary against another motion for contempt filed in one of the large class action civil rights cases.

Affirmative Fire Trespass Claims. The Pacific Region provided substantial assistance to the U.S. Attorney's Office in aggressively pursuing multi-million dollar claims for damages against several corporations that were responsible for starting fires on the National Forests. A significant precedent was established in one case, involving a claim for $35 million that allows the United States to enforce the terms of a FERC license directly in District Court. Partly through our efforts, the Pacific Southwest Region of the FS has the most successful fire cost recovery program in the country.

Land Acquisition/Title Review. Pacific Region attorneys concluded several major land matters. These included the acquisition of valuable acreage around Lake Tahoe, the acquisition of 27,000 acres on the Mendocino National Forest (NF) using funds supplied by the State of California, the Shady Rest Land Exchange on the Inyo and Cleveland NFs, a large land exchange on the Plumas NF, acquisition of a very sensitive parcel in the Cascade Head Scenic Research Area, acquisition of more acreage for the Pacific Crest Trail, and a conservation easement in the Kona Hema Preserve in Hawaii. They also assisted in obtaining a favorable resolution to the Pacific Gas &Electric (PG&E) bankruptcy, wherein PG&E agreed to give permanent protection to 140,000 acres of watershed lands inside National Forest boundaries. Reviewing easements for the NRCS wetland reserve program continues to be a large part of the workload.

Law Enforcement Assistance. The Pacific Region reviewed virtually all of the Forest Orders for the Pacific Southwest Region of the Forest Service to ensure they were carefully drafted to protect the First Amendment rights of individuals. The most significant of these orders closed substantial portions of the Angeles NF due to extreme fire danger. The Region also provided substantial assistance to the Forest Service in developing and implementing a law enforcement plan for the Rainbow Coalition gathering on the Modoc NF.

Pre-decisional Natural Resource Advice. The Pacific Region provided pre-decisional advice on many significant matters, including the Sierra Nevada Framework Plan Amendments EIS and Record of Decision (ROD), the Herger-Feinstein Quincy Library Group Supplemental EIS and ROD, and a large number of fire salvage projects in Oregon. With the large increase in environmental litigation, the Pacific Region experienced a corresponding increase in requests for both legal input and review prior to Forest decisions on natural resource related projects.

Natural Resource Litigation. Environmental litigation increased substantially during the past year. The Pacific Region helped to successfully defend challenges to the Tongass Forest Plan and seven timber sales, management of the Hells Canyon Recreation Area, and several challenges to salvage, hazardous fuel reduction, and thinning projects.

Grazing. Pacific Region attorneys successfully defended challenges to grazing programs on the Malheur, Six Rivers and San Bernardino National Forests.

Energy Development. Pacific Region attorneys provided substantial assistance leading to favorable court

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decisions upholding geothermal development on the Klamath NF and oil exploration on the Chugach NF.

Hydroelectric-Relicensing. Pacific Region attorneys played a central role in the successful negotiation of several complex settlement agreements resolving complicated multi-party disputes regarding new license conditions for six large hydroelectric projects sited on National Forest System lands.

Water Rights. The Pacific Region provided substantial assistance in the filing of water rights claims of the United States associated with the Yakima Adjudication.

Mining. The Pacific Region assisted in obtaining a favorable Ninth Circuit ruling regarding the FS's real estate valuation process for the purchase of a patented mining claim. Substantial time was spent by Pacific Region attorneys assisting the FS in addressing a number of unauthorized residences within mining claims located on national forest lands. Significant help was provided on the EIS and ROD allowing Greens Creek to significantly expand tailing piles within the Admiralty Island National Monument.

Recreation. Pacific Region attorneys provided advice to the FS on special use and recreation residence permit administration. It also provided substantial assistance in the development of a policy and process for controlling off-highway vehicle use in national forests.

Farm and Rural Community Work. Pacific Region attorneys resolved several problems to enable the closing of loans totaling over $3 million for a wastewater facility project benefiting Mariposa County. The Region recovered $714,000 owed the United States pursuant to a Shared Appreciation Agreement and $500,000 on a FSA loan. Substantial assistance was provided to Rural Housing on prepayment issues, transfer issues, and bankruptcies filed by serial filers.

Contract Litigation. Pacific Region attorneys helped the FS prevail in a case before the Ninth Circuit challenging the withholding of funds when a contractor violated the Davis Bacon Act. They also successfully defended a $10 million claim by local counties who sought 25 percent of the projected revenue from terminated timber sale contracts. Significant time was spent representing the FS before the Agricultural Board of Contract Appeals and the U.S. Court of Federal Claims in cases involving allegations of material breach after timber sale contracts were suspended as a result of court orders in environmental litigation.

FOIA and Touhy. Pacific Region attorneys spent substantial time with USDA agencies in determining whether employees should be allowed to testify in matters where the U.S. is a non-party. Workload in this area has increased dramatically. The Pacific Region experienced increased requests for assistance by the FS for OGC review of agency decisions regarding FOIA responses, both for releasing information as well as denying the release of information.

Pollution Control. Significant accomplishments by Pacific Region attorneys included: (a) recovery of more than $11 million from a bankruptcy proceeding for use in response to selenium contamination in southeast Idaho; (b) review of environmental cleanups of contamination at former log transfer facilities (LTFs) used by the Alaska Pulp Company (APC) in Alaska; and (c) conclusion of a Settlement Agreement and Consent Decree to close out Ketchican Pulp Corporation (KPC) cleanups and possible contribution counterclaims at former KPC LTF sites on the Tongass NF.

Federal Subsistence Program. Pacific Region attorneys provided advice to the Federal Subsistence Board on several controversial issues, including allowing the State of Alaska to serve on the Board in a liaison capacity, more participation by the State in subsistence rule-making, development of a policy for predator management, and promulgation of rules for harvest of steelhead trout, hunting and trapping.

Training USDA Agencies. Many Pacific Region attorneys were in large demand to teach at USDA agency training sessions because of their national reputations as leading experts in their fields and outstanding lecturers. They are encouraged by this Region to share their expertise with client agencies. Consequently, Pacific Region attorneys taught at numerous USDA agency training sessions, both inside and outside the Pacific Region.

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2006 Explanatory Notes
Office of Communications

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OFFICE OF COMMUNICATIONS

Purpose Statement

The Office of Communications (OC) traces its history back to June 7, 1913, when Agriculture Secretary David Houston established an Office of Information. The purpose of this Office was to act as a news service to communicate possible recommendations of USDA scientists and specialists to the widest audience possible. The most recent reorganization was approved November 13, 1995, designating the Office as the Office of Communications. Section 7 CFR Subtitle A delegates authority for public affairs activities from the Secretary to the Director of the Office. The activities of the Office have expanded as new technology has become available and additional segments of the public have become constituents. The basic purpose remains constant to communicate to the public the programs and policies of the Department.

The mission of the Office of Communications is to provide leadership, expertise, counsel, and coordination for the development of communication strategies, which are vital to the overall formation, awareness and acceptance of U. S. Department of Agriculture programs and policies. OC serves as the principal USDA contact point for dissemination of consistent, timely information.

The Office of Communications is located in Washington, D. C. As of September 30, 2004, there were a total of 83 full time permanent employees funded by appropriations and Working Capital Fund charges to customer agencies.

OC did not have any Office of the Inspector General or General Accounting Office evaluation reports during the past year.

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OFFICE OF COMMUNICATIONS

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation	$9,228,000	74	$9,365,000	90	$9,509,000	90
Rescission	-54,445	--	-74,920	--		--
Total, Available or Estimate	9,173,555	74	9,290,080	90	9,509,000	90
Obligations Under Other USDA Appropriations:						
Agency Photography Services	330,236	--	600,000	--	600,000	--
Subtotal, Appropriated and Reimbursement	9,503,791	74	9,890,080	90	10,109,000	90
Working Capital Fund a/:						
Video, Teleconference, & Visual Design	11,140,000	24	5,483,000	29	5,050,000	28
Capital Equipment	151,370	--	165,000	--	165,000	--
Subtotal, Working Capital Fund	11,291,370	24	5,648,000	29	5,215,000	28
Total, Agriculture Appropriations	20,795,161	98	15,538,080	119	15,324,000	118
Non-Federal Funds:						
Sale of Photos	5,890	--	10,000	--	10,000	--
Total, Office of Communications	20,801,051	98	15,548,080	119	15,334,000	118

a/ This section only includes WCF activities managed by OC. Please refer to the WCF Explanatory Notes for more details about the WCF.

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OFFICE OF COMMUNICATIONS

Permanent Positions By Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006 a/

	2004	2005	2006
Grade	Washington, DC	Washington, DC	Washington, DC
ES-02	1	1	1
GS-15	19	19	19
GS-14	11	11	11
GS-13	14	14	14
GS-12	14	14	14
GS-11	9	9	9
GS-9	13	13	13
GS-8	1	1	1
GS-7	3	3	3
GS-5	2	2	2
GS-4	1	1	1
Other Ungraded Positions	2	2	2
Total Permanent Positions	90	90	90
Unfilled Positions end-of-year	-7	--	--
Total, Permanent Full -Time Employment, end-of-year	83	90	90
Staff Year Estimate	74	90	90

a/ Positions shown are appropriated and reimbursed only. For WCF financed positions, refer to the WCF Explanatory Notes for more details.

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OFFICE OF COMMUNICATIONS

Summary of Budget and Performance
Statement of Goals and Objectives

OC has one strategic goal and two strategic objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
All USDA Strategic Goals	Agency Goal 1: Effective communication support for all USDA mission areas.	Objective 1.1: Provide resources and state-of-the-art facilities to enhance communication by USDA and its agencies to increase awareness by the American public about USDA's program initiatives and services.	All USDA programs	Intended audiences receive the material or information distributed.
		Objective 1.2: Provide efficient coordination and instructive guidance to enhance communication by USDA and its agencies to achieve greater awareness by the American public about USDA's program initiatives and services.	All USDA programs	

Description of Programs:

- The Office of Communications (OC) was established September 30, 1994 by Secretary's Memorandum 1020-40 as a successor to the Office of Public Affairs. OC follows a mandate established by the Secretary of Agriculture in 1913 to centralize information services of the Department. OC leads and coordinates the carrying-out of USDA's original mandate, i.e., when Congress wrote the law establishing USDA in 1862, it said the new Department's "general designs and duties shall be to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the word." OC delivers information about U.S. Department of Agriculture (USDA) programs and policies to the American people. To achieve that objective, OC reports through various media and often directly to farmers, consumers, environmentalists, the business community, and other interest groups regarding the Department's programs, policies, and activities. The success of the Department's initiatives is aided by the effectiveness of communication and public education campaigns.

  In order to provide the highest level of support to the Secretary and the Department's agencies, the Office of Communications reorganized into the following major program areas that deliver the activities under this appropriation: Administrative and Information Services; Web Services & Distribution; Constituent Affairs; Media Communication and Coordination; Broadcast, Media and Technology; Budget and Operations Staff; and the Visual Communications Center.

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OFFICE OF COMMUNICATIONS

GOAL 1: Effective communication support for all USDA mission areas.

Strategic Objective and Funding Matrix
(On basis of available funds)

	2004 Actual		2005 Budget			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Goal 1:	$9,173,555	74	$9,290,080	90	+$218,920	$9,509,000	90

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- The Office of Communications will continue to evaluate its strategies by ensuring that commercial media outlets have received the materials and information distributed by the Department, that there is a high acceptance and use of prepared materials, and that OC facilities can produce products meeting industry standards.

Strategies for achieving performance in FY 2005 and FY 2006:

- Strategy a: Upgrade OC information technology infrastructure to support electronic information dissemination to the public, including, but not limited to, digitized textual information, digitized photographs, other visuals, video, and audio for Internet access; as well as the electronic delivery of USDA news and information to the news media, constituent groups, and other stake holders.
- Strategy b: Use audio and video teleconferences, as well as public meetings, to communicate with representatives of minority and other under served groups who should be served by USDA programs and services.
- Strategy c: Provide centralized operations for design and production, review/clearance, and distribution of messages and information (video, print, and broadcast) to USDA's primary constituencies and the general public to ensure that they get understandable and relevant information about USDA programs and services.
- Strategy d: Coordinate the development of communications plans for all USDA cross-cutting or interagency initiatives showing each mission's and/or agency's information role.
- Strategy e: Provide all of OC's basic services in a crisis situation involving a relocation of senior department officials from the Washington, D.C. metropolitan area.

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OFFICE OF COMMUNICATIONS

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key Performance Measures:

- Measure #1: Commercial media outlets have high acceptance and use of prepared materials. Materials equal or exceed industry standards for quality. Facilities are updated with latest technological improvements and software to meet industry standards.
- Measure #2: Policies and standards are developed for effective communication of USDA programs and initiatives. Strategies are developed and employed to ensure maximum impact and effectiveness of communications goals. Coordination of ongoing and information campaigns is timely and thorough to promote unified accomplishment by USDA mission areas.

Key Performance Targets

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
1. Commercial media outlets have high acceptance and use of prepared materials. Materials equal or exceed industry standards for quality. Facilities are updated with latest technological improvements and software to meet industry standards.						
A. Units	95%	95%	95%	95%	95%	95%
B. Dollars	$7.000M	$7.000M	$7.000M	$7.000M	$7.000M	$7.000M
2. Policies and standards are developed for effective communication of USDA programs and initiatives. Strategies are developed and employed to ensure maximum impact and effectiveness of communication goals. Coordination of ongoing and informational campaigns is timely and thorough to promote unified accomplishment by USDA Mission Areas.						
A. Units	95%	95%	95%	95%	95%	95%
B. Dollars	$1.138M	$1.861M	$2.081M	$2.058M	$2.290M	$2.509M

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OFFICE OF COMMUNICATIONS

Summary of Budget and Performance
Full Cost by Strategic Objective

Agency Objective 1.1: Provide resources and state of the art facilities to enhance communication by USDA and its agencies to increase awareness by the American public about USDA's program initiatives and services.

		Dollars in thousands		
PROGRAM	**PROGRAM ITEMS**	**FY 2004**	**FY 2005**	**FY 2006**
Communications				
	Administrative Costs (direct)	$4,587	$4,645	$4,755
	Performance Measure: Random surveys of selected communication initiatives reveal that intended audience received the material or information distributed.	95%	95%	95%
	Unit Cost	N/A	N/A	N/A

Agency Objective 1.2: Provide efficient coordination and instructive guidance to enhance communication by USDA and its agencies to achieve greater awareness by the American public about USAD's program initiatives and services.

		Dollars in thousands		
PROGRAM	**PROGRAM ITEMS**	**FY 2004**	**FY 2005**	**FY 2006**
Communications				
	Administrative Costs (direct)	$4,471	$4,645	$4,754
	Performance Measure: Random surveys of selected communication initiatives reveal that intended audience received the material or information distributed.	95%	95%	95%
	Unit Cost	N/A	N/A	N/A

For necessary expenses to carry out services relating to the coordination of programs involving public affairs, for the dissemination of agricultural information, and the coordination of information, work, and programs authorized by Congress in the Department, [$9,365,000] $9,509,000: Provided, That not to exceed $2,000,000 may be used for farmers' bulletins.

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OFFICE OF COMMUNICATIONS

Consolidated Appropriations bill, 2005	$9,365,000
Budget Estimate, 2006	$9,509,000
Increase in Appropriation	+ 144,000

Adjustments in 2005:		
Consolidated Appropriations bill, 2005	$9,365,000	
Rescission under P.L. 108-447 a/	-74,920	
Adjusted base for 2005		9,290,080
Budget Estimate, 2006		9,509,000
Increase over adjusted 2005		+ 218,920

a/ The amount is rescinded pursuant to Section 122 of Division J of H.R. 4818.

Summary of Increases and Decreases
(On basis of available funds)

Item of Change	2005 Estimated	Pay Costs	2006 Estimated
Office of Communications.....	$9,290,080	$218,920	$9,509,000

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OFFICE OF COMMUNICATIONS

Project Statement
(On basis of available funds)

	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Office of Communication	$9,058,070	74	$9,290,080	90	+$218,920	$9,509,000	90
Unobligated Balance.....	+115,485	--	--	--	--	--	--
Total Available or Estimate.....	9,173,555	74	9,290,080	90	+ 218,920 (1)	9,509,000	90
Rescission.....	+54,445	--	+74,920	--			
Total, Appropriation...	9,228,000	74	9,365,000	90			

NOTE: A rescission of $74,920 pursuant to Section 122 of Division J of P. L. 108-447.

Justification of Increases and Decreases

(1) An increase of $218,920 for the Office of Communications (OC):

(a) An increase of $218,920 to fund pay costs.

Approximately 88 percent of the OC's budget is needed to pay salaries, employee benefits and mandated central charges, leaving essentially no flexibility to cover additional pay costs. This increase is needed to maintain the current level of staffing to ensure OC provides leadership, expertise, counsel, and coordination for the development of communications strategies, which are vital to the overall formation, awareness and acceptance of USDA programs and policies. Without funds to cover the pay increase, OC would need to further reduce staffing, continuing the staffing decline of recent years. A further decline in staffing would limit the agency's ability to serve as the principal USDA contact point for dissemination of consistent, timely information.

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OFFICE OF COMMUNICATIONS

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004 Amount	Staff Years	2005 Amount	Staff Years	2006 Amount	Staff Years
District of Columbia.....	9,058,070	74	$9,290,080	90	$9,509,000	90
Unobligated balance.....	115,485	--	--	--	--	--
Total, Available or Estimate.....	9,173,555	74	9,290,080	90	9,509,000	90

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OFFICE OF COMMUNICATIONS

Classification By Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington,D.C.	6,200,520	$6,734,000	$6,849,800
11 Total personnel compensation	6,200,520	6,734,000	6,849,800
12 Personnel benefits	1,237,873	1,267,000	1,295,200
13 Unemployment Comp	2,124	0	0
Total pers. comp. & benefits	7,440,517	8,001,000	8,145,000
Other Objects:			
21 Travel and transportation of persons	39,589	25,000	25,000
22 Transportation of things	357	2,000	2,000
23.3 Communications, utilities, and misc. charges	445,915	460,000	460,000
24 Printing and reproduction	24,433	58,000	58,000
25.2 Other services	180,916	276,080	371,000
25.3 Purchases of goods and services from Government Accounts	761,605	135,000	135,000
26 Supplies and materials	65,907	72,000	72,000
31 Equipment	98,480	241,000	241,000
43 Interest	351	0	0
Total other objects	1,617,553	1,289,080	1,364,000
Total direct obligations	9,058,070	9,290,080	9,509,000
Position Data:			
Average Salary, ES positions	$137,543	$145,330	$145,330
Average Salary, GS positions	73,846	78,026	78,026
Average Grade, GS positions	12.05	12.05	12.05

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OFFICE OF COMMUNICATIONS

STATUS OF PROGRAM

The Office of Communications (OC) delivers information about U.S. Department of Agriculture (USDA) programs and policies to the American people. To achieve that objective, OC reports through various media and often directly to farmers, consumers, environmentalists, the business community, and other interest groups regarding the Department's programs, policies, and activities. The success of the Department's initiatives is aided by the effectiveness of communication and public education campaigns.

In order to provide the highest level of support to the Secretary and the Department's agencies, the Office of Communications reorganized into the following major program areas that deliver the activities under this appropriation: Administrative and Information Services; Web Services & Distribution; Constituent Affairs; Media Communication and Coordination; Broadcast, Media and Technology; Visual Communications Center and the; Budget and Operations Staff.

Current Activities: Administrative and Information Services (AIS) staff provides administrative support to all OC operations for administrative management, human resource management and personnel liaison functions. AIS staff also manages development, formulation, clearance, and issuance of policy governing USDA communications.

The Editorial and Review staff reviews and oversees the Department's information products, both printed and electronic, for editorial content, design, and quality. This staff works closely with the communications coordinators and with public affairs specialists and other officials to ensure that the Department disseminates consistent and timely information to the public. One public affairs specialist serves as project manager for Departmental communications in comprehensive areas such as civil rights and general public communications products, again working closely with communications coordinators and staff at all levels. For example, the Agriculture Fact Book provides information about agriculture and the Department to a wide variety of audiences and stakeholders, offering statistics and agriculture facts describing American agriculture, trade, consumers and rural America. To meet the needs of diverse users, the book is released in paperback and Internet versions.

The Information Services staff assists members of the general public as well as other Federal agency officials and Members of Congress who request, via the telephone or by mail, publications and information about USDA programs. They provide online responses to questions about USDA programs and in-person assistance via phone, Internet and the Secretary's hotline. USDA's Freedom of Information Officer provides Departmental policy and FOIA program management and coordinates Departmental responses under the Freedom of Information Act.

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Web Services And Distribution: The Office of Web Services and Distribution (WSD) perform dissemination of electronic media including but not limited to USDA Web Portal and distribution lists for OC. Functions associated with WSD also include: templating for USDA.gov, coordinating work flow and content flow with agencies and departments as needed with the Director and Deputy Director of OC and Press Secretary and OC Coordinators. Support functions performed by WSD are included:

- Maintaining a comprehensive database of constituent groups (radio, TV, newspapers, magazines, etc.);
- Reviewing reports and modifying the database to create an up-to-date and precise list of media contacts;
- Creating and maintaining USDA Web Portal with current and up-to-date information delivered by audience type, subject or customization;
- Sending electronic information to specified lists per Press Secretary and Deputy Press Secretaries and OC Coordinators.

WSD also includes the Webmaster; the Webmaster compiles and maintains the register of agency home pages and web managers. Response to e-mail inquiries received via Internet home page are coordinated by the office.

Constituent Affairs: The Office of Constituent Affairs (OCA) serves as a conduit for information about USDA's seven mission areas to the general public, the media, agricultural and industry constituent groups and USDA employees.

To raise awareness and acceptance of USDA's programs and policies, OCA maintains a comprehensive database of national and state groups, industry, and key foreign embassies.

- Through this network, OCA distributes transcripts of speeches, news releases and statements from the Secretary, as well as information about federal rule making.
- The database can be used to contact State Directors of Homeland Security and State Veterinarians in the event of an emergency.
- OCA works with individual USDA agencies to share the network in order to increase opportunities to disseminate information or announcements.
- OCA continually reviews and modifies the database.

On the public liaison side, OCA staff works to provide farm, trade, consumer associations, natural resources and environmental groups with opportunities to hear from key USDA officials in Washington D.C. and across the country.

OCA works to anticipate constituent group information needs regarding new programs or new developments in international policy by arranging special briefings so that the correct information regarding programs and policies are communicated to state and county groups.

In working with a diverse range of constituents, OCA acts as a clearinghouse to keep USDA agencies apprized of issues and concerns voiced by stakeholder groups, many of which have never before participated in USDA programs. To accomplish this, OCA:

- Provides feedback from briefings to the appropriate subcabinet offices and personnel.
- Provides periodic feedback describing interest group opinion as articulated in their publications to give USDA officials a constituent perspective.
- Publishes USDA's employee's newsletter.

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Media Communications Coordination: The Media Communications Coordination Team coordinates public and media communications for the Office of the Secretary, USDA general offices and mission areas, and develops policies and plans for effective execution of overall basic and operating policy for development and dissemination of public affairs information.

The Media Communications Coordination Team:

- Coordinates development, production, and dissemination of Department-wide communications.
- Develops national and significant Departmental news releases, statements for the media, letters-to-the editor, opinion-editorials and other information materials released through a variety of media.
- Counsels and advises senior decision makers and agency information directors and their staff in serving the Department's many audiences.
- Formulates governing policy and regulations for Office of Communications media coordination.
- Coordinates and reviews printed publications or reports prior to public release.
- Coordinates response to inquiries from major national news outlets.

The team includes five communications coordinators serving as senior communications advisors to USDA's seven major mission areas, working directly with Under Secretaries and top staff, as well as servicing the Secretary's Office and Departmental staff offices for media relations and press and public communications and strategic services.

Each communications coordinator works directly with Under or Assistant Secretaries and their senior staff to coordinate public and internal communications, and providing leadership in the development of communication strategies that are vital to the formulation, awareness, and acceptance of U.S. Department of Agriculture programs and policies. One communications coordinator works at the Departmental level across all seven mission areas to formulate and implement homeland security communications strategies, policies, and products that are vital to the security of the Nation's food systems and products. Coordinators also work across government departments to coordinate issues that are inter-departmental in nature, as appropriate.

Broadcast, Media & Technology: The Broadcast Media & Technology (BM&T) Center produces a variety of media products in support of USDA Mission Areas. Products include: informational videos, radio and TV public service announcements, telecasts by satellite and web cast, satellite media interviews, audio and videoconferences. The BM&T Center creates daily and weekly radio and TV news packages for broadcast and cable outlets. BM& T also creates a variety of multimedia products including web streaming, DVD and CD projects. Topics covered included: BSE outreach and education efforts, Homeland Security messages and training, World Food Day, introduction of new Rural Development marketing and outreach efforts, training for Financial Management, Farm Bill implementation, food safety, industry updates on meat and poultry processing, international trade, forestry, conservation, food and nutrition programs, employee updates, and administrative training.

BM&T Center's radio service provides a daily news service and weekly feature service to stations throughout the country. Radio stations access these daily news stories via the Internet or by telephone calls to an automated computer system. Stations record these stories for their broadcast use. A weekly radio feature service including five consumer topics, five agricultural topics and a 5-minute documentary is sent on CD's to over 150 radio stations and networks that have requested the service.

BM&T Center's television service provides a 15-minute weekly news feature and actuality service distributed via satellite to broadcast TV stations. Tapes are mailed to requesting stations. Stories are also posted for viewing on the Internet.

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Visual Communications Center: The Visual Communications Center provides centralized design and communications product management through the use of design and imaging standards. It supports various creative services to the Department, including photography and printing services. Agencies only pay for services rendered at reduced and competitive rates. The Center provides a resource for agencies to lower or eliminate their overhead costs incurred from duplication expenses in maintaining a similar staff with equipment. This way, agencies are able to redirect their limited budgets directly into projects by placing their visual requests through the Center.

The Center maintains a creative electronic graphics studio for print media, non-print electronic media and exhibit fabrication. It maintains an electronic archive storage site for departmental print and exhibit material and an extensive centralized USDA Photo Library of captioned black/white prints and color transparencies, color negatives and digital imagery. The facility offers complete services in the planning of print, interactive media, marketing, and consultation in communication planning, language translations for print material, audience evaluation, production art, specialized contracting and exhibit fabrication services. The Center provides photographic research services and distributes photographs to the news media and to the public. Creative design services including logo development, illustrations, ad development, photography, specialized copy writing, posters, brochures, printing, web-sites, banners, trade-show exhibits, visitor centers, special media events, and coordination of information print campaigns shared by departmental initiatives with various mission areas. Services are provided to international, national, regional, State and local USDA offices, and other Government agencies as requested. The Center has central printing authority, and therefore, is the liaison with the Government Printing Office, and the Joint Committee on Printing.

Budget and Operations Staff: The OC Budget and Operations Staff provide administrative services to the agency. Included in these services are budget planning, preparation, justification and execution, cyber security, facilities and property management, oversight of telecommunications services, and the processing of all training, travel, and procurement requests.

Selected Examples of Recent Progress:

Administrative and Information Services. The Administrative and Information Services staff provides support for administrative and human resource management and personnel liaison functions. AIS staff leads development, formulation, clearance, and issuance of policy governing USDA communications. Each of the major communications functions has a Departmental directive that describes the policy. Last updated in January 2003, the directives are posted at http://www.usda.gov/directives/ under Public Affairs (1400) and the USDA Home Page directive (3030-001), last updated in December 2003.

USDA's Freedom of Information Act (FOIA) Officer provides Departmental policy and program management as well as coordination of Departmental responses under the Freedom of Information Act. FOIA officer accomplishments include:

- Consolidating 22 USDA agency annual FOIA reports for comprehensive USDA report that was sent to Congress through the Department of Justice;
- Processing 298 FOIA requests and referred to USDA agencies;
- Responding to 72 FOIA requests and 2 FOIA appeals for Office of the Secretary (OSEC) and/or Office of Communications records, which required reviewing approximately 11,900 pages of documents for determination on release to the public;
- Providing technical assistance and expertise to mission area training sessions, responded to approximately 1,100 telephone calls and e-mails for information or advice from the public regarding the USDA FOIA program, and coordinated quarterly meetings and training sessions with all of USDA's agency FOIA and Privacy Act coordinators.

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The Editorial and Review staff reviewed and cleared a total of 324 final-stage manuscripts and 233 printer-ready materials. The Agricultural Fact Book was revamped to include an overview of policy principles and priorities and highlights of USDA program data covering a 2-year period in all 7-mission areas. The 2001-2002 Agricultural Fact Book was posted to the Internet as well as released in a limited number of hard copies in 2003 and will be updated for publication and issuance in early 2005.

The two Information Services staffers responded to approximately 15,000 requests for information during FY 2004:

- 8,000 U.S. mail requests
- 9,025 telephone/hotline requests
- 250 direct e-mail requests
- 225 requests from Members of Congress

Web Services and Distribution. The Web Services group works with various organizations within OC to coordinate communication efforts for the Department and also works closely with the Department's Webmaster. To accomplish this, Web Services and Distribution Staff:

- Reviewed reports and maintained comprehensive databases of 3,684 media contacts.
- Created and maintained over 2,000 Web pages with current and up-to-date information.
- Worked closely with the communications coordinators and the Press Secretary's office to ensure quick dissemination of 528 news releases, public statements, and other current information through electronic and other means.
- Prepared approximately 240 daily agriculture-related news summaries containing approximately 25-40 story each for USDA officials.
- Responded to 4,756 e-mail inquiries from the public concerning the USDA home page or other related issues.

Constituent Affairs: In fiscal year 2004, the Office of Constituent Affairs hosted and provided speakers for 2,440 farmers, ranchers, students and others from 27 states at 69 meetings at USDA headquarters. This represents a 49 percent increase from a year earlier in visitors seeking expertise from USDA officials.

Briefings were held for farm and commodity groups based in Washington D.C. in order to help spread the word to the nation's farmers and ranchers about such subjects as the implementation of the Conservation Security Program, surveillance for Bovine Spongiform Encephalathy (BSE), the National Animal Identification System and the President's Climate Vision Program.

The Office also worked with key agencies arranging large-scale public meetings and events.

Media Communications Coordination. In fiscal year 2004, communications coordinators developed and cleared 425 national media releases, official remarks and background papers covering USDA's major issues, in addition to coordinating tele-news conferences and in-person press events. The team also leveraged other USDA communications resources to deliver information to the media, including broadcast media, still photography, web streaming, internet posting, and design services, as appropriate. Coordinators responded directly to media calls from reporters seeking information about USDA programs and policies, the majority of them urgent or sensitive in nature. The coordinators also cleared more than a thousand agency media releases that covered routine program announcements.

Coordinators provided media guidance and overall communications strategies about USDA major programs, including implementation of the 2002 Farm Bill, Homeland Security, and Civil Rights. Coordinators also assisted in introducing and communicating issues like improvements in natural resources and water quality, bridging the digital divide in rural America, alternative energy development, international trade negotiations, global food security, food

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safety, and animal health. Coordinators also worked on press and public communications issues concerning the Healthier US Initiative, childhood obesity, dietary advice, Healthy Forests Initiative, Faith-Based and Community Initiatives, e-Government Initiative, food stamp outreach (including new immigrant provisions), biotechnology, drought, disaster relief, energy, bioenergy programs, and grants for community development projects. A significant amount of effort was spent on the issue of bovine spongiform encephalopathy.

Broadcast, Media & Technology: Highlights of fiscal year 2004 achievements by the Broadcast, Media & Technology Center:

BM&T Center radio service provides a daily news service and a weekly feature service to the Voice of America and radio stations throughout the country. The unit employs three full time reporter/producers. The radio service provides a daily news service and a weekly feature service to stations throughout the country, as well as around the world, through the Voice of America.

In fiscal year 2004 USDA Radio employees produced a total of 2,228 news stories. These daily news stories are accessed by radio stations via digital telephone lines, as well as the USDA Radio News line website, by downloading MP 3, Real Audio or Wave files. In fiscal year 2004 the USDA Radio news line received 4,184 phone calls (an 815 call increase over FY 2003) and 23,215 hits to its website. Highlights of stories featured on the radio news line in FY 2004 included complete coverage of the discovery of one case of BSE in Washington State on December 23, 2004. USDA Radio personnel continued coverage over the Christmas holidays and on into New Year. USDA Radio personnel also covered U.S. House and Senate hearings on BSE and its implications on health and trade, new feed regulations and the implementation of new rules and interstate cooperation on BSE. Outbreaks of Avian Influenza were also covered with trade, health and containment procedures for producers as the headlines. U.S. Crop Reports and U.S. World Supply and Demand Reports are given extensive monthly coverage. The World Trade Organization, NAFTA, FTAA and other bilateral trade agreements continue to be a main focus of USDA Radio's coverage. The harsh hurricane season and Crop Disaster Relief for Florida and farmers in other states was given considerable coverage.

The radio unit also produces a feature service on CD subscribed to by 150 Radio stations nationwide. The feature service is also located on the USDA Broadcast Services website. In FY 2004, the feature website received 4,893 hits. The three radio employees produced 520 short features of 2 1/2-3 minutes each and 52 longer documentary type features of five minutes in length. These features are equally divided between programming of interest to the general public through both the Consumer Time and Agriculture USA series and programming directed to the agricultural audience through the feature Ag Update. Much of the consumer time programming was devoted to Food Safety. Other consumer themes included what to do during various weather disasters as well as nutrition research, obesity and the new food nutrition guidelines.

Subjects on the Ag Update series included the World Trade Talks, trade and impact of BSE, Crop reports, World Supply and Demand, crop prices. Avian Influenza updates, economic reports of various commodities

In addition, Agriculture Secretary Ann Veneman and members of the sub cabinet conducted telephone news conferences with farm broadcasters from USDA Radio studios on a number of occasions. The topics included BSE, farm trade, and farm economy, Disaster Assistance, among other topics.

Television news producers in BMTC produced 150 stories in FY 2004, up from 140 stories in FY 2003, 130 stories in FY 2002 and 106 in FY 2001. The increase is the result of continuing technological efficiencies based on networked editing systems, and the seasoning of our producer team. The stories covered mission messages including BSE, subsequent stories on trade, biotechnology, rural development, research, water quality, nutrition, food aid, national forests, the new Conservation Security Program and other conservation topics, cooperative extension, small farms, marketing and food aid among other topics. These stories were aired on two nationally syndicated programs specifically targeted to rural areas and farmers and many other smaller networks and outlets. Video news releases

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and selected sound bites are also available to the public as "streaming media" files with direct links from the USDA Home Page on the Internet.

The BM&T Center coordinated and produced audio and video streaming through USDA's Web site providing desktop coverage of several press conferences by the Secretary on such topics as Homeland Security, Healthy Forest Initiative and BSE surveillance. This service offered immediate Internet access by the public for events as they happened, and all of this information continues to be available through the USDA Web site.

BMTC produced a total of 5,520 audio conferences on topics such as APHIS Bio-security, BSE technical briefings and Foreign Agricultural Trade Policy. A total of 6,485 hours of audio conferencing was used for the 5,520 conferences. This service volume has kept rates for audio conferences steady while helping USDA agencies communicate with field staffs about ongoing and emerging issues. Additionally, the BM&TC introduced "Data Exchange" to USDA agencies. This technology has allowed for the instant sharing of documents and other critical communications tools directly to the desktop. Furthermore, the BM&TC introduced "Web Portal" to 22 USDA clients. This service allows for immediate and remote access for conference scheduling 24 hours a day 7 days a week. There is no limit to the size of the audience for each conference.

The BMTC coordinated and produced several satellites telecast including: the World Food Day Telecast, the unveiling of the New Rural Development Logo and the Homeland Security Roll Out.

BMTC coordinated a total of 90 videoconferences during this period. Topics included implementation of new Interagency Fire Program Qualifications and Farm Loan Technical Training video meetings.

Visual Communications Center. Visual Communications Center The consolidation of Visual Communications Center in FY 2003 has closed the loop by creating a one-stop shopping center for visual services. Three major teams, Design, Photography and Printing, have integrated procedures to streamline communications activities. In fiscal year 2004, with a decreasing staff, the design team had a total of 1,000 requests for design services from USDA agencies, significantly less than last year, but larger in scope of deliveries and value. The majority of work has continued in the area of print media with Internet services remaining the same as the result of the introduction of newly mandated e-gov web templates. Agencies continue to increase education and program marketing with outreach efforts to disadvantaged customers, food security and food nutritional related matters.

The design team continues to provide products and communications planning support to its agencies and other Federal Departments. Increased activity, however, was most evident in education and marketing activities.

With the addition of newly placed National Education Campaign term contracts, the request for rapid communication planning, media planning and market planning has created a larger than usual demand for service, for example, the Animal and Plant Health Inspection Service was charged with several major high visibility program activities mandated by Congress with critical deadlines that the Visual Communications Center was able to meet as a result of the full service communications support contracts.

Each campaign consisted of marketing and media planning, theme, content and creative development for products and services that included publications, photography, information kits, web-sites, trade show exhibits, ad development for various mediums from print to radio, negotiations for value added efforts in media, placement of ads, news release support and event coordination.

Major National Marketing Campaigns included:

- Soybean Rust Campaign
- Bio-security for the Birds Campaign
- Animal ID Campaign
- BSE Campaign

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- Food Thermometer Campaign

Requests for agency visual information design standards and logos continue to be requested and have been developed or are in the process of being developed including the USDA printing standards/formats. These identities are to have integration ability with the USDA standards to ensure a cohesive reflection of the Department in one voice.

Major Design of Printing Standards were developed for:
* National Appeals Division
* NAL
* CSREES National 4-H

Requests for agency exhibition and visitor center design and fabrication support continues to maintain steady levels. Provide support to agencies outside of USDA who continue to make requests through USDA. Value added term contracts have also been in place in support of cost competitive design and fabrication, rapid implementation of activities and quality of services. The in-house fabrication shop has been terminated. Staffs have been converted to project managers of services allowing more time to handle multiple efforts with a reduced staff.

Major Designed and Fabricated Visitor Centers Provided Services to:
* Bureau of Printing and Engraving Fabrication, U.S. Treasury, Fort Worth, Texas Visitor Center
* Forest Service, Hiawatha National Forest Visitor Center
* USDA Annual Children's Gallery Washington DC
* USDA Visitor Center Fabrication, Washington DC
* America's First Farmers Gallery, Forest Service, Washington DC

Major Design and Development of Web Sites included:
* Forest Service Urban & Community Forestry
* Forest Service Intranet, Employee online Newsletter, FS Today
* APHIS BSE
* Food Safety Mobile Interactive Game
* Biotechnology Site maintenance

The Visual Communications Center's photography Internet site continues to grow and now has over 2,000 photographs searchable by topic and provides dozens of topics and sub-topics. The site is designed to assist photo users in their research, and to answer the increasing demand for digital photography with a decreasing staff. In FY 2004, nearly 70% of the images the Visual Communications photography staff supplied to users were in a digital format rather than the traditional film or paper format, a 10% increase from last year. This does not take into account the thousand of low-resolution images which have been downloaded directly from the website.

The Visual Communications Center's photography team has the numerous images for USDA publications and special events such as: the USDA 2004 USDA Results Agenda, USDA Human Capital Report, and the America's First Farmers Native American Indian Event. In addition, the photojournalists have worked with designers to photograph specific on location shoots and studio shoots to support design projects.

The photography team has successfully completed a move from the South Building to the 5th floor of the Whiten Building, thus providing one stop service for all of the Visual Communication Center activities. The move was accomplished with no disruption of service. The move necessitated the consolidation of the film and print library and the transfer to the National Archives of + 35,000 color slides, 10,000 black and white prints, 1,200 black and white negatives, 13,200 color negatives, 8,500 assorted sized negatives and 2,300 booklets and brochures. A special Secretary's archive project was initiated for compiling digital images of past Agricultural Secretaries. The consolidation will provide cost savings in space usage.

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Cash sales for photography exceeded $15,000 for FY 2004; with over 70% of this for digital imagery, approximately $4,000 increases over last year.

In FY 2004, the Visual Communications Center's printing team managed 17 printing contracts, down from 23, written by the Government Printing Office (GPO). The contracts allow the VCC to deal directly with the contractor, meet critical deadlines and regular schedules, print in various sizes, multiple colors, on several paper stocks. These contracts utilize camera copy, CD-ROM, tapes, and/or disk, for state-of-the-art output to pre-press and/or press operations.

Publications and Forms Printed	Fiscal Year 2003	Fiscal Year 2004
Printing through the GPO and/or on contract	4,179	4,001
Amount billed to USDA by GPO	$19,010,578	$18,268,851
Printing through USDA Duplicating Facility (OO) Includes miscellaneous orders reviewed, cleared and processed by OC	3,280	2,162
Total Printing Orders	7,857	6,163

Budget and Operations Staff: In addition to preparing all of OC budget materials and processing all of OC Foundation Financial Information System (FFIS) transactions, the staff oversaw implementation of web-based Time and Attendance system; coordinated the moves of 15 staff members from various buildings; and monitored OC facilities and telecommunications usage. The staff's computer specialists responded to over 500 help desk calls for assistance. The staff's computer specialists were the second group within USDA to complete the mandatory information technology systems Certification and Accreditation documentation.

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Purpose Statement

The Office of the Chief Economist (OCE) was created by the Secretary of Agriculture on October 20, 1994, under the authority of the Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. OCE serves as the focal point for the Nation's agricultural economic intelligence and projections, risk analysis, and cost-benefit analysis related to domestic and international food and agriculture, provides policy direction for the Department's bioenergy and biobased product programs, and is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Activities include: policy and program analysis; regulatory reviews; information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; coordination of weather, climate and remote sensing activities; coordination of sustainable development activities; energy policy analysis; and analysis of issues and developments affecting agricultural labor.

OCE uses, on a daily, weekly and monthly basis, regularly scheduled information releases to advise the Secretary and the public on developments affecting agricultural markets and the rural economy. The office coordinates interagency development of forecasts and projections by drawing together a variety of experts to assure objective and sound analysis. The office uses memos and briefings to advise the Secretary of the consequences of market developments, program changes, and legislative proposals. The office provides economic analysis of Department policy positions to the Congress and the public. The office participates in the development of reviews, and clears all regulatory impact and risk analyses of Departmental significant, economically significant, and major rules to ensure they are based on objective, appropriate, and sound economic and risk analyses.

OCE Headquarters is located in Washington, D.C. OCE has one field unit located in Stoneville, Mississippi for weather data collection and analysis. As of September 30, 2004, there were 53 Full-time permanent employees. These employees were assigned as follows:

Location	Full-time Permanent
Washington, D.C.	51
Field Unit	2
Total	53

OCE had one Office of Inspector General audit in 2004 on information technology and resources. Audit issues were resolved. OCE had one Government Accountability Office evaluation in 2004 on biobased product procurement, and evaluation. Issues are currently being resolved.

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Available Funds and Staff Years

2004 Actual and Estimated 2005and 2006

Item	2004 Actual		2005 Estimate		2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation	$8,707,000	51	$10,317,000	67	$10,539,000	67
Rescission	-51,371		-83,000	--	--	--
Transfer from Commodity Credit Corporation	2,000,000		2,000,000	--	--	--
Subtotal	10,655,629	51	12,234,000	67	10,539,000	67
Obligations under other USDA appropriations:						
Global Climate Change Program	729,525	4	730,000	4	732,000	4
Annual Outlook Forum	124,806	--	125,000	--	127,000	--
Total, Other USDA Appropriations	854,331	4	855,000	4	859,000	4
Total, Agriculture Appropriations	11,509,960	55	13,089,000	71	11,398,000	71

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Permanent Positions By Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006

Grade	2004			2005			2006		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
ES	5	--	5	5	--	5	5	--	5
SL	2	--	2	2	--	2	2	--	2
GS-15	19	--	19	19	--	19	19	--	19
GS-14	6	--	6	7	--	7	7	--	7
GS-13	10	--	10	11	--	11	11	--	11
GS-12	5	--	5	7	--	7	7	--	7
GS-11	2	--	2	2	--	2	2	--	2
GS-10	1	--	1	1	--	1	1	--	1
GS-9	7	1	8	9	1	10	9	1	10
GS-7	--	1	1	--	1	1	--	1	1
GS-6	2	--	2	2	--	2	2	--	2
GS-5	1	--	1	1	--	1	1	--	1
GS-4	3	--	3	3	--	3	3	--	3
Total Permanent Positions	63	2	65	69	2	71	69	2	71
Unfilled Positions end-of-year	-12	--	-12	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year	51	2	53	69	2	71	69	2	71
Staff Year Estimate	53	2	55	69	2	71	69	2	71

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Summary of Budget and Performance
Statement of Goals and Objectives

OCE has four strategic goals and eleven strategic objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Departmental Administration and Departmental staff offices' goals support all goals of the Department	**Agency Goal 1:** Assure the Secretary of Agriculture receives timely, independent and objective economic analyses on critical Departmental program and policy issues.	Objective 1.1: Provide economic intelligence to enable understanding of markets and economic effects of alternative policies	Economic and policy analyses Sustainable Development Activities Agricultural Labor Issues Federal Crop Insurance	Reports and briefings Coordinate USDA assessments of agricultural labor and sustainable development issues Chair the Board of Directors of the Federal Crop Insurance Corporation
Departmental Administration and Departmental staff offices' goals support all goals of the Department	**Agency Goal 2:** Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets by coordinating the release of comprehensive, consistent, reliable, timely and objective USDA estimates, forecasts, and projections of commodity supply, demand, and prices.	Objective 2.1: Meet information needs of customers and clients for global commodity information Objective 2.2: Assess impact of weather and natural phenomena on agriculture Objective 2.3: Enhance the speed, security and accessibility of market information	Monthly WASDE Report USDA Annual Outlook Forum Weekly Weather and Crop Bulletins National Weather Service Data Weather/ crop impact assessments Safeguarding market sensitive data Develop and manage commodity market information systems	Issue the monthly WASDE report Conduct Annual Outlook Forum Issue Weekly Weather and Crop Bulletins Maintain NOAAPORT/A WIPS system to enhance downloading of weather data and products Review situation and outlook assessments of Department agencies prior to release of market information through just one portal-based website

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Departmental Administration and Departmental staff offices' goals support all goals of the Department	**Agency Goal 3:** Ensure regulations affecting the public are based on sound, objective and appropriate risk assessments and economic analyses	Objective 3.1: Review regulatory impact analyses and risk assessments for Departmental regulations Objective 3.2: Provide support to conduct risk assessments and cost-benefit analyses	Review regulatory impact analyses Review risk assessments and economic analyses Conduct seminars and training Collaborate risk related research	Number of regulatory analyses reviewed Number of assessments and economic analyses reviewed Participants rate ORACBA risk analysis training courses as highly useful Risk-related research and methods development are undertaken by USDA staff
Departmental Administration and Departmental staff offices' goals support all goals of the Department	**Agency Goal 4:** Enhance biobased product and energy opportunities for agricultural producers and rural areas	Objective 4.1: Promote increased use of biobased products by Federal agencies Objective 4.2: Increase the use of biodiesel through educational efforts Objective 4.3: Analyze alternative energy policies and programs	Biobased Procurement Preference Program Biodiesel education program Economic analyses	Increase purchases of biobased products by Federal agencies Competitive grants to support biodiesel education among users and the public Reports and briefings

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Strategic Objective and Funding Mix

STRATEGIC OBJECTIVE 1.1: Provide economic intelligence to enable understanding of markets and economic effects of alternative policies

STRATEGIC OBJECTIVES 2.1, 2.2 and 2.3: Meet information needs of customers and clients for global commodity information; Assess impact of weather and natural phenomena on agriculture; and Enhance the speed, security and accessibility of market information

STRATEGIC OBJECTIVES 3.1, and 3.2: Review regulatory impact analyses, risk assessments and economic analyses for Departmental regulations; and Provide support to conduct risk assessments and cost-benefit analyses

STRATEGIC OBJECTIVES 4.1, 4.2, and 4.3: Promote increase use of biobased products by Federal agencies; Increase the use of biodiesel through educational efforts; and Analyze alternative energy policies and programs

Strategic Objective and Funding Matrix:

(On basis of appropriation)

	2004 Actual		2005 Estimate			2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1 Provide timely, independent and objective economic advice	$1,711,000	13	$1,850,000	13	+$32,699	$1,882,699	13
Strategic Objective 2 Facilitate efficient price discovery in agricultural markets	5,152,000	28	5,170,000	38	+222,537	5,392,537	38
Strategic Objective 3 Provide objective and appropriate risk assessments and economic analyses	1,076,000	8	1,080,000	12	+28,170	1,108,170	12
Strategic Objective 4 Enhance biobased product and energy opportunities for agricultural producers and rural areas	717,000	6	2,134,000	8	+21,594	2,155,594	8
Total, Available	8,656,000	55	10,234,000	71	+305,000	10,539,000	71

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- Continue providing economic intelligence and advice
- Continue assessing impact of weather and natural phenomena on agriculture
- Continue providing market sensitive data to end users
- Continue reviewing regulatory impact analyses and economically significant regulations
- Continue providing support to conduct risk assessments and cost-benefit analyses
- Implement guidelines for the preferred procurement program for mandatory procurement of biobased products by Federal agencies and designate items for procurement labeling program

Means and Strategies:

- Continue to support development of the web based information system for the use of manufacturers and vendors of biobased products and Federal agencies and the testing of biobased products
- Support outreach to manufacturers and vendors to identify products and to obtain information needed to support testing of biobased products to develop information necessary for designation by rule of generic groupings of products for preferred procurement under the program
- Continue the cooperative agreement with the Center for Industrial Research Education at Iowa State University for the work being conducted to obtain the information to develop the designation of generic groupings of products

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Assure the Secretary of Agriculture receives timely, independent and objective economic analyses on critical Departmental program and policy issues

Key Outcomes: Reports and Briefings; Coordinate USDA assessments of agricultural labor and sustainable development issues; and Chair the Board of Directors of the Federal Crop Insurance Corporation.

Goal 2: Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets by coordinating the release of comprehensive, consistent, reliable, timely, and objective USDA estimates, forecasts, and projections of commodity supply, demand, and prices.

Key Outcomes: Issue the monthly *World Agriculture Supply and Demand Estimates* (WASDE) report; Conduct Annual Agricultural Outlook Forum; Issue the *Weekly Weather and Crop Bulletin*; Maintain NOAAPORT/AWIPS system to enhance effective, economic downloading of real-time weather data and products; and Review situation and outlook assessments of Department agencies prior to release.

Key Performance Measures:

- Measure #1: Commodity Market Information System (CMIS)
- Measure #2: World Agricultural Supply and Demand Estimates Reports Issued
- Measure #3: Weekly Weather and Crop Bulletins Issued

Key Performance Targets: The World Agricultural Outlook Board (WAOB) is coordinating a cross-agency effort to develop CMIS, a one-stop commodity information system portal. The portal will aggregate commodity-related information from six USDA agencies into a single, publicly accessible and customer-centric website. This portal will deliver value to both external and internal customers by reducing search costs for commodity-related information, enabling customized data queries for all users and also provide an online environment for knowledge and data sharing by USDA analysts. Phase 1 to implement an information

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technology solution to provide one-stop accessibility to commodity market data and information for those commodities covered by the monthly WASDE report , will be initiated in FY 2005. Achievement of this performance target will enable the Department to enhance the customer experience in finding, manipulating, and downloading key data and information for all aspects of commodity-related decisionmaking.

Summary of Budget and Performance
Key Performance Outcomes and Measures
(Dollars in Thousands)

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Performance Measure #1						
a. Units	NA	Conduct studies	Conduct studies and prepare project related plans to fulfill OCIO Capital Planning and Investment Control (CPIC) requirements	Continue CPIC studies/ plans and develop an USDA Enterprise Shared Services-based prototype of the CMIS	Continue development moving from the prototype to Phase 1 to include USDA commodities in preparation for public deployment	Undertake Phase 2 which includes adding all commoditie s covered by USDA to CMIS
b. Dollars	NA	$312	$1,734	$1,773	$1,791	$2,014
Performance Measure #2						
a. Reports	12	12	12	12	12	12
b. Dollars	$2,985	$2,712	$1,820	$1,860	$1,860	$1,860
Performance Measure #3						
a. Bulletins	52	52	52	52	52	52
b. Dollars	$996	$1,008	$1,486	$1,519	$1,519	$1,519

Goal 3: Ensure regulations affecting the public are based on sound, objective, and appropriate risk assessments and economic analyses.

Key Outcomes: Number of regulatory analyses reviewed; number of risk assessments and economic analyses reviewed; participants rate ORACBA risk analysis training courses as highly useful; and risk-related research and methods development are undertaken by USDA and collaborative efforts are funded by OCE and other USDA agencies.

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Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 4: Enhance biobased product and energy opportunities for agricultural producers and rural areas.
Key Outcomes: Increase the purchases of biobased products by Federal agencies, resulting in increased demand for farm commodities and increased investment in processing and manufacturing activity based in rural America; and establish a better knowledge base that would allow our Nation and U.S. agriculture to better position itself to deal with energy disruptions at critical disruption points in the food system.

Key Performance Measure:

- Measure #1: Preferred Procurement and Labeling Program for Biobased Products

Key Performance Target: Regulations were drafted to create the structure for the preferred procurement program clearance process with USDA. An electronic information system was developed consisting of a website with posted information on eligible biobased products. A group of manufacturers of biobased products have been identified and have agreed to cooperate in the program by testing their products to gather the information required by the statute prior to designating "items," generic groups of products for preferred procurement.

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Number of biobased products posted on voluntary website	NA	NA	NA	10 or more products posted	50 or more products posted	50 or more products posted
Status of program implementation	NA	NA	NA	Proposed regulations issued	Final regulations issued	Program fully operational
Number of groups of biobased products designated for procurement	NA	NA	NA	2 or more groups designated	5 or more additional groups designated	5 or more additional groups designated
Test biobased products for biobased content, environmental and health effects, and performance	NA	NA	NA	50 biobased products tested for one or more tests	100 biobased products tested for one or more tests	100 biobased products tested for one or more test
		NA				

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Full Cost by Strategic Objective
(Dollars in Thousands)

Strategic Objective 1.1: Provide economic intelligence to enable understanding of markets and economic effects of alternative policies

PROGRAM	PROGRAM ITEMS	2004	2005	2006
Economic Analysis	Direct Costs	$1,471	$1,584	$1,610
Sustainable Development	Direct Costs	120	133	136
Agricultural Labor Issues	Direct Costs	120	133	136
Total Costs		**1,711**	**1,850**	**1,882**

Strategic Objectives 2.1, 2.2 and 2.3: Meet information needs of customers and clients for global commodity information; Assess impacts of weather and natural phenomena on agriculture; and Enhance the speed, security and accessibility of market information

Performance Measure: Units and Dollars

Monthly WASDE Report	Direct Costs	1,860	1,860	1,860
Weekly Weather and Crop Bulletins	Direct Costs	1,519	1,519	1,519
Commodity Market Info System	Direct Costs	1,773	1,791	2,014
Total Costs		**5,152**	**5,170**	**5,393**

Strategic Objectives 3.1 and 3.2: Review regulatory impact analyses, risk assessments and economic analyses for Departmental regulations; and Provide support to conduct risk assessments and cost-benefit analyses

Review regulatory impact analyses	Direct Costs	323	323	323
Review assessments/economic analyses	Direct Costs	323	323	323
Conduct seminars and training	Direct Costs	162	162	162
Collaborate on risk related research	Direct Costs	268	272	300
Total Costs		**1,076**	**1,080**	**1,108**

Strategic Objectives 4.1, 4.2 and 4.3: Promote increased use of biobased products by Federal agencies; Increase the use of biodiesel through educational efforts; and Analyze alternative energy policies and programs

Performance Measure: Units and Dollars

Energy Activities within USDA	Direct Costs	717	2,134	2,156
Total Costs All Strategic Objectives		**8,656**	**10,234**	**10,539**
FTEs		55	71	71

Appropriations Language

For necessary expenses of the Office of the Chief Economist, including economic analysis, risk assessment, cost-benefit analysis, energy and new uses, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [$10,317,000] $10,539,000.

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Lead-Off Tabular Statement
and Summary of Increases and Decreases

Salaries and Expenses

Appropriations Act, 2005	$10,317,000
Budget Estimate, 2006	10,539,000
Increase in Appropriation	+222,000

Adjustments in 2005:		
Appropriations Act, 2005	$10,317,000	
Rescission under H.R. 4818 a/	-83,000	
Adjusted base for 2005		10,234,000
Budget Estimate, 2006		10,539,000
Increase over adjusted 2005		+305,000

a/ The amount is rescinded pursuant to Section 122 of Division J of P.L. 108-447.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	2006 Estimated
Office of the Chief Economist	$10,234,000	+$305,000	$10,539,000

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PROJECT STATEMENT
(On basis of appropriation)

	2004 Actual		2005 Estimated			2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Office of the Chief Economist	$10,558,348	55	$10,234,000	71	+$305,000	$10,539,000	71
Unobligated Balance	97,652	--	--	--	--	--	--
Total Available or Estimate	10,656,000	55	10,234,000	71	+305,000(1)	10,539,000	71
Transfer from Commodity Credit Corporation	-2,000,000	--	--	--			
Rescission	+51,000	--	+83,000	--			
Total, Appropriation	8,707,000	55	10,317,000	71			

Justification of Increases and Decreases

(1) An increase of $305,000 for the Office of the Chief Economist (OCE):

(a) An increase of $305,000 to fund pay costs.

This increase is needed to maintain the current level of staffing to ensure that OCE can carryout its full range of responsibilities and agency goals. OCE is a small office with over 50 percent of its total budget used for salaries and benefits. OCE does not have the flexibility to reduce nonsalary expenses. OCE is already strained to meet the many policy analyses, regulatory reviews and market forecasts and projections that are required, usually on tight, prescribed schedules.

Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia	$8,474,742	53	$10,148,000	69	$10,451,000	69
Stoneville, Mississippi	83,606	2	86,000	2	88,000	2
Subtotal, Available or Estimate	8,558,348	55	10,234,000	71	10,539,000	71
Unobligated balance	97,652	--	--	--	--	--
Total, Available or Estimate	8,656,000	55	10,234,000	71	10,539,000	71

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Classification By Objects
2004 Actual and Estimated 2005 and 2006

	2004/a	2005	2006
Personnel Compensation:			
Washington, D.C	$4,484,619	$6,284,000	$6,506,000
Field	83,606	86,000	88,000
11 Total personnel compensation	4,568,225	6,370,000	6,594,000
12 Personnel benefits	998,810	1,828,000	1,909,000
Total pers. comp. & benefits	5,567,035	8,198,000	8,503,000
Other Objects:			
21 Travel	206,301	150,000	150,000
22 Transportation of things	18,744	20,000	20,000
23.3 Communications, utilities, and misc. charges	164,045	170,000	170,000
24.0 Printing and reproduction	51,953	45,000	45,000
25.1 Advisory & Assistant Services	1,514,762	--	--
25.2 Other services	448,784	367,000	367,000
25.3 Purchases of goods and services from Government Accounts	359,985	292,000	292,000
25.5 Agreements	1,958,627	816,000	816,000
26 Supplies and materials	229,793	126,000	126,000
31 Equipment	38,319	50,000	50,000
Total other objects	4,991,313	2,036,000	2,036,000
Total direct obligations	10,558,348	10,234,000	10,539,000
Position Data:			
Average Salary, ES positions	$143,557	$145,672	$147,192
Average Salary, GS positions	$74,189	$76, 042	$77,289
Average Grade, GS positions	12.05	12.00	12.00

a/ Includes transfer from Commodity Credit Corporation.

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

STATUS OF PROGRAM

The Office of the Chief Economist (OCE) advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. It serves as the focal point for: the Nation's agricultural economic intelligence and projections related to agricultural commodity markets; risk analysis and cost-benefit analysis related to international food and agriculture; sustainable development; energy issues related to agriculture; agricultural labor; and global climate change. OCE is responsible for coordination, review and clearance of commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Current Activities: OCE provides policy and program analyses and advice for the Secretary on major issues affecting agriculture and rural America. The Immediate Office (IO) is addressing issues on: trade agreements and disputes; developments in agricultural commodity markets such as effects of global weather developments and changes in production and trade patterns; economic issues related to plant and animal diseases, including BSE; dairy policy; crop insurance improvements; sustainable development in agriculture and rural communities; global change and agriculture; conservation programs; and agricultural labor.

The World Agricultural Outlook Board's (WAOB) primary mission is to provide reliable and objective economic forecasts for farmers and other participants in the food and fiber system. Functions include: coordinating USDA forecasts of domestic and international agriculture; providing economic analysis; monitoring markets and agricultural weather; coordinating weather, climate, and remote sensing activities; and disseminating relevant information.

OCE clears all USDA significant, economically significant and major regulations for their regulatory impact analyses and risk analyses. OCE's Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) reviews and approves statutorily required risk assessments for all major USDA regulations. The ORACBA also serves as a focal point for Departmental activities related to risk analysis, including interdepartmental activities, risk communication, education on risk analysis methods; regulatory reviews to ensure cost-effective, less burdensome regulations, and the integration of economic analysis and risk assessment.

OCE's Office of Energy Policy and New Uses (OEPNU) coordinates economic analysis of energy issues across USDA. OEPNU also is responsible for implementation of key 2002 Farm Bill energy title provisions.

Selected Examples of Recent Progress:

Trade Adjustment Assistance for Farmers. IO played a significant role in implementing the Trade Adjustment Assistance for Farmers program, as required in the 2002 Trade Act. IO helped develop the proposed and final rules and prepared the regulatory impact analysis. IO continued to serve on an interagency USDA committee that approves petitions to certify their eligibility.

World Trade Organization (WTO). OCE staff participated in the interagency process chaired by the U.S. Trade Representative for the multilateral trade negotiations, initiated at the Ministerial in Doha, Qatar. IO provided economic analysis and support for bilateral negotiations with the European Union and multilateral negotiations at the WTO mini-ministerial in Montreal in July 2004 and the WTO Ministerial in Cancun in September 2004.

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IO played a significant role developing the Administration's arguments regarding the WTO challenge by Brazil to the U.S. cotton program and the U.S. WTO challenge of the Canadian Wheat Board. IO staff provided expert testimony at WTO panel hearings.

Crop Insurance. The Chief Economist has served as Chairman of the Board of Directors of the Federal Crop Insurance Cooperation (FCIC) since January 2001 and presided over nine public meetings of the Board during FY 2004. New products introduced by FCIC included expanding Adjusted Gross Revenue-Lite revisions to livestock price insurance for fed and feeder cattle, adoption of numerous products in successful pilot programs and initiation of new pilot programs. The IO provided the Board with analyses of numerous insurance products that were brought to the Board by private companies for approval during FY 2004. IO provided analysis to the Risk Management Agency on a variety of topics including reinsurance and premium rates.

Domestic Farm Policy. The Chief Economist continued to co-chair USDA's Farm Bill Implementation Working Group in FY 2004, as the final parts of the Bill continue to be implemented. In 2004, the focus was on implementing key programs in the rural development, conservation and energy titles. Also, assistance was provided in the implementation of the 2002 Farm Bill's conservation and other programs by reviewing and providing analysis of proposed program regulations, helping to ensure effective and efficient program development. The Chief Economist also co-chaired the Secretary's Task Force to implement the 2004 disaster assistance bill. The Chief Economist also served on and provided biweekly briefing materials for the Department's drought task force, which coordinated the Department's response to the ongoing drought in the western states, including the development of the nonfat dry milk distribution program for supplementing animal feed supplies.

Analytical Assistance to Congress. The Chief Economist testified before Congress eight times during FY 2004 on the following issues: economic effects of BSE, the BSE surveillance plan (with the Secretary), the performance of the 2002 Farm Bill, animal identification, crop insurance and risk management, the situation in the U.S. dairy industry, the outlook for the farm economy and the USDA budget (with the Secretary). OCE conducted numerous briefings and analyses for the Congress including: implementation of the Farm Bill, implications of WTO obligations for domestic farm programs and policies, the WTO cotton dispute, disaster assistance, milk protein concentrate imports, and the President's tax provisions and milk policy options.

Global Climate Change. OCE's Global Change Program Office (GCPO) coordinates global change activities for the Department, and represents the Department on issues related to global change to other agencies and the public. GCPO also facilitates USDA participation in the U.S. Climate Change Science Program (CCSP). In FY 2004, the Department began the implementation of the 10-year Strategic Plan for the CCSP. The plan puts a new focus on issues that are important to USDA, including: land use and land cover change, ecosystem impacts, improved observation systems, and the application of science to decision making. In FY 2004, GCPO continued to provide guidance to USDA agencies on actions to mitigate greenhouse gas emissions. USDA implemented actions through the Conservation Reserve Program, the Environmental Quality Incentives Program and the Conservation Security Program to foster greenhouse gas reductions and carbon sequestration. The GCPO chairs the Department's Global Change Task Force and coordinates the Department's $66 million global change research program.

Accounting Rules and Guidelines for Greenhouse Gas Offsets. A cornerstone of the President's climate change strategy is a challenge to the private sector to reduce greenhouse gas emissions. The Department of Energy is developing a greenhouse gas reporting system to allow companies to report and register their actions. USDA is responsible for preparing sections of the guidelines that describe basic calculation methods, reporting instructions, data tables, and electronic calculation tools for forest and agriculture greenhouse gas sources and sinks. USDA consistently met deadlines set by the Department of Energy for drafts of the guidelines. The draft guidelines are undergoing administrative review and will be finalized in FY 2005.

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International Climate Change Activities. In FY 2004, the GCPO supported the Department of State in bilateral and multi-lateral discussions and negotiations on climate change. USDA maintains over 70 projects and activities with other governments addressing issues related to climate change and carbon sequestration. In FY 2004, the GCPO represented USDA at several technical meetings and formal negotiations under the Framework Convention on Climate Change and Intergovernmental Panel on Climate Change (IPCC).

Sustainable Development Activities. Sustainable development activities in FY 2004 focused on implementing public/private partnerships following on commitments made at the World Summit on Sustainable Development. Coordinated through OCE and the USDA Council on Sustainable Development, USDA participated in numerous partnerships. Partnership highlights include interagency work to stimulate integrated watershed management in the White Water to Blue Water initiative, particularly through a unique domestic dimension of improved water quality to the Gulf of Mexico through increased cooperation and land and water management practices in the Mississippi River Watershed. In addition, in response to the trend of increasing international negotiations and action in sustainable development, the Director of Sustainable Development in OCE is consistently invited by government and non-government officials to participate in and provide expert advise to, for example, the United Nations Commission on Sustainable Development Partnership Forum, the United Nations Food and Agriculture Organization and its implementation of sustainable agriculture, forests, rural and mountain development; and generally on successful partnership development and implementation.

Supply and Demand Monitoring and Reporting. In FY 2004, WAOB continued to publish the monthly *World Agricultural Supply and Demand Estimates* report which projects world and U.S. supply and utilization estimates and forecasts for grains, soybeans, and cotton; and U.S. estimates and forecasts for sugar, red meat, poultry, eggs, and milk. Interagency committees chaired by WAOB cleared all USDA economic outlook reports released during the year. The Joint Agricultural Weather Facility, which includes staff from WAOB and the National Weather Service, published the *Weekly Weather and Crop Bulletin*, issued daily national agricultural summaries, and contributed to the weekly U.S. Drought Monitor, produced by USDA, the National Weather Service, and the Drought Mitigation Center. WAOB staff produced daily internal market highlights and weekly briefings for Subcabinet officials.

Baseline Projections. In February 2004, WAOB oversaw publication of inter-agency 10-year baseline economic projections which provided timely insight and strategic planning information for the President's budget, agricultural producers, other agribusinesses and policy makers.

WASDE Reporting Changes. Starting with the May 2004 issue of the *World Agricultural Supply and Demand Estimates* report, deliveries in the U.S. sugar balance sheet replaced sales to indicate physical movement to sugar users. The U.S. corn balance now breaks out ethanol used for fuel as a portion of "feed, seed, and industrial" use. Country-level supply and demand projections now commence with the May issue for rice and with the June issue for oilseeds and cotton. Previously, reporting of country-level projections for world rice, oilseeds, and cotton began in July.

USDA Outlook Forum. USDA's Annual Agricultural Outlook Forum, organized by WAOB, attracted more than 1,400 participants. A program design with a theme of "ensuring a healthy food supply" showcased USDA and food industry initiatives on health, diet, and fitness. The opening plenary was carried by C-SPAN. EU Commissioner Franz Fischler addressed a session on meat industry responses to the recent discovery of BSE in the U.S. Ninety-five percent of the post-Forum survey rated the Forum good-to-excellent.

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Economic Analysis. WAOB delivered weekly weather and economic briefings to the Under Secretary for Farm and Foreign Agricultural Services and other top staff. With WAOB oversight, and based on a record planting pace, USDA adopted a record corn yield forecast (145 bushels) in the May *WASDE* report. This forecast was widely quoted by the press and gradually became the consensus view of the industry by mid-July 2004. WAOB initiated a thorough review of China's corn supply and demand history. Prior to the revision published in the May *WASDE* report, there was a wide range of opinions regarding China's corn stocks and the prospects for continued corn exports by China. USDA's figures quickly became the benchmark used by the trade. WAOB successfully projected India's 2004/05 rice crop which was being affected by an erratic monsoon. In the July *WASDE* report, USDA lowered India's rice crop to 83 million tons (milled basis), 7 million tons below a month earlier. USDA was ahead of the trade in capturing the monsoon's effects. Immediately following the discovery of BSE in the U.S., WAOB provided sub-cabinet officials regular updates on probable market responses and price movements. WAOB also worked with APHIS to assess the impact of reopening the border to Canadian cattle after an earlier discovery of BSE in Canada. WAOB assessed the impacts of outbreaks of Avian Influenza in the U.S. and in Asia on production and trade prospects. Assumed impacts on production were provided to the grain and oilseeds Interagency Commodity Estimates Committees for use in projecting the impact on soybean meal and feed grain demand.

Weather Analysis. WAOB weather analysts provided early warnings on the probable impacts of flooding on cotton production and winter wheat planting in China; weather and disease problems that drove large drops in soybean production estimates in Brazil; drought impact on winter wheat and summer crop acreage in Argentina; and the early monsoon failure and late-season resurgence in India. The Joint Agricultural Weather Facility and WAOB analysts assessed the potential impacts of tropical storms and hurricanes of U.S. agriculture. Informational memoranda for the Chief Economist and top USDA staff during this year's very active hurricane season described projected storm tracks, wind speeds, and rainfall, and used GIS to delineate crop areas and project probable crop losses. WAOB provided briefing material to the U.S. Senate Committee on Energy and Natural Resources regarding drought in the West for a March 2004 hearing on "Water Supply Issues in the Arid West." Utilizing existing partnerships with other public institutions, WAOB/JAWF expanded the amount of weather and climate information that is available to the agricultural community. More than 200 soil temperature sites were added to the *Weekly Weather and Crop Bulletin*. Such data are critical to planting decisions by farmers and a key input used by JAWF analysts to monitor planting progress, measure heating degree units, and forecast yield prospects. WAOB/JAWF provided the Office of the Federal Coordinator for Meteorology with USDA's input to the *Federal Plan for Meteorological Services and Supporting Research - Fiscal Year 2005.*

International Cooperation on Climatology. USDA's Chief Meteorologist is president of the Commission for Agricultural Meteorology of the World Meteorological Organization (WMO), which promotes agrometeorological applications for sustainable food production. A WAOB staff member detailed to WMO headquarters as project manager of the World AgroMeteorological Information Service (WAMIS) completed work on a unique operational website that hosts agricultural weather bulletins and advisories from around the world. This site allows rapid access and sharing of global crop and weather information. USDA's Weekly Weather and Crop Bulletin was the first national bulletin posted on the host server, which now hosts sixteen national products.

Quality Assurance. WAOB leads an interagency effort to improve the quality of USDA economic forecasts and assure that participating agencies maintain adequate staff resources. Activities include holding an annual review forum for 125 USDA forecasters and their counterparts in private industry and academia, soliciting industry feedback from industry forecasters at an annual data users meeting (held jointly with NASS and ERS), and convening work groups to refine forecasting procedures. Each *World Agricultural Supply and Demand Estimates* Report includes reliability statistics that provide a 10-year record on the historical accuracy for that month's forecasts.

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Cyber-security and Continuity of Operations. OCE is in 100 percent compliance with USDA's Office of the Chief Information Officer (OCIO) cybersecurity requirements. A Certification and Accreditation audit of OCE computer systems by OCIO revealed no major flaws. The audit commented that OCE IT security is comparable to that used by the Pentagon. In support of Homeland Security, WAOB completed construction of an offsite Continuity of Operations Plan facility, located with NASS in Fairfax, Virginia. Software was installed to assure access to meteorological data from the Fairfax site.

Internet Access to Economic Forecasts and Climatic Data Grows. WAOB continued its longstanding partnership with ERS, NASS, and Cornell University to provide a major public website for USDA economic forecasts and data bases. Use of this website continues to grow. The *WASDE* report is one of the most popular free e-mail subscriptions offered by the website.

Commodity Market Information System (CMIS). WAOB is coordinating a cross-agency effort to develop a one-stop commodity information system portal. As envisioned, CMIS portal will aggregate commodity-related data and information from six USDA agencies into a single, publicly accessible and customer-centric website. This portal will deliver value to USDA employees, partners, and the public, by reducing search costs for commodity-related information, enabling customized data queries and provide an online environment for knowledge and data sharing. An interagency CMIS project team, aided by outside contractor teams, completed business case studies to support development of the one-stop commodity portal concept and to justify the investment required to successfully implement a solution. Having achieved OCIO approval for CMIS to enter the Capital Planning and Investment Control "Control" phase, the teams are developing a proof of concept prototype that features the integration of cross-agency market data and information for corn. Phase 1 to deploy CMIS to users will be initiated following user validation of the prototype. Phase 1 will feature the commodities covered by the *WASDE* report.

Analyses Reviewed. During FY 2004, OCE reviewed analyses for 59 USDA proposed and final rules. In addition, OCE reviewed 37 USDA legislative reports.

Risk Analysis Leadership and Consultation. ORACBA has undertaken cooperative research with Utah State University, North Carolina State University, New Mexico State University, the University of Maryland, the Food and Agricultural Policy Research Institute at the University of Missouri, and Michigan State University to develop risk assessment methods and apply risk assessment to critical issues of soil and water quality, food safety, invasive species and animal health. ORACBA provided guidance to USDA agencies developing risk assessments related to new natural resource conservation programs, imported citrus, nutrition, and foodborne pathogens. ORACBA's Director serves on the Advisory Committee for the Harvard Center for Risk Analysis and chairs a USDA food safety risk assessment committee. ORACBA contributed to the National Academy of Science programs on peer review standards and nutrition risk assessment modeling. ORACBA reviewed draft International Plant Pest Convention guidelines and recommended changes to guidelines, and contributed to formulating the U.S. position of the guidelines for inspection of consignments. ORACBA comments on draft National Invasive Species Council Guidelines for Ranking Invasive Species Projects in Natural Areas led to improvements in the guidelines. ORACBA joined with other USDA agencies to support research on risk ranking methods for food borne pathogens. ORACBA staff provided substantive consultations to the Environmental Protection Agency (EPA) on numerous science policy documents, on cumulative and aggregate risk assessment methods for organophosphate pesticides under the Food Quality Protection Act, and fumigate emission models. In the area of homeland security, ORACBA applied risk analysis to challenges of protecting the food supply and critical infrastructure and development of a National Plant Disease Recovery System. ORACBA staff provided scientific assistance to USDA officials in several trade disputes where the issue was the adequacy of the pest risk assessments, e.g., trade in cherries with Japan.

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Risk Communication and Outreach. ORACBA continues to improve risk communication among USDA analysts concerning developments in risk assessment and economic analysis. ORACBA provides risk assessment studies to USDA's National Agricultural Library collection, making these risk assessments available to analysts world wide. ORACBA conducted numerous seminars, workshops, and consultations on risk analysis for government groups and land-grant universities. ORACBA staff presented risk assessment results and regulatory analyses at professional meetings for government, industry, and university scientists and economists. ORACBA staff published articles on food safety and invasive species in peer reviewed scholarly journals. The products of ORACBA's cooperative agreements and ORACBA staff papers are posted on USDA's website. ORACBA disseminates an electronic newsletter informing over 700 subscribers of developments in risk assessment and training opportunities.

Regulatory Review. ORACBA reviewed or coordinated interagency reviews of risk assessments and cost-benefit analyses that supported significant regulatory actions. These reviews included work on bovine tuberculosis, BSE (mad cow disease), fruit flies in imported citrus, and Salmonella in eggs. OCE and ORACBA review regulatory analyses for USDA commodity programs, rural housing and rural utilities programs, and food assistance programs. Overall, ORACBA's regulatory review supported implementation of new programs and delivery of existing programs across all USDA mission areas.

Risk Assessment Education and Training. ORACBA worked closely with the USDA Graduate School to promote both basic and advanced courses in risk assessment methods. ORACBA staff assisted in the development of training programs at the Joint Institute for Food Safety and Applied Nutrition. Staff delivered lectures on ecological risk assessment at local universities. ORACBA's outreach efforts informed the risk assessment community of training and professional development opportunities, ORACBA continued to support the American Association for the Advancement of Science Risk Policy Fellowship program, which brings talented scientists to USDA and enhances their risk assessment skills. ORACBA's Risk Forums featured nationally prominent speakers on risk assessment in the fields of microbial and chemical risks to food safety, invasive species risks, animal disease risks and resource risks related to agricultures impacts on water quality.

Title IX of the Farm Security and Rural Investment Act of 2002. OEPNU played a major role in the implementation of the Energy Title of the 2002 Farm Bill. OEPNU is implementing three of the sections of the Energy Title and participated in the implementation of others. Final guidelines for the biobased products Federal procurement program have been developed by OEPNU and are expected to be issued in early FY 2005. A public hearing on the proposed guidelines was held in early 2004. EPA, NIST, and GSA supported development of the guidelines. A proposed rule for designating items under the guidelines is in departmental review, and a draft proposed labeling rule is nearing completion. OEPNU initiated a project to revise its comprehensive management plan in response to GAO recommendations. After the first year, the Biodiesel Fuel Education Program is now recognized as the premier biodiesel education program in the country. OEPNU is working with the National Biodiesel Board and the University of Idaho to improve program integration.

National Energy Policy Development (NEPD) and the Energy Bill. OEPNU coordinated within USDA and helped develop departmental positions on proposed energy legislation provisions related to the USDA mission. OEPNU analyzed proposed renewable energy tax plans and renewable fuels and electricity mandates on agricultural and rural America. OEPNU served as the USDA staff level coordinator for the NEPD, providing information on USDA's implementation of the Administration's NEPD and energy education efforts. OEPNU reviewed EPA's off-road low sulfur diesel final rule, providing information on the use of biodiesel related to the rule.

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Agricultural Energy Conferences. Recent concerns about energy security have focused greater attention on agriculture and energy issues. OEPNU helped organize a major successful Conference, "Agriculture as a Producer and Consumer of Energy," to bring together industry experts, economists, Government leaders and others to gather baseline information and identify agriculture's role in solving our Nation's energy problems. Over 160 attended the Conference highlighted by Secretary Veneman's opening address. A book developed from the presentations is expected to be published in early FY 2005.

Ethanol and Bioenergy Analysis. OEPNU conducted research on the corn-ethanol energy balance, providing new information that helps support the energy efficiency of ethanol. The paper will be published by John Wiley & Sons in *Renewable-Based Technology: Sustainability Assessment*. OEPNU is working with Southern Illinois University, Iowa State University, and Tuskegee University on: *Emerging Technologies in the Ethanol Industry, Biomass Resource Based in the United States, Risk Considerations in Biofuels Investment Decision, and Value-added Processing in Agriculture*. OEPNU provided many staff analyses on biodiesel, ethanol, fertilizer issues, fuel cell, bioproducts, energy bill, wind, and energy use for the Office of the Secretary and Office of the Chief Economist during FY 2004.

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2006 Explanatory Notes

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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Purpose Statement

The National Appeals Division (NAD) was established by the Secretary of Agriculture on October 20, 1994, by Secretary's Memorandum 1010-1, pursuant to the Federal Crop Insurance and Reform and Department of Agriculture Reorganization Act of 1994, Public Law No. 103-354. The Act consolidated the appellate functions and staff of several USDA agencies to provide for independent hearings and reviews of adverse agency decisions.

The mission of NAD is to conduct fair and impartial administrative appeal hearings and reviews of adverse decisions issued by certain agencies within the Department of Agriculture and to issue determinations in an expeditious manner that reflect a thorough consideration of factual information and reach a proper conclusion. By statute, NAD hears appeals involving program decisions of the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, Rural Business-Cooperative Development Service, Rural Housing Service, and the Rural Utilities Service. The Secretary of Agriculture may also assign to NAD additional jurisdiction to hear administrative appeals arising from decisions of other parts of USDA.

NAD Headquarters is located in Alexandria, Virginia. NAD administers its appeals system through three regional offices located in Memphis, Tennessee; Indianapolis, Indiana; and Lakewood, Colorado. The hearing officers are located in 69 field locations throughout the United States, and operate out of leased office space or home offices. As of September 30, 2004, there were 114 full-time employees. These employees were assigned as follows:

Location	Full-time Permanent
Washington, D.C.	27
Field Units	87
Total	114

The National Appeals Division did not have any Office of the Inspector General or General Accounting Office evaluation reports during the past year.

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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Available Funds and Staff Years

2004 Actual and Estimated 2005 and 2006

Item	2004 Actual Amount	2004 Actual Staff Years	2005 Estimate Amount	2005 Estimate Staff Years	2006 Estimate Amount	2006 Estimate Staff Years
Direct Appropriation	$13,670,000	116	$14,331,000	130	$14,524,000	130
Rescission	-81,000	--	-115,000	--	--	--
Total, Agriculture Appropriations	13,589,000	116	14,216,000	130	14,524,000	130

Permanent Positions By Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006

Grade	2004 Wash DC	2004 Field	2004 Total	2005 Wash DC	2005 Field	2005 Total	2006 Wash DC	2006 Field	2006 Total
SL-00	1	--	1	1	--	1	1	--	1
GS-15	4	3	7	4	3	7	4	3	7
GS-14	3	6	9	3	6	9	3	6	9
GS-13	17	75	92	15	75	90	15	75	90
GS-12	3	---	3	2	--	2	2	--	2
GS-11	--	3	3	--	3	3	--	3	3
GS-10	1	--	1	1	--	1	1	--	1
GS-9	3	2	5	2	3	5	2	3	5
GS-8	1	--	1	1	--	1	1	--	1
GS-6	2	5	7	2	5	7	2	5	7
GS-5	--	4	4	--	4	4	--	4	4
Total Permanent Positions	35	98	133	31	99	130	31	99	130
Unfilled Positions end-of-year	-8	-11	-19	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year	27	87	114	31	99	130	31	99	130
Staff Year Estimate	29	87	116	31	99	130	31	99	130

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Summary of Budget and Performance

Statement of Goals and Objectives

NAD has one strategic goal and two strategic objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
All	**Agency Goal 1:** Conduct hearings and issue quality determinations within applicable timeframes.	Objective 1.1: Conduct hearings and issue quality determinations within applicable timeframes.	Hearings Appeals Reviews	NAD conducts timely hearings and delivers timely determinations
		Objective 1.2: Issue appeal hearing and review determinations that, when evaluated, fall within a standard deviation of 1.0 on a holistic score of 1-6. This strives for consistency, not excellence	Planning, Training, and Quality control	Correct, fair, and readable determinations

Strategic Objective and Funding Mix

STRATEGIC OBJECTIVES 1.1, and 1.2: Issue appeal hearing and review determinations within established time frames. Issue appeal hearing and review determinations that, when evaluated, fall within a standard deviation of 1.0 on a holistic score of 1-6. This strives for consistency, not excellence.

Strategic Objective and Funding Matrix:

(On basis of appropriation)

	2004 Actual		2005 Estimate			2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1 Conduct hearings and issue determinations within applicable time frames	$13,589,000	116	$14,216,000	130	+$308,000	$14,524,000	130
Total, Available	13,589,000	116	14,216,000	130	+308,000	14,524,000	130

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- Continue to conduct hearings within established timeframes
- Continue to issue appeal determinations within established timeframes
- Continue to review determinations within established timeframes
- Continue evaluations of written NAD hearing and review decisions

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Issue timely and well-written determinations that correctly interpret applicable regulations.

Key Outcomes: Hearings, Appeals, and Reviews conducted within applicable timeframes.

Key Performance Measures:

- Measure #1: Percent of hearings conducted within 45 calendar days
- Measure #2: Percent of appeal determinations issued within 30 calendar days
- Measure #3: Percent of review determinations issued within 30 calendar days
- Measure #4: Percent of group evaluation sessions of NAD written hearing and review decisions will not exceed a standard deviation of 1.0.

Key Performance Target: Meet the statutorily mandated timeframes for conducting appeal hearings; and Standard deviation of writing assessment scoring during evaluation sessions.

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Issue appeal hearing and review determinations within established timeframes.	85%	85%	85%	85%	85%	85%
Group evaluations of written NAD hearing and review decisions, based upon a six-point scoring scale, the standard deviation for a population of scores will not exceed 1.0.	100%	100%	100%	100%	100%	100%

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Full Cost by Strategic Objective
(Dollars in Thousands)

Strategic Objective 1.1 and 1.2: Issue appeal hearing and review determinations within established timeframes. Issue appeal hearing and review determinations that, when evaluated, fall within a standard deviation of 1.0 on a holistic score of 1-6. This strives for consistency, not excellence.

PROGRAM	PROGRAM ITEM	2004	2005	2006
Conduct hearings and issue determinations within applicable time frames	Direct Costs a/	$13,589	$14,216	$14,524
FTEs		116	130	130

a/ By statute, NAD is not allowed to accept any administrative support from any part of USDA other than the Office of the Secretary without reimbursement. NAD does not have any indirect costs.

Salaries and Expenses

Appropriations Act, 2005	$14,331,000
Budget Estimate, 2006	14,524,000
Increase in Appropriation	+193,000

Adjustments in 2005:

Appropriations Act, 2005	$14,331,000
Rescission under H.R. 4818 b/	-115,000

Adjusted base for 2005	14,216,000
Budget Estimate, 2006	14,524,000
Increase over adjusted 2006	+308,000

b/ The amount is rescinded pursuant to Section 122 of Division J of P. L. 108-447.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimate	Pay Costs	2006 Estimate
National Appeals Division	$14,216,000	+$308,000	$14,524,000

Appropriations Language

For necessary expenses of the National Appeals Division, [$14,331,000], $14,524,000.

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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimate		Increase or Decrease	2006 Estimate	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Conduct hearings and issue determinations.	$13,543,140	116	$14,216,000	130	+$308,000	$14,524,000	130
Unobligated Balance.....	45,860	--	--	--	--	--	--
Total Available or Estimate.....	13,589,000	116	14,216,000	130	+308,000	14,524,000	130
Rescission.....	+81,000	--	+115,000	--			
Total, Appropriation...	13,670,000	116	14,331,000	130			

Justification of Increases and Decreases

(1) An increase of $308,000 for the National Appeals Division (NAD):

(a) An increase of $308,000 to fund pay costs.

This increase is needed to maintain the current level of staffing to ensure that NAD can carry out its full range of responsibilities and agency goal. NAD would be adversely impacted in its ability to execute its mission without the increase for pay costs. Currently, there are no vacant positions and additional pay cost absorption would reflect the quality of service delivery to the public. NAD is an office with 81% of its total FY 2005 budget used for salaries and benefits. NAD does not have the flexibility to reduce nonsalary expenses.

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NATIONAL APPEALS DIVISION
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	$204,518	2	$149,114	3	$149,114	3
Arizona	100,507	1	106,127	1	106,127	1
Arkansas	303,643	3	250,470	3	250,470	3
California	132,863	1	136,290	1	136,290	1
Colorado	947,174	9	945,699	11	945,699	11
Connecticut	108,634	1	111,832	1	111,832	1
Delaware	98,886	1	101,235	1	101,235	1
Florida	328,708	3	267,211	3	267,211	3
Georgia	316,545	3	329,865	3	329,865	3
Idaho	119,023	1	123,018	1	123,018	1
Illinois	111,490	1	117,878	1	117,878	1
Indiana	1,015,550	10	968,693	12	968,693	12
Iowa	225,622	2	236,576	2	236,576	2
Kentucky	202,936	2	208,693	2	208,693	2
Louisiana	205,468	2	214,461	2	214,461	2
Massachusetts	118,078	1	52,407	1	52,407	1
Michigan	207,933	2	214,874	2	214,874	2
Minnesota	352,196	3	272,884	3	272,884	3
Mississippi	299,301	3	250,599	4	250,599	4
Missouri	115,586	1	120,493	1	120,493	1
Montana	99,798	1	108,416	2	108,416	2
Nebraska	225,906	2	236,227	2	236,227	2
North Carolina	315,852	3	331,298	4	331,298	4
North Dakota	326,686	3	338,649	3	338,649	3
Ohio	111,898	1	118,526	2	118,526	2
Oklahoma	209,708	2	222,207	2	222,207	2
Pennsylvania	125,124	1	130,271	2	130,271	2
South Carolina	100,266	1	105,526	1	105,526	1
South Dakota	2,165	1	--	--	--	--
Tennessee	1,143,616	10	1,148,245	13	1,148,245	13
Texas	424,557	4	322,251	4	322,251	4
Vermont	97,916	1	100,640	1	100,640	1
Virginia	218,124	2	228,630	2	228,630	2
Washington	106,124	1	113,065	1	113,065	1
West Virginia	109,007	1	111,714	1	111,714	1
Wisconsin	100,622	1	103,812	1	103,812	1
National Office	4,311,110	29	5,318,104	31	5,626,104	31
Subtotal, Available or Estimate	13,543,140	116	14,216,000	130	14,524,000	130
Unobligated balance	45,860					
Total, Available or Estimate	13,589,000	116	14,216,000	130	14,524,000	130

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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Classification By Objects

2003 Actual and Estimated 2004 and 2005

	2004	2005	2006
Personnel Compensation:			
Washington, D.C	$2,732,388	$2,787,471	$2,966,448
Field	8,728,923	8,661,529	8,790,552
11 Total personnel compensation	9,563,701	9,485,775	9,741,775
12 Personnel benefits	1,897,610	1,963,225	2,015,225
Total pers. comp. & benefits	11,461,311	11,449,000	11,757,000
Other Objects:			
13 Former personnel	896	--	--
21 Travel and transportation of persons	393,119	442,000	442,000
22 Transportation of things	88,062	101,000	101,000
23.2 Rental payments to others	22,225	12,000	12,000
23.3 Communications, utilities, and misc. charges	339,225	390,000	390,000
24 Printing and reproduction	37,310	34,000	34,000
25.1 Advisory and assistance services	794,555	920,000	920,000
25.2 Other services	216,450	226,000	226,000
25.3 Purchases of goods and services from Government Accounts	43,053	142,000	142,000
26 Supplies and materials	119,570	150,000	150,000
31 Equipment	32,618	300,000	300,000
42 Litigation Fees & Awards	769	50,000	50,000
Total other objects	2,087,852	2,767,000	2,767,000
Total direct obligations	13,549,163	14,216,000	14,524,000
Position Data:			
Average Salary, GS positions	$70,105	$70,827	$74,442
Average Grade, GS positions	12.28	12.28	12.27

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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

STATUS OF PROGRAM

The National Appeals Division (NAD) is responsible for conducting fair and impartial administrative appeals of adverse decisions issued by certain agencies within the Department of Agriculture.

Current Activities:

Appealability Determinations. When an agency determines that an administrative decision is not appealable, a participant may request the NAD Director to review the determination. The Director's decision is administratively final.

Pre-Hearing Conferences. NAD conducts pre-hearing conferences to identify or narrow the issues in the appeal. Pre-hearings ensure all parties are prepared for the hearing to meet the goal of facilitating hearings that are impartial and objective.

Hearings and Reviews. NAD conducts impartial administrative appeal hearings and reviews of adverse program decisions made by officers, employees or committees of designated agencies of the Department of Agriculture and to issue determinations in an expeditious manner that reflect a thorough consideration of factual information and reach a proper conclusion. By statute, NAD hears appeals involving program decisions of the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, Rural Business-Cooperative Development Service, Rural Housing Service, and the Rural Utilities Service. The Secretary of Agriculture may also assign to NAD additional jurisdiction to hear administrative appeals arising from decisions of other parts of USDA.

Selected Examples of Recent Progress:

- Implemented new writing evaluation criteria into performance appraisals and awards programs.
- Conducted several evaluation sessions in conference and via the internet and email.
- Based upon contractor recommendations, revised procedures for handling appeal administrative functions, and identified future customer service efforts.
- Integrated decision evaluation writing criteria into performance management database (NADTrack).
- Conducted one week training sessions in writing and logic that increased readability and logic of NAD decisions (according to new evaluation criteria).
- Continued to implement contractor recommendations as part of NAD's business process reengineering effort. Implemented recommendations into new performance metrics.
- Made performance measurement reports available on-line to all NAD employees.
- Pursued and received authorization to publish decisions on the web.
- Conducted management training to establish increased responsibilities for supervisors in ensuring the quality of written products.
- Implemented peer review system for NAD decisions.
- NAD made 3,221 determinations; conducted 1,611 appeal hearings; and 556 reviews.

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HOMELAND SECURITY STAFF

Purpose Statement

The Homeland Security Staff provides overall leadership and coordination of programs to plan for and respond to major natural and terrorist emergencies and threats. This involves coordination with mission areas/agencies for policy formulation, response plans, reporting and action assignments to meet acute and major threats to the food and agriculture system and to key USDA assets. It also involves activation of the USDA incident management system and the Federal Response Plan responsibilities in the event of a major incident, oversight of USDA nationwide policies and procedures related to homeland security, and coordination with the Department of Homeland Security and other Federal agencies, public and private organizations.

The general authority of the Homeland Security Staff for managing all activities relating to homeland security is contained in Executive Order 13228 and the Homeland Security Presidential Directive -1.

The staff financed from this appropriation are all located in Washington, D.C. As of September 30, 2004, there were 3 employees.

The Homeland Security Staff did not have any Office of Inspector General or General Accounting Office evaluation reports during the past year.

Available Funds and Staff Years

2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimate		2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation	$499,000 a/	3	$775,000 b/	6	$1,466,000	7
Rescission	-3,000	--	-6,000	--	--	
Total, Agriculture Appropriations	496,000	3	769,000	6	1,466,000	7

a/ Carryover funds from the Homeland Security Supplemental of $495,662 were obligated in FY 2004.

b/ Part of carryover funds from the Homeland Security Supplemental ($1,629,554) is available in FY 2005 to support this office.

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HOMELAND SECURITY STAFF

Permanent Positions by Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006

Grade	2004 Washington, D.C.	2005 Washington, D.C.	2006 Washington, D.C.
SES	1	1	2
GS-15	2	2	2
GS-13	1	1	1
GS-12	1	1	1
GS-9	1	1	1
Total Permanent Positions	6	6	7
Unfilled Positions end-of-year	-3	--	--
Total, Permanent Full-Time Employment, end-of-year	3	6	7
Staff Year Estimate	3	6	7

Full Cost by Strategic Objective

PROGRAM	PROGRAM ITEMS	2004	2005	2006
Homeland Security Staff	Direct Costs	$496,000	$769,000	$1,466,000

Appropriations Language

For necessary expenses of the Homeland Security Staff, [$775,000], $1,466,000.

Salaries and Expenses

Appropriations Act, 2005		$775,000
Budget Estimate, 2006		1,466,000
Increase in Appropriation		+691,000
Adjustments in 2005		
Appropriations Act, 2005	$775,000	
Rescission under H.R. 4818 a/	-6,000	
Adjusted base for 2005		769,000
Budget Estimate, 2006		1,466,000
Increase over adjusted 2005		+697,000

a/ The amount is rescinded pursuant to Section 122 of Division J of P. L. 108-447.

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HOMELAND SECURITY STAFF

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimate	Pay Costs	Program Change	2006 Estimate
Homeland Security Staff	$769,000	+$20,000	+$677,000	$1,466,000

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimate		Increase or	2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Homeland Security Staff	$493,200	3	$769,000	6	+$697,000	$1,466,000	7
Unobligated Balance	2,800	--	--	--	--	--	--
Total Available or Estimate	496,000	3	769,000	6	+697,000	1,466,000	7
Rescission	+3,000	--	+6,000	--			
Total, Appropriation	499,000	3	775,000	6			

Justification of Increases and Decreases

(1) An increase of $697,000 for the Homeland Security Staff (HSS)

(a) An increase of $20,000 pay costs which includes $6,000 for the annualization of the fiscal year 2005 pay increase, and $14,000 for the anticipated fiscal year 2006 pay raise.

This increase is needed to maintain the current level of staffing to ensure HSS provides leadership and coordination of programs to plan for and respond to major natural and terrorist emergencies and threats. Over 90 percent of HSS funds are needed to cover salary and benefit costs. The proposed funding level is needed to cover pay and benefit cost increases for existing staff. Without funds to cover the pay increase, the quality of service will be adversely affected.

(b) An increase of $677,000 to fully fund the Homeland Security Staff.

The HSS must maintain full staffing levels to carry out the following functions:

- Maintain oversight of related USDA-wide programs;
- Maintain liaison functions with the White House Homeland Security Council (HSC); Department of Homeland Security (DHS), and other Federal, State, local, and industry partners on homeland security matters, including participating on interagency working groups and policy coordination committees, and representing the Department in public forums;

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- Oversight of USDA agencies as they implement Homeland Presidential Directives (HSPD)-5, 7, and 8 including the implementation of the National Response Plan, National Incident Management System, and National Infrastructure Protection plan;
- Maintain and enhance intelligence and information sharing relationships, including staffing a number of interagency intelligence centers such as the National Counter terrorism Center, the Terrorist Screening Center, the Homeland Security Operations Center, and the National Biosurveillance Integration Center; and
- Oversee USDA Implementation of Homeland Security Presidential Directive (HSPD)-9, Defense of U.S. Agriculture and Food. The staff prioritizes tasks within the HSPD, and conducts strategic planning with USDA agencies and external partners, both governmental and private sector.

Part of carryover funds from the Homeland Security Supplemental is available in FY 2005 to support this office. Current plans are to spend the remainder of the Supplemental in FY 2005. Therefore, HSS needs this increase to fully support current staff.

Geographic Breakdown of Obligations and Staff Years

2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Washington, D C.	$493,200	3	$769,000	6	$1,466,000	7
Unobligated balance	2,800					
Total, Available or Estimate	496,000	3	769,000	6	1,466,000	7

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Classification By Objects
2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$285,864	$555,000	$1,111,000
11 Total personnel compensation	285,864	555,000	1,111,000
12 Personnel benefits	68,420	139,000	280,000
Total pers. comp. & benefits	354,284	694,000	1,391,000
Other Objects:			
21 Travel	7,415	12,000	12,000
23.3 Communications, utilities, and misc. charges	3,049	10,000	10,000
24 Printing and reproduction	--	3,000	3,000
25.2 Other services	2,875	3,000	3,000
25.3 Purchases of goods and services from Government Accounts	108,645	40,000	40,000
26 Supplies and materials	4,304	3,000	3,000
31 Equipment	12,628	4,000	4,000
Total other objects	138,916	75,000	75,000
Total direct obligations	493,200	769,000	1,466,000
Position Data:			
Average Salary, ES positions	$142,500	$147,772	$151,614
Average Salary, GS positions	76,866	82,500	83,782
Average Grade, GS positions	12.80	12.80	12.80

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2006 Explanatory Notes

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EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Purpose Statement

The Office of Budget and Program Analysis (OBPA) was established in June 1981. Its predecessor organization was established on July 8, 1922 (Secretary's Memorandum No. 389), under the provisions of the Budget and Accounting Act of 1921, which designated that a Budget Officer was to have charge of the preparation of estimates and other appropriations for the Department.

The mission of OBPA is to provide analyses and information to the Office of the Secretary and other policy officials to support informed decisionmaking regarding the Department's programs and policies, budget, legislative, and regulatory actions.

The Office of Budget and Program Analysis is located in Washington, D.C. As of September 30, 2004, there were 58 full-time permanent employees and 3 part-time employee.

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EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Available Funds and Staff Years

2004 Actual and Estimated 2005 and 2006

Item	2004 Actual		2005 Estimate		2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation	$7,740,000	61	$8,228,000	67	$8,298,000	67
Rescission	-46,000	--	-66,000	--	--	--
Total, Agriculture Appropriations	7,694,000	61	8,162,000	67	8,298,000	67

Permanent Positions by Grade and Staff Year Summary

2004 Actual and Estimated 2005 and 2006

Grade	2004 Washington, D.C.	2005 Washington, D.C.	2006 Washington, D.C.
ES	5	5	5
GS-15	13	13	13
GS-14	13	13	13
GS-13	12	13	13
GS-12	5	5	5
GS-11	4	3	4
GS-10	1	1	1
GS-9	2	4	4
GS-8	4	4	4
GS-7	6	3	3
GS-4	1	2	2
GS-3	1	1	--
Total Permanent Positions	67	67	67
Unfilled Positions end-of-year	-8	--	--
Total, Permanent Full-Time Employment, end-of-year	59	--	--
Staff Year Estimate	61	67	67

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OFFICE OF BUDGET AND PROGRAM ANALYSIS

Classification By Objects

2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Personnel Compensation:			
Washington, D.C.	$5,569,951	$5,869,000	$5,981,000
11 Total personnel compensation	5,569,951	5,869,000	5,981,000
12 Personnel benefits	1,076,451	1,480,000	1,504,000
Total pers. comp. & benefits	6,646,402	7,349,000	7,485,000
Other Objects:			
21 Travel	10,374	11,000	11,000
23.3 Communications, utilities, and misc. charges	110,284	115,000	115,000
24 Printing and reproduction	116,789	149,000	149,000
25.2 Other services	64,055	96,000	96,000
25.3 Purchases of goods and services from Government Accounts	125,474	137,000	137,000
26 Supplies and materials	145,107	160,000	160,000
31 Equipment	188,273	145,000	145,000
42 Litigation Fees and Awards	500	--	--
Total other objects	760,856	813,000	813,000
Total direct obligations	7,407,258	8,162,000	8,298,000
Position Data:			
Average Salary, ES positions	$144,819	$144,819	$144,819
Average Salary, GS positions	$79,274	$82,982	$84,789
Average Grade, GS positions	12.03	12.08	12.21

Appropriations Language

For necessary expenses of the Office of Budget and Program Analysis, [$8,228,000], $8,298,000.

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EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Salaries and Expenses

Appropriations Act, 2005		$8,228,000
Budget Estimate, 2006		8,298,000
Increase in Appropriation		+70,000
Adjustments in 2005		
Appropriations Act, 2005	$8,228,000	
Rescission under H.R. 4818 a/	-66,000	
Adjusted base for 2005		8,162,000
Budget Estimate, 2006		8,298,000
Increase over adjusted 2005		+136,000

a/ The amount is rescinded pursuant to Section 122 of Division J of P. L. 108-447.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2005 Estimate	Pay Costs	2006 Estimate
Budget and Program Analysis	$8,162,000	+$136,000	$8,298,000

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OFFICE OF BUDGET AND PROGRAM ANALYSIS

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Estimate		Increase or	2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Office of Budget and Program Analysis	$7,407,258	61	$8,162,000	67	+$136,000	$8,298,000	67
Unobligated Balance.....	287,076	--	--	--	--	--	--
Total Available or Estimate.....	7,694,334	61	8,162,000	67	+136,000	8,298,000	67
Rescission.....	+45,666	--	+66,000	--			
Total, Appropriation..	7,740,000	61	8,228,000	67			

Justification of Increases and Decreases

(1) An increase of $136,000 for the Office of Budget and Program Analysis (OBPA):

(a) An increase of $136,000 for pay costs which includes $25,000 for the annualization of the fiscal year 2005 pay increase, and $111,000 for the anticipated fiscal year 2006 pay raise.

This increase is needed to maintain the current level of staffing to ensure that OBPA provides analyses and information to policy officials to support informed decisionmaking regarding the Department's programs and policies. Over 90 percent of OBPA funds are needed to cover salary and benefit costs. The proposed funding level is needed to cover pay and benefit cost increases for existing staff. Without funds to cover the pay increases, the quality of service delivery will be adversely affected.

Geographic Breakdown of Obligations and Staff Years

2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Washington, D.C.....	$7,407,258	61	$8,162,000	67	$8,298,000	67
Unobligated balance.....	287,076					
Total, Available or Estimate.....	7,694,334	61	8,162,000	67	8,298,000	67

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Summary of Budget and Performance

Statement of Goals and Objectives

OBPA has three goals and three objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
All	**Agency Goal 1:** Assist the Secretary and other policy officials in decision making and policy implementation by providing objective information and analyses regarding the Department's programs and policies.	Objective 1.1: Conduct policy and program analyses, and other reviews that provide timely, objective and analytically sound information.	NA	The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.
	Agency Goal 2: Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies considering priorities, performance, and applicable laws.	Objective 2.1: Coordinate the preparation and presentation of a Department-wide budget that integrates performance information into the process, and monitor the allocation of resources to the agencies.	NA	The final Departmental Budget is consistent with policy decisions and allocates resources to agencies according to priorities, performance and applicable laws.
	Agency Goal 3: Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.	Objective 3.1: Provide appropriate oversight and analysis of legislative and regulatory actions.	NA	The Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

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Strategic Objective and Funding Mix

STRATEGIC OBJECTIVE 1.1: Conduct policy and program analyses, and other reviews that provide timely, objective and analytically sound information.

STRATEGIC OBJECTIVE 2.1: Coordinate the preparation and presentation of a Department-wide budget that integrates performance information into the process, and monitor the allocation of resources to the agencies.

STRATEGIC OBJECTIVE 3.1: Provide appropriate oversight and analysis of legislative and regulatory actions.

Strategic Objective and Funding Matrix:

(On basis of appropriation)

	2004 Actual		2005 Estimate			2006 Estimate	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1 Conduct policy and program analysis, and other reviews that provide timely, objective and analytically sound information	$2,385,000	20	$2,530,000	21	+$40,000	$2,570,000	21
Strategic Objective 2 Coordinate the preparation and presentation of a Department-wide budget that integrates performance information into the process, and monitor the allocation of resources to the agencies	3,001,000	23	3,183,000	26	+56,000	3,239,000	26
Strategic Objective 3 Provide appropriate oversight and analysis of legislative and regulatory actions ...	2,308,000	18	2,449,000	20	+40,000	2,489,000	20
Total, Available	7,694,000	61	8,162,000	67	+136,000	8,298,000	67

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

- Assist policy makers in decision-making and policy implementation.
- Make significant contributions to the relevance and accuracy of controlled correspondence.
- Meet A-11 requirements and submit budget materials to OMB and Congress on time.
- Achieve a rating of "green" for both progress and status of the Department's Budget and Performance Integration initiative.
- Complete 98 percent of regulatory reviews on time.
- Review and clear 80% of legislative reports in 3 days.

Key Performance Outcomes and Measures

Goal 1: Assist the Secretary and other policy officials in decision making and policy implementation by providing objective information and analyses regarding the Department's programs and policies.

Key Outcome: The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.

Key Performance Measures:

- Yearly effectiveness rating in assisting policy makers in decision-making and policy implementation, as evidenced by annual informal assessment.
- Significant contribution made to the relevance and accuracy of controlled correspondence.

Key Performance Target: Effective in assisting policymakers in decision-making and policy implementation.

Goal 2: Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies considering priorities, performance, and applicable laws.

Key Outcome: The final Departmental Budget is consistent with policy decisions and allocates resources to agencies according to priorities, performance and applicable laws.

Key Performance Measures:

- Relevant, accurate, and timely materials produced to present and support the budget.
- Meet Departmental Budget and Performance Integration Goals of President's Management Agenda.

Key Performance Target: Met A-11 requirements and the budget is submitted to OMB and Congress on time.

Goal 3: Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

Key Outcome: The Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

Key Performance Measure:

- USDA legislative and regulatory proposals are reviewed and cleared within the assigned OBPA timeframe.

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Key Performance Target:

- 80% of legislative reports are reviewed and cleared in 3 days or less.
- 98% of regulatory reviews are completed within established timeframes.

Full Cost by Strategic Objective
(Dollars in Thousands)

Strategic Objective 1.1: Conduct policy and program analyses, and other reviews that provide timely, objective and analytically sound information.

PROGRAM	PROGRAM ITEMS	2004	2005	2006
NA	Direct Costs	$2,385	$2,530	$2,570

Strategic Objectives 2.1: Coordinate the preparation and presentation of a Departmentwide budget that integrates performance information into the process, and monitor the allocation of resources to the agencies.

NA	Direct Costs	3,001	3,183	3,239

Strategic Objectives 3.1: Provide appropriate oversight and analysis of legislative and regulatory actions.

NA	Direct Costs	2,308	2,449	2,489
	Total Costs All Strategic Objectives	**7,694**	**8,162**	**8,298**
	FTEs	61	67	67

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EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

STATUS OF PROGRAM

The Office of Budget and Program Analysis (OBPA) coordinates the preparation of departmental budget estimates and legislative reports; administers systems for the allotment and apportionment of funds; provides policy, program and budgetary analysis of United States Department of Agriculture (USDA) programs and proposals; and provides staff assistance to USDA agencies in meeting their responsibility for the development and review of regulations.

In carrying out these responsibilities, OBPA assists the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department's programs and policies. In addition, OBPA ensures the Department's budget is consistent with policy decisions and that resources are allocated to agencies considering priorities, performance, and applicable laws. Finally, OBPA ensures the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

Development and Presentation of the USDA Budget

Current Activities:

- **Prepare materials, including the USDA Budget Summary, for presentation of the budget to the Congress, news media, interest groups, and the public.**
- **Lead the Department's effort to implement the President's Management Agenda initiative to improve the integration of budget and performance information.**
- **Coordinate and prepare supporting justifications for budget requests to be presented to the House and Senate Appropriations Committees.**
- **Provide comprehensive analyses of annual budget proposals, supplemental appropriations proposals, as well as the Administration's rescission and deferral packages.**
- **Develop alternatives and supporting data for use by policy officials in making budget decisions including reprogramming and reallocation of funding.**
- **Provide instructions and guidance for budget formulation, presentation and execution.**
- **Coordinate and analyze selected issues that cross agency and mission area lines.**
- **Serve as liaison with the Executive Office of the President to explain, justify and defend USDA's budget request.**
- **Provide direction and oversight of the apportionment and allocation processes as well as the use of funds and staff years.**

Selected Examples of Recent Progress:

Upgraded Score on Budget and Performance Integration (BPI). OBPA serves as the Departmental lead for Budget and Performance Integration. As part of the President's Management Agenda (PMA), the Office of Management and Budget scores departments on their success at implementing each of the President's management initiatives. Green is for success, yellow is for mixed results, and red is for unsatisfactory. Two scores are awarded, one for "status" – whether a department is

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meeting the standards established for success - and the other for "progress" - whether the department is making adequate progress in meeting established deliverables and timelines. In July 2004, USDA's scores for Budget and Performance Integration were upgraded to a "yellow" for status and a "green" for progress.

Quarterly Reporting Process. As part of the Budget and Performance Integration initiative, OBPA, in cooperation with the Office of the Chief Financial Officer, implemented a USDA-wide quarterly reporting process that compares actual and planned performance with financial information. The process tracks activities and performance measures that tie directly to the Secretary's Strategic Plan highlighting areas that may need corrective action. In addition, the process tracks progress in the implementation of PART findings and recommendations. Reports from this process are made available to policy officials for discussion with Sub-cabinet officers.

Budget Summary and Related Information. OBPA compiled detailed program and financial data in support of the budget, including the fiscal year 2005 Budget Summary and a set of historical displays of budget authority and outlays. These materials are available in the OBPA portion of the USDA website at www.usda.gov.

Crosscutting Budget Initiatives. OBPA developed budget briefing materials on specific high priority issues that cross agency and mission area lines on such topics as biobased products/bioenergy, invasive species, Food and Agriculture Defense Initiative, human nutrition and obesity, research and development, education, biotechnology, and global climate change programs. In preparing these materials, OBPA worked with agency budget and program staff, policy officials and other appropriate staff. These presentations were provided to groups such as Congressional staff, representatives of the Executive Office of the President, Department decision-makers, advisory committees providing advice to the Secretary, and internal working groups charged with coordinating USDA agency involvement in these areas.

Review and Analysis of Programs and Policies

Current Activities:

- Conduct reviews of current programs, proposed programs, organizational plans, and reorganization proposals.
- Conduct reviews of problem areas perceived to impact management efficiency or implementation of Administration policy.
- Develop reports, briefing papers, and issue statements that set forth findings and recommendations for action by decision-making officials.
- Ensure agency-developed material requiring action by the Office of the Secretary is analytically sound and consistent with Administration policy and budget requirements.
- Monitor ongoing studies with significant program or policy implications to advise the Office of the Secretary of developing issues.
- Provide analytical support for major Departmental program and management initiatives, including those that result in legislation and regulations.
- Monitor the Department's progress on the President's Management Agenda and other management issues and provide regular updates to policy officials.
- Develop analyses and coordinate budget presentation material of selected issues that cross mission area or agency lines.

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- Assist in the preparation of the Secretary's Strategic Plan as well as the annual Budget and Performance Plan and Performance and Accountability Report.

- Review, in a timely manner, correspondence prepared for Secretarial or sub-cabinet signature for accuracy and consistency with Departmental policy.

Selected Examples of Recent Progress:

BSE Activities. OBPA provided key support and participated with policy officials in department-wide efforts to address Bovine Spongiform Encephalopathy (BSE) detection in the U.S. Priorities included immediate regulatory activity to protect food safety and budget initiatives and emergency funding to improve monitoring and surveillance and to establish a National Animal Identification Program. OBPA designed a tracking system to monitor progress on the large number of time sensitive efforts required to address this incident.

Efficiency Measures. OBPA worked with OMB and agencies that administer credit programs to develop a common efficiency measure that could be a model for credit programs throughout the government.

Strategic Planning. USDA is committed to ensuring that agency level strategic plans are consistent with the Secretary's Strategic Plan and contain outcome-oriented goals and objectives. In FY 2004, OBPA and the Office of the Chief Financial Officer conducted a joint review of agency strategic plans. As a result of this review, OBPA has been working with agency BPI coordinators and planning staff to improve agency level plans where necessary.

Program Assessment Rating Tool (PART) Assessments. OBPA and agency staff worked diligently with OMB to complete 25 FY 2006 PARTs. In addition, the Department is making progress in reducing the number of programs that are rated as "Results Not Demonstrated" (RND). As part of this year's PART process, seven programs that originally received RND ratings were re-PARTed and received ratings of "Adequate" or above.

Significant Regulations. OBPA worked with policy officials, OMB, and agency staff to complete complex and economic analyses of proposed regulations that have significant benefits and costs to the economy or the environment. The wide range of issues covered included biotechnology, food safety, invasive species, animal health, plant protection, biobased product procurement, food and nutrition, crop insurance, commodity programs, rural development, and conservation.

Coordination of Legislative Proposals and Reports

Current Activities:

- Develop and maintain Departmental Guidance (DM 1260-1) governing the preparation, review, and clearance of the annual legislative program and legislative reports.

- Provide comprehensive analyses of the potential costs and policy aspects/implications of proposed legislation to assist in the formulation of the Department's views.

- Advise policy officials of the results of analysis and the status of preparation and review of legislative proposals and reports.

- Coordinate the clearance of legislative proposals and reports through the Department and OMB, including responding to inquiries from the Congress, OMB and other interested Federal agencies; maintaining clearance records; and notifying agencies of USDA policy-level decisions and OMB action.

- Provide a uniform system of guidance and assistance for preparing analyses as required

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- under Executive Order 12866, Regulation Planning and Review, and other relevant Executive Orders and statutes.

- Develop and maintain the Department guidance, Regulatory Decision Making Requirements (DR1512-1), governing the preparation, review and clearance of regulatory actions.

- Advise policy officials on contemplated regulatory actions through the review of work plans.

- Coordinate and provide appropriate assistance in the preparation of the USDA portion of OMB's Regulatory Plan and the Semi-Annual Regulatory Agenda.

- Serve as USDA Government-wide contact on all regulatory and Federal Register matters, with the exception of Paperwork Reduction Act issues.

- Review regulatory actions for consistency with regulatory requirements for consistency with regulatory requirements and Executive Orders and prepare analytical and explanatory information for policy officials to facilitate clearance of documents.

- Coordinate the clearance of regulations through USDA policy officials and OMB, including responding to inquiries, maintaining transmittal and clearance records, and notifying agencies of policy decisions and OMB action.

Selected Examples of Recent Progress:

Legislative Reports Tracking System. The Legislative Reports Tracking System continues to be a key element in OBPA's efforts to coordinate, monitor and provide information on the large volume of legislative reports, proposals, bills and resolutions received by the Department. During fiscal year 2004, OBPA assisted in the preparation of 418 legislative reports. These reports were reviewed to ensure that they were consistent with the program, policy and budgetary objectives of the Administration; were based on adequate analysis; and were programmatically sound.

Major Legislation. OBPA assisted in the analysis of numerous provisions on pending legislation to reauthorize the Department's Child Nutrition and WIC Program. In addition, OBPA provided analysis and other assistance during the review of homeland security and anti-bioterrorism related issues. OBPA also prepared budget impact analyses and issue and background papers that are used by both the Executive Branch and Congress.

Regulatory Tracking. During fiscal year 2004, OBPA was actively involved in the review and clearance of 310 Department regulations. These included, among others, high priority 2002 Farm Bill regulations, income and disaster assistance for farmers and ranchers, food safety, crop insurance, and food assistance program regulations. These regulations were reviewed for consistency with USDA statutory, policy and budgetary objectives and to assure conformance with substantive and procedural requirements of law, applicable Executive Orders and other regulations that govern the rule-making process.

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OFFICE OF INSPECTOR GENERAL

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OFFICE OF INSPECTOR GENERAL

Purpose Statement

The Office of Inspector General was established pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3). Its activities consist of two broad areas, audits and investigations.

The appropriation funds activities which are authorized by the Inspector General Act of 1978 as amended. This Act expanded and provided specific authorities for the activities of the Office of Inspector General, which had previously been carried out under the general authorities of the Secretary of Agriculture. The Office of Inspector General:

a. Provides policy direction and conducts, supervises, and coordinates all audits and investigations relating to programs and operations of the Department;

b. reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and the Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations and the prevention and detection of fraud, waste, and mismanagement in such programs;

c. recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud, waste, and mismanagement;

d. recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies in: (1) promoting economy; (2) preventing and detecting fraud, waste, and mismanagement; and (3) identifying and prosecuting individuals and groups involved in fraud, waste, and mismanagement; and

e. keeps the Secretary and the Congress fully and currently informed about fraud, waste, mismanagement, deficiencies, and other serious problems in Department programs and operations; recommends corrective action; and reports on the progress made in correcting problems.

The Office of Inspector General is headquartered in Washington, D.C., with regional offices in the following cities: Beltsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California. As of September 30, 2004, total onboard employment was 589, including 580 full-time and 9 part-time employees. There were 114 employees located in the Washington, D.C., metropolitan area and 475 located in the field.

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OFFICE OF INSPECTOR GENERAL

Available Funds and Staff-Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	$77,281,000	597	$78,289,000	721	$81,045,000	725
Rescission	-456,000	--	-626,312	--	0	--
Total	76,825,000	597	77,662,688	721	81,045,000	725
Obligations under other USDA appropriations:						
Risk Management Agency Audit of Financial Statements	300,000	--	300,000	--	300,000	--
Rural Utilities Services Audit of Financial Statements	195,000	--	150,000	--	150,000	--
Food and Nutrition Services Audit of Financial Statements	1,050,000	--	1,050,000	--	1,100,000	--
Rural Development Audit of Financial Statements	1,000,000	--	1,000,000	--	1,000,000	--
OCFO/WCF Audits	800,000	--	900,000	--	900,000	--
Total, Other USDA Appropriations	3,345,000	--	3,400,000	--	3,450,000	--
Total, Agriculture Appropriations	80,170,000	597	81,062,688	721	84,495,000	725
Other Federal Funds:						
FLETC Trainer	70,000	--	146,000	--	146,000	--
Total, Office of Inspector General	80,240,000	597	81,208,688	721	84,641,000	725

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OFFICE OF INSPECTOR GENERAL

Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

Grade	2004			2005			2006		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Executive Level IV	1		1	1		1	1		1
Senior Executive Service	8		8	8		8	8		8
GS-15	16	15	31	16	15	31	16	15	31
GS-14	30	60	90	30	60	90	30	60	90
GS-13	30	210	240	30	210	240	30	212	242
GS-12	6	127	133	6	127	133	6	129	135
GS-11	8	42	50	8	42	50	8	42	50
GS-9	6	40	46	6	40	46	6	40	46
GS-8	5	0	5	5	0	5	5	0	5
GS-7	13	50	63	13	50	63	13	50	63
GS-6	5	27	32	5	27	32	5	27	32
GS-5	6	15	21	6	15	21	6	15	21
GS-4	1	0	1	1	0	1	1	0	1
Total Permanent Positions	135	586	721	135	586	721	135	590	725
Unfilled Positions end-of-year	25	116	141	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year	110	470	580	135	586	721	135	590	725
Staff-Year Estimate	119	478	597	135	586	721	135	590	725

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OFFICE OF INSPECTOR GENERAL

SIZE, COMPOSITION, AND COST OF MOTOR VEHICLE FLEET

The fiscal year (FY) 2006 Budget Estimate proposes no changes in the number of motor vehicles.

The Office of Inspector General (OIG) uses the bulk of its passenger vehicles for law enforcement activities; investigations, field work, surveillance and pursuit, obtaining evidence for prosecutions, protective services, and court proceedings. Additionally, OIG has installed specialized law enforcement equipment in these vehicles, which assists in undercover operations to obtain evidence for prosecutions. For example, we use these vehicles for investigations that include the illegal exchange of USDA food benefits for cash or contraband, as well as for observing criminal violations of USDA laws and regulations. OIG must have such operational capabilities and equipment to fulfill the statutory criminal investigative responsibilities specified in the Inspector General Act of 1978 and other related congressional acts.

Changes to the motor vehicle fleet. No significant changes in the motor vehicle fleet are expected in FY 2006.

Replacement of passenger motor vehicles. Any replacements will be funded from within the annual operating costs of the motor vehicle fleet.

Impediments to managing the motor vehicle fleet. There are no identified impediments to managing the motor vehicle fleet in the most cost-effective manner.

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OFFICE OF INSPECTOR GENERAL

Size, Composition, and Annual Cost
(dollars in thousands)

	Number of Vehicles by Type*								
Fiscal Year	Sedans & Station Wagons	Light 4x2	Trucks 4x4	Medium Trucks	Heavy Trucks	Ambu-lances	Buses	Total Vehicles	Annual Operating Cost ($ in thous)
FY 2003	126	35	31	--	--	--	--	192	$1,450.00
FY 2004	126	35	31	--	--	--	--	192	$1,500.00
FY 2005	123	38	30	--	--	--	--	191	$1,550.00
FY 2006	123	38	30	--	--	--	--	191	$1,600.00

*These numbers include vehicles that are owned by the agency, leased from commercial sources, and leased from GSA.

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OFFICE OF INSPECTOR GENERAL

Summary of Budget and Performance
Statement of Goals and Objectives

The Office of Inspector General (OIG) was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The Act requires the Inspector General to independently and objectively: (1) perform audits and investigations of the Department's programs and operations; (2) work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance; and (3) report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year.

The OIG Strategic Plan was published during May 2004 and serves to define OIG's mission, vision, and strategic goals for fiscal years (FY) 2004-2008. The plan lays out – in consonance with USDA's goals and management challenges – a framework for increased organizational focus, solidly founded decisions, and accountability at all levels within the organization.

Goals and Programs Crosswalk: Below are the four strategic goals to which OIG has committed for FYs 2004-2008:

USDA Strategic Goal	OIG Strategic Goal	OIG Objectives	Programs That Contribute	Key Outcome
Supports all of USDA's Strategic Goals	**Strategic Goal 1:** Support USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns.	Objectives: (OIG Strategic Goals 1, 2, and 3) – Continuously monitor and assess risks and areas of emphasis in USDA programs and operations to identify those that are critical. – Target resources to address critical risks in USDA vulnerabilities in areas of emphasis related to safety and security, program integrity, and resources management. – Increase quality and frequency of communication and information sharing with USDA agencies and other organizations to enhance OIG effort in the areas of safety and security, program integrity, and resources management.	Audit/ Investigations	Key Outcome: (below)

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USDA Strategic Goal	OIG Strategic Goal	OIG Objectives	Programs That Contribute	Key Outcome
Supports all of USDA's Strategic Goals	**Strategic Goal 2:** Reduce program vulnerabilities and enhance program integrity in the delivery of benefits to individuals.	Objectives: same as above for Strategic Goals 1, 2, and 3	Audit/ Investigations	Key Outcome: (below)
Supports all of USDA's Strategic Goals	**Strategic Goal 3:** Increase the efficiency and effectiveness with which USDA manages and employs public assets and resources including physical and information resources.	Objectives: same as above for Strategic Goals 1, 2, and 3	Audit/ Investigations	Key Outcome: (below)
Supports all of USDA's Strategic Goals	**Management Goal 4:** Ensure OIG readiness to achieve its strategic goals.	Objectives: – Develop and maintain a workforce with skills and abilities to meet OIG challenges. – Acquire and deploy state-of-the-art technology and equipment. – Develop a culture that is excellence-based. – Structure the OIG organization for maximum efficiency.	Internal Management Goal	Key Outcome: (below)

Key Outcomes:

Key Outcomes – Strategic Goals 1-3:

- Establishment of internal systems' capabilities and reporting requirements to track progress against performance measures and goals.
- Development of criteria to establish priorities in terms of dollars; level of congressional, departmental, or public interest; risk factors; or other concerns.
- Establishment of inventory of resources for special assignments, to include ad hoc experts.
- Establish prevention and detection methods to reduce program losses through trend analysis.
- Development of self-assessments and other tools for USDA agencies to identify fraud, waste, and abuse in internal and program operations.

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- Establish process for continuous information exchange with USDA program officials and other stakeholders.

Key Outcomes – Management Goal 4:

- Establishment of workforce/succession plan.
- Establishment of management/leadership training program.
- Increased depth of USDA and other program knowledge.
- Increased ability to leverage Information Technology (IT) in support of OIG's mission and management and administrative work requirements.
- Streamlined internal processes.
- Alignment of organizational structure with strategic goals.

Selected Past Accomplishments Toward Achievement of the Key Outcome:

During FY 2004, OIG issued 425 investigative reports and 97 audit reports. OIG investigations resulted in 370 indictments and 350 convictions. Management decisions were made on 77 audit reports. Total investigative monetary results totaled $292.9 million while total audit monetary results totaled $763.4 million for a combined total of $1.056 billion, as summarized below:

Audit Monetary Results:
(in millions)

Questioned and unsupported costs and loans		$ 15.2
Recommended for recovery	$9.2	
Not recommended for recovery	6.0	
Funds to be put to better use		748.2
Total audit monetary results		$763.4

Investigative Monetary Results:	(in millions)
Claims established	$ 6.8
Recoveries and collections	7.2
Cost avoidance (payments not made based on investigations)	9.5
Fines	26.3
Administrative penalties	0.6
Restitutions	242.5
Total investigative monetary results	$292.9

Key Performance Measures:

These figures, while significant, do not reflect the incalculable value of the public health and safety reviews conducted by OIG. For instance, we recently completed three investigations into allegations of misconduct with respect to the identification of a Bovine Spongiform Encephalopathy (BSE)-infected cow in Washington State and the actions of USDA personnel involved in the failure to test a suspect cow in Texas and completed an extensive review of the Department's BSE surveillance program – issues of widespread public interest and great importance to the Department. Our goal is to work with USDA to identify areas

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where USDA can strengthen its controls and processes to provide continuing assurance that the U.S. meat supply is safe, wholesome, and properly labeled.

OIG assists the Department in strengthening its defenses against activities that threaten the Nation's food supply, production agriculture, and Government facilities. Our recent reports in these areas include: security standards for federally funded research at non-Federal institutions, security over Natural Resources Conservation Service (NRCS) assets, security over aircraft and aircraft facilities, a staged laboratory break-in, and a threatening hoax anthrax letter. We investigate smuggling and other activities, the distribution of contaminated meat and poultry products into the food supply, as well as the intentional tampering of food products in grocery stores and restaurants. OIG investigators are in the forefront in ensuring that infectious diseases and pests do not jeopardize the safety of the American food supply and the agricultural economy.

In short, OIG audits and investigations save money for the taxpayer while helping to ensure the safety and wholesomeness of the Nation's food supply, promoting USDA Homeland Security efforts, and ensuring the integrity of USDA programs.

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Strategic Objective and Funding Matrix

OFFICE OF INSPECTOR GENERAL

OIG supports all of the Department's strategic goals through its mission of promoting both the effectiveness and integrity of USDA agricultural programs.

	2004 Actual		2005 Budget			2006 Estimated	
Program	Amount	Staff-Years	Amount	Staff-Years	Increase or Decrease	Amount	Staff-Years
Audits	$39,226	339	$38,638	404	$991	$39,629	404
Investigations	$37,599	258	$39,025	317	$2,391	$41,416	321
Total	$76,825	597	$77,663	721	$3,382	$81,045	725

Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Annually, OIG identifies the most significant USDA programs for audit and allocates resources to these areas. In FY 2005/6, OIG will use its audit resources to evaluate how well the Department has accomplished its strategic goals and objectives. OIG will also use its audit resources to determine how well the Department has implemented the initiatives in the President's Management Agenda. In support of OIG Strategic Goal 1 – support USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns – OIG audits will evaluate or review:

- The Department's expanded BSE surveillance program implementation as part of our continuing oversight of this activity.
- The effectiveness of programs administered by the Food Service Inspection Service (FSIS) to include the in-plant performance system and egg inspections.
- The implementation of the Bioterrorism Act and Homeland Security Presidential Directive 9 that establishes a national policy to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies.
- The effectiveness of programs administered by the Animal and Plant Health Inspection Service to reduce the number and severity of pest and disease outbreaks in the United States, including oversight of avian flu outbreaks and the importation of beef products from Canada.
- USDA activities pertaining to genetically engineered insects and the separation of genetically engineered crops in the food chain.
- Forest Service (FS) efforts to eliminate invasive species, implementation of the Healthy Forests Initiative, and environmental compliance programs.

OIG's investigative priority is the protection and safety of the Nation's agriculture and food supply. We will move swiftly to investigate food tampering of meat and poultry, which are inspected by USDA's FSIS. We will also give a high priority to investigating matters relating to food served in USDA-funded feeding programs. A third priority is the investigation of smuggling cases involving prohibited animal and plant products illegally brought into this country. These cases are important, as there is the possibility the smuggled animals and plants may carry devastating pests and diseases, which may irrevocably harm the Nation's ecosystems and agricultural capabilities.

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Although we cannot precisely predict specific investigations to be conducted in FY 2006, we will immediately initiate investigations into matters involving:

- Criminal activity leading to the introduction of adulterated meat and poultry into the Nation's food supply and detecting/preventing smuggled plant and animal products, which could lead to the introduction of devastating foreign animal and plant pests into the United States.
- Terrorist or Homeland Security threats against agricultural research, production, and distribution facilities.
- Threats and assaults against USDA employees.

In addition to providing the foundation for prosecutors to bring criminal violators to justice, OIG investigations will assist USDA management by identifying USDA programs with significant vulnerabilities to criminal activity. OIG investigations also reveal trends that can assist USDA management in identifying program deficiencies or internal control weaknesses that may require correction. By improving programs, investigating fraud, and deterring criminal activity, OIG investigations assist Department managers in meeting the goals and objectives included in USDA's 5-Year Strategic Plan and the President's Management Agenda.

Under OIG Strategic Goal 2 – reduce program vulnerabilities and enhance integrity in the delivery of benefits to individuals – audits scheduled for FY 2005/6 include:

- The review of USDA-wide efforts to identify and report improper payments.
- The evaluation of State agency corrective action plans to address error rates and improper payments in Food and Nutrition Service programs.
- The effectiveness of the Risk Management Agency's compliance activities and oversight in preventing and detecting program abuse in the Federal Crop Insurance Program.
- The review of Farm Service Agency loan programs, grants management, and specialty crop agreements.
- The review of the FS Timber Salvage Sale Program, other special use programs, and trust funds.

In terms of OIG's investigative resources in support of OIG Strategic Goal 2, our agents will continue to investigate trafficking activities in the Food Stamp Program, as well as large-scale fraud in agriculture, crop insurance, and Rural Development programs that detract from the effectiveness of these programs in supporting farmers and others in rural communities. Anticipated areas of investigation include the following:

- Criminal violations, including loan fraud; embezzlement; theft; false statements; conversion of collateral; insurance fraud; and other criminal violations in agricultural marketing, crop insurance, agricultural research, export, commodity, and other USDA programs supporting the financial needs of American farmers.
- Food stamp trafficking, especially in relation to illegal activities by retailers and recipients of food stamp Electronic Benefits Transfer benefits, as well as other large-dollar fraud involving other nutrition programs, i.e., the National School Lunch Program; the Special Supplemental Nutrition Program for Women, Infants, and Children; and the Child and Adult Care Food Program, including tracing illegally obtained program funds transferred overseas which may be used to support terrorist activities.
- Equity skimming, contract fraud, and other criminal activity involving rural housing and rural community and business development that are funded by USDA's Rural Development programs.

In support of OIG Strategic Goal 3 – increase the efficiency and effectiveness with which USDA manages and employs public assets and resources including physical and information resources – OIG has statutory requirements to perform financial statement audits. As required by the Chief Financial Officers (CFO) Act of 1990, OIG must annually opine on the fairness of the presentation of those statements and identify

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system, control, and compliance weaknesses which preclude USDA's and its agencies' ability to safeguard funds, property, and other assets. During 2004, OIG auditors worked under accelerated timelines to certify USDA's FY2004 financial statements within the Office and Management and Budget's timeframe for fiscal yearend financial reporting.

USDA program assets currently exceed $118 billion. This includes real property, equipment, land, and commodities, as well as money. The effectiveness and efficiency with which USDA manages these assets are critical. Two critical elements have been identified in enhancing the Department's ability to measure its assets: IT and financial management information. Under Strategic Goal 3, OIG will use its audit resources in the following areas:

- The Department's IT activities, to include IT security, the adequacy of application controls, and systems design and development as required by the Federal Information Security Management Act.
- USDA agencies' accounting systems and annual financial statements.
- Audit of the Department's published Financial Statements in accordance with the CFO Act of 1990.
- The Department's food safety information systems.

USDA uses IT to manage its varied programs. Intrusions or internal manipulations of these systems for criminal purposes could lead to significant cash losses and/or to threats to the safety of USDA facilities and ultimately the American food supply. It is vital that these systems be secured and that violators be quickly detected and prosecuted. To this end, we will use our Computer Forensics Unit and IT to develop evidence and enhance our criminal investigations to support successful prosecutions and administrative sanctions.

OIG expects that its performance in FY 2006 will remain consistent in terms of its: (1) direct resources dedicated to critical risks and high-impact activities of USDA, (2) the percent of audit recommendations where management decisions are achieved within 1 year, and (3) the percent of cases closed resulting in criminal, civil, or administrative actions. In terms of total monetary results, we would anticipate that our work would result in cost savings, cost avoidances, and recoveries in the range of $3-4 for every invested dollar. This is in addition to important audit and investigatory work in the areas of public health, safety, and nutrition; homeland and information security; and financial stewardship of USDA resources.

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OFFICE OF INSPECTOR GENERAL

Summary of Budget and Performance
Key Performance Outcomes and Measures

OIG Goals.

- Strategic Goal 1: Support USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns.
- Strategic Goal 2: Reduce program vulnerabilities and enhance program integrity in the delivery of benefits to individuals.
- Strategic Goal 3: Increase the efficiency and effectiveness with which USDA manages and employs public assets and resources including physical and information resources.

Key Outcomes:

Key Outcomes – Strategic Goals 1-3:

- Establishment of internal systems' capabilities and reporting requirements to track progress against performance measures and goals.
- Development of criteria to establish priorities in terms of dollars; level of congressional, departmental, or public interest; risk factors; or other concerns.
- Establishment of inventory of resources for special assignments, to include ad hoc experts.
- Establish prevention and detection methods to reduce program losses through trend analysis.
- Development of self-assessments and other tools for USDA agencies to identify fraud, waste, and abuse in internal and program operations.
- Establish process for continuous information exchange with USDA program officials and other stakeholders.

Key Outcomes – Management Goal 4:

- Establishment of workforce/succession plan.
- Establishment of management/leadership training program.
- Increased depth of USDA and other program knowledge.
- Increased ability to leverage Information Technology (IT) in support of OIG's mission and management and administrative work requirements.
- Streamlined internal processes.
- Alignment of organizational structure with strategic goals.

Long-term Performance Measures: OIG recognizes that we have only limited control, primarily in our ability to influence others, over the action taken in response to our work and that many of our statutorily mandated functions (e.g., audit and investigations) have lengthy external decision and implementation processes associated with them. Therefore, we will take a life-cycle approach to our recommendations and actions and measure our performance in the stages required for OIG to ultimately influence change. These stages are:

- Are we doing the most important work (Measure 1)?
- Are our recommendations and actions motivating a response (Measures 2 and 3)?
- Has the response to our work been implemented (measures to be developed)?
- Has the response had the desired improvement effect (measures to be developed)?
- How does this improvement manifest itself as progress toward OIG's and USDA's goals (future)?

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Long-term Performance Measure 1: Percentage of direct resources dedicated to critical risks or high-impact activities related to the improvement of USDA's safety and security, program integrity, or resources management.

Long-term Performance Measure 2: Percentage of audit recommendations where management decisions are achieved within 1 year.

Long-term Performance Measure 3: Percentage of cases where criminal, civil, or administrative action is taken in response to investigative reports.

Key Performance Measures and Targets:

OIG Business Goals:

Performance Measure	2003 Baseline	2004		2005 Target	2006 Target
		Target	Actual		
Performance Measure #1 Percentage of direct resources dedicated to critical risks or high impact activities related to the improvement of USDA's safety and security, program integrity, or resources management.	81%	90%	93%	90%	90%
Performance Measure #2 Percentage of audit recommendations where management decisions are achieved within 1 year.	78%	85%	79%	85%	85%
Performance Measure #3 Percentage of cases where criminal, civil, or administrative action is taken in response to investigative reports.	61.6%	65%	68%	65%	65%

OIG Management Goal:

Performance Measure	2004 Actual	2005 Target	2006 Target
Performance Measure #4 Ensure OIG readiness to achieve its strategic goals (1): Measures (Performance Measure #4) will be developed to address progress toward our management goal that will assess the efficiency of OIG management and operational administration in terms of administration of resources required to maintain a consistent level of performance against the business goals.	(1)	(1)	(1)

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OFFICE OF INSPECTOR GENERAL

Summary of Budget and Performance
Full Cost by Strategic Goal

(Dollars in thousands unless noted)

Program	Program Items	2004 Amount	2005 Amount	2006 Amount
Goal 1: Support USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns.				
Audit		$5,198	$5,171	$5,338
Investigations		$4,887	$5,073	$5,310
Total – Goal 1		$10,085	$10,244	$10,648
Performance Measures – Audit/Investigations				
	Number of Audits That Fall Under Goal 1	37	37	37
	Number of Days Charged	7,373	7,222	7,345
	Auditor Cost Per Day ($)	$705	$716	$727
	Dollar Expenditure for Goal 1	$5,198	$5,171	$5,338
	Number of Investigations That Fall Under Goal 1	123	125	130
	Number of Days Charged	5,023	5,135	5,295
	Investigator Cost Per Day ($)	$973	$988	$1,003
	Dollar Expenditure for Goal 1	$4,887	$5,073	$5,310
	Performance Measures: (*)			
	(1) Percentage of direct resources dedicated to critical risks or high-impact activities related to the improvement of USDA's safety and security, program integrity, or resources management.	99.6%	90%	90%
	(2) Percentage of audit recommendations where management decisions are achieved within 1 year.	89%	85%	85%
	(3) Percentage of cases where criminal, civil, or administrative action is taken in response to investigative reports.	42%	65%	65%
	Unit Cost	NA	NA	NA
(*) Results for the 17% of our resources dedicated to Goal 1.				
Goal 2: Reduce program vulnerabilities and enhance program integrity in the delivery of benefits to individuals.				
Audit		$16,681	$16,479	$17,086
Investigations		$24,628	$25,624	$27,374
Total – Goal 2		$41,309	$42,103	$44,460

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Program		Program Items	2004 Amount	2005 Amount	2006 Amount
Performance Measures – Audit/Investigations					
	Number of Audits That Fall Under Goal 2		109	109	109
	Number of Days Charged		23,661	23,015	23,534
	Auditor Cost Per Day ($)		$705	$716	$726
	Dollar Expenditures for Goal 2		$16,681	$16,479	$17,086
	Number of Investigations That Fall Under Goal 2		851	855	860
	Number of Days Charged		25,312	25,935	27,319
	Investigator Cost Per day ($)		$973	$988	$1,002
	Dollar Expenditures for Goal 2		$24,628	$25,624	$27,374
	Performance Measures: (*)				
	(1) Percentage of direct resources dedicated to critical risks or high-impact activities related to the improvement of USDA's safety and security, program integrity, or resources management.		85%	90%	90%
	(2) Percentage of audit recommendations where management decisions are achieved within 1 year.		91%	85%	85%
	(3) Percentage of cases where criminal, civil, or administrative action is taken in response to investigative reports.		71%	65%	65%
	Unit Cost		NA	NA	NA
(*) Results for the 39% of our resources dedicated to Goal 2.					
Goal 3: Increase the efficiency of and effectiveness with which USDA manages and employs public assets and resources including physical and information resources.					
Audit			$17,347	$16,988	$17,205
Investigations			$8,084	$8,328	$8,732
Total - Goal 3			$25,431	$25,316	$25,937
Performance Measures – Audit/Investigations					
	Number of Audits That Fall Under Goal 3		66	66	66
	Number of Days Charged		24,606	23,727	23,697
	Auditor Cost Per Day ($)		705	716	726
	Dollar Expenditures for Goal 3		17,347	16,988	17,204
	Number of Investigations That Fall Under Goal 3		257	260	265
	Number of Days Charged		8,308	8,429	8,715
	Investigator Cost per Day ($)		$973	$988	$1,002
	Dollar Expenditures for Goal 3		$8,084	$8,328	$8,732

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Program	Program Items	2004 Amount	2005 Amount	2006 Amount
Performance Measures – Audit/Investigations				
	Performance Measures: (*)			
	1) Percentage of direct resources dedicated to critical risks or high-impact activities related to the improvement of USDA's safety and security, program integrity, or resources management.	98%	90%	90%
	(2) Percentage of audit recommendations where management decisions are achieved within 1 year.	68%	85%	85%
	(3) Percentage of cases where criminal, civil, or administrative action is taken in response to investigative reports.	62%	65%	65%
	Unit Cost	NA	NA	NA
(*) Results for the 44% of our resources dedicated to Goal 3.				
Audit		$39,226	$38,638	$39,629
Investigations		$37,599	$39,025	$41,416
Total - Goal 3		$76,825	$77,663	$81,045

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OFFICE OF INSPECTOR GENERAL

Proposed Language Changes

The estimate includes proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of Inspector General

For necessary expenses of the Office of Inspector General, including employment pursuant to the Inspector General Act of 1978, [$78,289,000], $81,045,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, and including not to exceed $125,000 for certain confidential operational expenses, including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 3137 of Public Law 97-98. *(7 U.S.C. 450b, 2201, 2202, 2220, 2270, Public Law 100-504).*

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OFFICE OF INSPECTOR GENERAL

LEAD-OFF TABULAR STATEMENT

SALARIES AND EXPENSES – CURRENT LAW

Appropriations Act, 2005		$78,289,000
Budget Estimate, 2006		81,045,000
Increase in Appropriation		+2,756,000
Adjustments in 2005:		
Appropriation Act, 2005	$78,289,000	
Rescission a/	-626,312	
Adjusted Base for 2005		$77,662,688
Budget Estimate, 2006		81,045,000
Increase Over Adjusted 2005		+3,382,312

a/ The amount is rescinded pursuant to Section 122 of Division J of P.L. 108-447

SUMMARY OF INCREASES AND DECREASES – CURRENT LAW
(On basis of appropriation)

Item of Change	2005 Budget	Pay Costs	Program Changes	2006 Estimated
Audit and Investigations	$77,663,000	+1,663,000	+1,719,000	+81,045,000
Total Available	77,663,000	+1,663,000	+1,719,000	+81,045,000

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OFFICE OF INSPECTOR GENERAL

Project Statement
(On basis of appropriation)

	2004 Actual		2005 Budget		Increase or	2006 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Decrease	Amount	Staff-Years
1. Investigations.....	$39,090,392	258	$39,024,844	317	$2,391,316	$41,416,160	321
2. Audit	37,463,392	339	38,637,844	404	990,996	39,628,840	404
Unobligated Balance.....	271,216	--	--	--	--	--	--
Total, Available or Estimate 1/.....	76,825,000	597	77,662,688	721	3,382,312	81,045,000	725
Rescission.....	456,000	--	626,312	--		--	--
Total, Appropriation.....	$77,281,000	597	$78,289,000	721			

1/ Does not include miscellaneous reimbursements.

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JUSTIFICATION OF INCREASES AND DECREASES

An increase of $3,382,000:

(1) Employee Compensation. An increase of $1,663,000 to fund pay costs.

This increase will allow OIG to continue to meet its objective to provide policy direction and to conduct, supervise, and coordinate all audits and investigations relating to USDA programs and operations. This critical increase is needed to support current staffing levels to meet the demands and statutory requirements of OIG. Approximately 82 percent of OIG's budget is for personnel compensation, which leaves limited flexibility to absorb annual pay cost increases in excess of appropriated annual funding increases. Staff reductions would adversely affect OIG's readiness and result in backlogs and delays in key audits and investigations in vital areas, such as agriculture safety and security, program and payment integrity, and financial management. (Program – Audit ($822,160), Investigations ($840,840))

(2) Emergency Response Program. An increase of $1,119,000 for OIG's Nationwide Emergency Response Program.

This increase will allow OIG to staff, train, and equip OIG's nationwide Emergency Response Program (ERP) of specially trained quick-response teams to investigate biohazard threats against American agriculture and, as mandated by P.L. 107-203, the duty-related deaths of FS firefighters.

(a) $802,000 to fund four FTEs to augment the limited staff currently trained and available to work on ERP cases. The additional funds equate to the collateral duty time (part-time) associated with those agents who will be assigned to the OIG ERP. Thus, these funds will allow OIG to increase the number of agents available for ERP collateral duty and supplement OIG's ERP efforts to date, which have been limited to a small number of current staff reassigned from other investigatory work. The additional FTEs would enable OIG to properly train, and equip special agents for assignment to the ERP as a collateral (part-time) duty. These four FTEs would increase our ability to perform investigations involving biohazard and FS deaths nationwide – in further support of our business goal of supporting USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns – in a professional and timely manner – in other words, as the threat still exists or the fire is still raging – while mitigating risk to health and safety. Without these additional FTEs, OIG would either not be able to sufficiently train and staff the ERP or would need to divert too many resources from other important investigations including Food Stamp fraud, BSE investigations, and the integrity of other USDA programs, such as crop insurance and rural housing programs.

(b) $317,000 in specialized training and equipment. Most of this funding would be spent on the biohazard team: $151,500 for annual training for 11 biohazard team members; $55,000 for National Level Awareness Training for all 175 regional special agents; and $5,000 for replacement and crime scene equipment costs. This training and equipment is needed to support the proper processing of biohazardous evidence so as to limit the threat to human life while ensuring the appropriate collection and tracking of such evidence. This training is vitally important, as OIG is already conducting cases involving biohazardous material and expects more of these cases in the future. Without the appropriate training and equipment, OIG is at risk of possible negative impacts on the health of our investigators and others involved in these cases. The remainder of the funds would go to the wildfire teams: $67,500 in investigative costs per incident of wildfire deaths and $38,000 for related training and equipment costs, including initial, annual refresher, and advanced training, as well as personal protective and fire equipment. (Program – Investigations ($1,119,000))

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(3) Computer Forensics Unit. An increase of $300,000 for improvements to the Computer Forensics Unit (CFU), primarily for a storage network to efficiently store voluminous amounts of electronic evidence.

As criminals have begun to use more sophisticated methods for committing and concealing their crimes and proceeds, criminal investigators have had to keep abreast with equally sophisticated methods to combat such criminal activity through IT solutions, such as the use of computerized data mining and analysis techniques and sophisticated computer hardware and software packages. Virtually all OIG investigations now involve some form of electronic evidence.

OIG has increased its IT capacity in evidence recovery, detection of computer intrusion, and other forensic applications, but additional equipment and training is needed to ensure continued success in gathering forensic electronic evidence. In 1987, OIG established the CFU and expanded the unit in 2001 to include three computer specialists. These specialists are uniquely trained to detect high-tech criminal activity, collect and analyze digital evidence, and preserve it for use in court. The computer specialists are on call at all times and prepared to travel to any location in the country to provide computer support in criminal investigations. Additionally, we plan to expand the CFU's responsibility in order to provide USDA agencies with support, training, and advice on evidence collection and analysis.

In order to fully utilize IT in its criminal investigations, the agency will buttress the staff and resources of its CFU to enhance investigators' ability to retrieve and analyze evidence found on the hard drives, networks, and personal data assistants of those involved in criminal activity. Our CFU specialists routinely perform other computer analyses that help agents identify possible fraud, as well as gather and secure electronic evidence to support prosecutions. The additional funding requested would enable them to more efficiently analyze and store the evidence they obtain.

The CFU's most significant need is a Storage Area Network (SAN), estimated to cost about $250,000, which is essential to managing large amounts of active case data in an efficient and secure manner. Currently, the CFU has one server with a storage capacity of 240 gigabytes but is trying to manage 4 terabytes (4000 gigabytes) of data relevant to open and active OIG investigations. The CFU has found that most cases are exceeding 100 to 200 gigabytes in size. Thus, a single case can equal nearly as much as the total storage capacity of the CFU's current server.

The lack of storage requires CFU specialists to transfer data from the hard drive to tape, depending on the size of the case, as well as the number of active cases the specialist is working on. This is very time consuming and also increases the risk of evidence contamination. The average time to back up and verify 40 gigabytes of data from hard drive to tape is 5 hours, and the average time to restore that same data is 2.5 hours. Specialists are currently performing this operation two or three times a week. In addition, it is impossible for specialists to forensically copy all media associated with a large investigation and maintain all resulting case files in one location. In many cases, the specialist is required to split the case into segments. Then, each step necessary must be repeated in order to complete the forensic examination for each segment, i.e., keyword searches that can take more than 3 hours.

Our request also includes $13,000 for backup storage upgrades; $7,000 for various security needs, including firewire cables and write blocking devices; and $30,000 for specialized computer forensics training courses. These courses would focus on topics such as properly seizing and preserving data following network attacks on a variety of operating systems; using new features in forensics software packages; and using a forensics tool kit focusing on the recovery of e-mail, graphics, encrypted or password-protected files. Since rapid change is constant in the field of information technology, training for CFU specialists must be kept current if they are to continue performing their jobs effectively.

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Upgrades to the CFU directly translate to higher case convictions (OIG performance measure #3).

(4) Secure Communications. An increase of $300,000 for targeted IT investments to enable our special agents and auditors to access Homeland Security information at the "secret" level.

In FY 2006, we will be faced with implementation of the U.S. Department of Homeland Security's secure communications for encrypted communication at the "secret" level. USDA, with the Office of the Chief Information Officer as lead, hired a contractor to complete an evaluation of the requirements for a secure telecommunications network. The network would handle data through information classified as "secret." The contractor met with agencies to assess their requirements. The Decision Memorandum to use the network implemented by the U.S. Department of Homeland Security (DHS) was signed by the Deputy Secretary on May 3, 2004. The estimated FY 2006 cost to USDA is $1.86 million. The cost to OIG to implement this network will be about $300,000. This includes the connection cost, hardware cost, and software cost. Given the increasingly sensitive nature of the food safety and security work performed by OIG, making the transition to a "secret" system already used by DHS is critical.

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OFFICE OF INSPECTOR GENERAL

Geographic Breakdown of Obligations and Staff-Years
2004 Actual and Estimated 2005 and 2006

	2004		2005		2006	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
California/WR	$ 8,651,595	67	$ 8,832,768	82	$ 9,166,000	83
D.C.	15,385,489	119	14,648,968	136	15,650,000	136
Georgia/SER	9,684,621	75	10,125,344	94	10,508,000	95
Illinois/MWR	8,780,723	68	9,047,040	84	9,390,000	84
Maryland/NER	11,263,288	88	11,849,544	110	12,297,000	111
Missouri/GPR	12,828,675	99	14,003,176	130	14,532,000	131
Texas/SWR	9,959,391	81	9,156,160	85	9,502,000	85
Subtotal Available or Estimate	76,553,783	597	77,663,000	721	81,045,000	725
Unobligated Balance	271,217					
Total, Available or Estimate 1/	76,825,000	597	77,663,000	721	81,045,000	725

1/ Includes a rescission of $456,000 in FY 2004 and $626,312 in FY 2005.

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OFFICE OF INSPECTOR GENERAL
Salaries and Expenses

Classification by Objects
2004 Actual and Estimated 2005 and 2006

Personnel Compensation:		2004	2005	2006
Washington, DC		$ 9,308,397	$ 9,478,228	$ 9,960,955
Field		39,324,603	40,042,772	40,896,045
11	Total personnel compensation	48,633,000	49,051,578	50,857,000
12	Personnel benefits	14,700,000	14,843,422	15,507,000
13	Benefits for former personnel	36,000	37,000	38,000
		63,369,000	63,932,000	66,402,000
Other Objects:				
21	Travel	4,318,783	4,684,000	4,842,000
22	Transportation of things	440,000	449,000	464,000
23.1	Rental payments to GSA	137,000	140,000	145,000
23.2	Rental payments to others	555,000	566,000	585,000
23.3	Communications, utilities, and miscellaneous charges	1,283,000	1,309,000	1,353,000
24	Printing and reproduction	115,000	117,000	121,000
25.1	Advisory and assistance services	567,000	579,000	598,000
25.2	Other services	713,000	727,000	752,000
25.3	Purchases of goods and services from Government accounts	422,000	431,000	445,000
25.4	Operation and maintenance of facilities	1,907,000	1,946,000	2,012,000
25.6	Medical care	78,000	80,000	82,000
25.7	Operation and maintenance of equipment	219,000	223,000	231,000
25.8	Subsistence and support of persons	39,000	40,000	41,000
26	Supplies and materials	540,000	551,000	570,000
31	Equipment	1,851,000	1,889,000	2,402,000
	Total other objects	13,184,783	13,731,000	14,643,000
Total direct obligations 1/		76,553,783	77,663,000	81,045,000
Position Data:				
Average Salary, ES positions		$142,000	$149,000	$156,000
Average Salary, GS positions		83,000	87,000	91,000
Average Grade, GS positions		11.6	11.8	11.8

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9g-1

OFFICE OF INSPECTOR GENERAL

STATUS OF PROGRAM

ACCOMPLISHMENTS IN FISCAL YEAR 2004

The Office of Inspector General (OIG) is operationally independent of other agencies of the Department. OIG has the responsibility to: (1) supervise, coordinate, and provide policy direction for audit and investigative activities relating to programs and operations of the Department; (2) recommend policies and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency and preventing and detecting fraud, waste, and mismanagement in its programs and operations; (3) keep the Secretary and Congress informed of fraud and other serious problems, waste, and deficiencies relating to the administration of programs and operations of the Department; and (4) recommend corrective action and report on progress made in obtaining management's agreement to implement such action.

During fiscal year (FY) 2004, OIG issued 425 investigative reports and 97 audit reports. OIG investigations resulted in 370 indictments and 350 convictions. The period of time to get court action on an indictment varies widely; therefore, the 350 convictions are not necessarily related to the 370 indictments.

Audit Monetary Results:

During FY 2004, management decisions were made on 77 audit reports. At the time of the management decision, the monetary values agreed to by agencies were:

		(in millions)
Questioned and unsupported costs and loans		$ 15.2
Recommended for recovery	$9.2	
Not recommended for recovery	6.0	
Funds to be put to better use		748.2
Total audit monetary results		$763.4

Investigative Monetary Results:	(in millions)
Claims established	$ 6.8
Recoveries and collections	7.2
Cost avoidance (payments not made based on investigations)	9.5
Fines	26.3
Administrative penalties	0.6
Restitutions	242.5
Total investigative monetary results	$292.9

The President's Management Agenda for the Federal Government includes expected goals and outcomes. In turn, USDA developed specific goals for the Department to support this overall agenda. OIG developed goals and outcomes that relate to and support those of USDA. OIG's audit and investigatory work for

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FY 2004 is summarized below into three main challenge areas we have identified for USDA. These areas – (1) safety, security, and public health; (2) integrity of benefits and entitlements programs; and (3) management of public resources – serve as both a roadmap for our audit and investigatory work and as the main groupings for our Status of Program Report. In addition, we will address our efforts to improve USDA management through execution of the President's Management Agenda.

Goal 1: SAFETY AND SECURITY – Support USDA in the enhancement of safety and security measures to protect USDA and agricultural resources and in related public health concerns.

Current Activities

One of OIG's priorities is to ensure the safety and security of agricultural resources. In furtherance of this effort, we conduct audits and investigate allegations involving significant risk to such resources and the public. Of note recently has been our audit and investigatory work into matters relating to incidents of suspected mad cow disease – Bovine Spongiform Encephalopathy (BSE). Another involves our continual effort to investigate allegations of tainted food products, both intentional food tampering and inadvertent tainting of products.

We also take an active and aggressive role in the investigation of the smuggling of prohibited animal and plant products into our country. One such effort involves a "border blitz" task force. This consists of OIG, the Animal and Plant Health Inspection Service (APHIS), the Fish and Wildlife Service, the National Oceanic and Atmospheric Administration, and the Department of Homeland Security (DHS). Such smuggling activity could result in an irrevocable harm to the Nation's ecosystems and agricultural capabilities, as well as be a threat to the safety of the American public and its food source.

Ongoing and planned audit work addressing the safety and security of the Nation's agricultural and food supply is summarized below:

Adequacy of Controls To Prevent the Release of Sensitive Technology. The audit will determine if the Agricultural Research Service (ARS) has adequate criteria to accurately identify all sensitive research, if controls are present to protect against unauthorized release of sensitive information, and if ARS has complied with U.S. Department of Commerce export license requirements for sensitive matters.

Evaluation of the Implementation of the Listed Agent or Toxin Regulations. The audit will evaluate the implementation of regulations governing the possession, use, and transfer of biological agents and toxins by APHIS.

Security Over Information Technology Resources. The audit will evaluate the completed and planned corrective actions at nine ARS sites to ensure compliance with OMB Circular A-133 and Federal information technology requirements.

Controls Over Issuance of Genetically Engineered Organism Release Permits. The audit will evaluate the controls within APHIS concerning release permits related to genetically engineered organisms. The review will evaluate if inspections are adequate to ensure compliance with current laws and regulations.

Transition and Coordination of Border Inspection Activities Between USDA and the U.S. Department of Homeland Security (DHS). The audit will determine if APHIS has: (1) taken effective corrective actions regarding our previous audits involving Agricultural Quarantine Inspection programs and (2) implemented controls, processes, and procedures in conjunction with DHS to ensure timely and effective coordination of inspection activities that could impact agriculture.

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Oversight of the 2004 Quaker Maid Meat Recall. The recall was undertaken because beef patties the plant produced were partially made from Canadian product. Our review is focusing on the adequacy of the Food Safety and Inspection Service (FSIS) recall effectiveness checks.

Oversight of the Importation of Beef Products from Canada. This review is focusing on whether: (1) existing regulatory requirements and established policies and procedures were followed in issuing permits for import of Canadian beef products, (2) actions to expand the scope of permits met existing requirements and procedures, (3) risk-mitigation measure were considered and implemented, and (4) APHIS kept other agencies apprised of decisions.

Bovine Spongiform Encephalopathy (BSE) Surveillance Program – Phase II, Controls Over BSE Sampling, Specified Risk Materials (SRMs), and Advanced Meat Recovery (AMR) Products. The overall objective is to evaluate whether USDA enforcement of the ban on SRMs in meat products and the administration of FSIS' testing program and controls to prevent central nervous system (CNS) tissue in AMR meat has been effectively implemented to reduce the public health risk, provide consumer protection, and monitor the success of adopted prevention and control measures. To accomplish the overall objective, our review will determine whether: (1) plants implemented sufficient management controls and procedures to comply with USDA regulations designed to reduce the threat of BSE and to carry out the ban on SRMs, (2) plants properly reassessed their Hazard Analysis and Critical Control Point plans/hazard analyses and modified these documents and underlying plant operations, (3) CNS tissue monitoring and testing is effectively used to detect and prevent the production of adulterated AMR meat, (4) FSIS is effectively enforcing the bans on SRMs in meat products and CNS tissue in AMR meat, and (5) brain tissue samples are being obtained from ante mortem condemned cattle and submitted to laboratories for testing.

Monitoring BSE-Expanded Surveillance Program Implementation – Phase III. Our objectives are to determine whether: (1) BSE testing laboratories comply with program policies and procedures for conducting tests and reporting results to APHIS and other stakeholders and (2) APHIS and FSIS took actions in response to OIG's recommendations in its report on BSE Surveillance Program – Phase I.

Hazard Analysis and Critical Control Point (HACCP) Implementation at Very Small Plants. The audit objectives are to: (1) determine whether plants developed and implemented written standard sanitary operation procedures; (2) developed HACCP plans meeting requirements; (3) performed required microbial testing; and (4) implemented critical control points, including measurements to assess the adequacy of the HACCP plans.

Selected Examples of Recent Progress – Investigations:

Exotic Newcastle Disease and Avian Influenza. Company officials at a manufacturer and international supplier of poultry vaccines were involved in the smuggling of live avian viruses from Saudi Arabia into the United States. Materials seized in our investigation tested positive for Exotic Newcastle Disease and Avian Influenza and were determined to have originated outside the United States. This joint investigation by OIG, the U.S. Department of Commerce's Office of Export Enforcement, and DHS's Immigration and Customs Enforcement led to six former company officials, including the president, three vice presidents, a production manager, and a customer service manager pleading guilty to related charges. The company has agreed to plead guilty as well. Further, two lower-level employees pled guilty and have been sentenced to probation and $4,600 in fines for their part in this scheme. A former professor and department chairman at a university in Delaware also pled guilty to aiding the smuggling scheme, and a former employee of a poultry farm in Saudi Arabia was indicted for making false statements. Further court proceedings are pending.

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Joint Terrorism Task Force (JTTF). In Columbus, Ohio, OIG, as an active participant in the Federal Bureau of Investigation JTTF, aided in the investigation of an individual who was providing material support to the al Qaeda terrorist network. The material support provided included sleeping bags and cellular telephones. Based on this investigation, the individual pled guilty in the Eastern District of Virginia by a Bill of Information to one count of Conspiracy to Provide Material Support and Resources to al Qaeda and one count of Providing Material Support and Resources to al Qaeda. The individual was sentenced to 20 years in prison.

BSE-Related Investigations. Thus far, we have conducted two BSE-related investigations. One addressed allegations of misconduct with respect to the identification of a BSE-infected cow in Washington State in December 2003, and the other addressed the actions of USDA personnel involved in the failure to test a suspect cow in San Angelo, Texas, in late April 2004. In the case in Washington State, allegations arose in news reports that a person or persons employed by USDA may have provided false or misleading information concerning the ambulatory status of the BSE-positive cow. Our investigation found no instances where USDA personnel knowingly conveyed false or misleading information or engaged in intentional misconduct. Our investigation did reveal procedural errors and inconsistent descriptions that gave rise to some of the public concerns that the identification of the BSE-positive cow may have been mishandled.

Adulterated Poultry. OIG investigated a company which supplied 47 school districts that transported and distributed poultry products that had been adulterated with rodent hair and feces to schools in the Bakersfield, California, area in 1996 and 1997. As a result of our work, in January 2004, the owner of a southern California food service management, storage, and distribution business was sentenced to 1 year of supervised probation and fined $10,000 after he pled guilty to delivering adulterated turkey products to area schools. Additionally, the owner and his company are awaiting trial for similar violations related to his northern California warehouse.

Threats and Intimation of USDA Compliance Officers. The owner of a San Francisco Bay area sausage company has been sentenced to death for shooting and killing two FSIS compliance officers and a California Department of Food and Agriculture (CDFA) investigator and the attempted murder of a second CDFA employee, an inspector. These four officers were at the sausage company plant to discuss suspected Federal and State meat production, labeling, and distribution violations at the time of the incident. The investigation was jointly conducted by the San Leandro Police Department, OIG, and the FBI with assistance from FSIS.

Animal Cruelty/Illegal Dogfighting. We began a multi-State dog fighting investigation in April 2002, which identified a loose-knit group of individuals in the Northeast who participated in and promoted illegal dogfighting. The case identified dogfighters, dogbreeders, and an owner and former owner of an international underground dogfighting magazine, the Sporting Dog Journal (SDJ), in Georgia, New York, Pennsylvania, West Virginia, and Virginia. During the execution of State and Federal search warrants in these States, 96 dogs were seized, as well as truckloads of dogfighting books, videotapes, related equipment, and computers. In New York, the owner and publisher of SDJ was convicted in March 2004 on State charges of animal cruelty, animal fighting, tampering with evidence, and other charges and later sentenced to 2 to 7 years in prison and a $5,000 fine. As part of the ongoing Pennsylvania investigation, four individuals were convicted and sentenced on State animal cruelty and other charges. They received up to 3 years of probation and fines totaling $4,200.

Selected Examples of Recent Progress – Audit:

Improved Security Needed Over Chemical and Radioactive Materials at USDA Facilities. We audited security controls over hazardous chemical and radioactive materials at 33 USDA laboratories. We found that, while there is generally adequate national guidance on the management and protection of

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radioactive materials, there is little indepth guidance on security controls for hazardous chemicals. Both hazardous chemical and radioactive materials programs lacked policies and procedures specifying the minimum level of background investigation for personnel with access to hazardous materials.

Security Over Dangerous Pathogens at USDA Laboratories Is Significantly Improved, but Further Protections Are Needed. In a March 2002 audit, we found that security over biological agents was lax at almost half of the 124 USDA laboratories we visited. To gauge the Department's progress in safeguarding these dangerous pathogens, we recently made unannounced visits to 16 laboratories where our 2002 audit had previously identified deficiencies in physical security, inventory control, and access to laboratory areas. We found that agency officials have generally made great strides to implement biosecurity measures, particularly for BSL-3 laboratories. Overall, we noted significant progress during our limited review, although some areas continue to need improvement.

Better Controls Needed Over Genetically Engineered Germplasm. We reviewed USDA's role in controlling genetically engineered organisms (GEO), with a specific focus on the National Plant Germplasm System (NPGS). We focused on NPGS because, in the event of a massive crop failure or intentional crop destruction, the agriculture industry would need to use NPGS germplasm to restock crops. We found that the NPGS handbook does not provided national guidance for the identification, shipment, inventory, and disposal of GEOs; NPGS cannot always identify which of its germplasm are genetically engineered; and NPGS does not require physical inventories of the germplasm. We also found that NPGS' physical security and oversight of foreign visitors needed to be strengthened to prevent theft or contamination. Overall, ARS, which oversees NPGS activities, generally agreed with our recommendations and has initiated corrective actions.

BSE Surveillance Program – Phase I. OIG concluded that several limitations inherent in the expanded sampling plan need to be clarified so that industry, the public, and U.S. trading partners understand what the results of the testing actually imply. We identified a number of challenges – identifying and testing the high-risk population of cattle – that were inherent in the operations of the surveillance program as it had been conducted prior to June 2004 and still exist under the expanded program. Stronger controls were needed over the collection of test samples and the recording of test information.

We recommended that APHIS fully disclose the assumptions it made in designing its sampling plan and that it clarify the limitations that exist in the data it will collect. We also recommended that APHIS implement management controls to ensure that all high-risk animals are sampled and tested in accordance with USDA policy and the 2004 Surveillance Plan. APHIS and FSIS' response to the report provided specific actions the agencies have taken, or plan to take, as well as timeframes for implementing proposed actions for each recommendation.

Use of Food Safety Information Systems. FSIS uses information systems in conducting its domestic inspection programs at meat, poultry, and egg product establishments. FSIS has not developed an effective management control process for ensuring that it uses its information systems and their data fully. As a result, coordination and information sharing among FSIS Headquarters, the agency's Technical Service Center, and its district offices need to be more effective in identifying and addressing actual and potential problems at inspected establishments. We recommended that FSIS develop a comprehensive management control process that defines the responsibilities of each management and operating level, provides guidelines and training to use in analyzing data, and develops all required system documentation, particularly data dictionaries and system flowcharts.

Homeland Security Issues for USDA Grain and Commodity Inventories. In our audit of the Farm Service Agency's (FSA) oversight of food, feed, and fiber inventories, we found that FSA failed to conduct vulnerability and risk assessments to determine security weaknesses and needed protections; did not have a clear safety and security policy to address the prospect of intentional and widespread

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contamination in the handling, transportation, storage, and distribution of these commodities; did not maintain commodity inventory management systems capable of providing timely information to managers on the location and disposition of questionable (i.e., potentially contaminated) inventories; and did not subject its warehouse examiners to background investigations. In response to the audit, FSA agreed to develop food safety and security strategies and conduct risk assessments for agricultural commodity operations and related programs, in collaboration with the USDA Homeland Security Office. FSA agreed to use such risk assessments as the bases for formulating additional needed corrective actions, including the development and implementation of security action plans and tactical procedures to protect its food, feed, and fiber inventories.

Rural Development Homeland Security Issues. Rural Development-funded business, housing, and utilities are key elements in America's rural infrastructure. Our review of the efforts by the Rural Business-Cooperative Service and the Rural Housing Service did not disclose any significant homeland security risks other than those that all entities face. Of the electric, telephone, and water utilities assisted by the Rural Utility Service (RUS), we concluded that RUS needed to assist small water facilities to assess their vulnerabilities and develop emergency response plans. Without this assistance, these systems face increased risk of contamination or interruption of clean drinking water.

Goal 2: INTEGRITY OF BENEFITS – Reduce program vulnerabilities and enhance integrity in the delivery of benefits to individuals.

Current Activities

Benefit and entitlement programs in USDA include a variety of programs that provide payments directly and indirectly to individuals or entities to feed at-risk populations, including the poor and mothers and children, and support farmers and rural communities. These programs involve tens of billions of dollars in outlays are susceptible to misuse by organized groups and individuals. OIG's priority in these areas is to reduce program vulnerabilities and enhance integrity in the delivery of benefits. One of the means we use to assist in this goal is to identify and criminally prosecute those individuals who fraudulently misuse these programs. Through our efforts, we continue to investigate matters involving FSP/EBT trafficking in relation to illegal activities by retailers and recipients of the program. Additionally, we continue our investigative efforts into fraud involving the National School Lunch Program; the Special Supplemental Nutrition Program for Women, Infants and Children; and the Adult Care Food Program, including tracing illegally obtained program funds that have been transferred overseas and may be used to support terrorist activities.

One of our Management Challenges is associated with ensuring the integrity of USDA programs. Thus, we continue to investigate matters of large-scale fraud involving crop insurance, payment limitations, and rural development programs. Such efforts include investigating matters of loan fraud, embezzlement, theft, false statements, conversion of collateral, equity skimming, and contract fraud.

In addition to our investigatory work, ongoing and planned audit work in support of these objectives is summarized below:

Farm Service Agency (FSA) Survey of Debt Forgiveness Restrictions on Borrower Eligibility for Farm Loan Program (FLP) Loans. We will determine whether FSA has implemented an effective control system to ensure that borrowers having debt forgiveness of prior FLP loans do not receive additional FLP loans contrary to the provisions of the Consolidated Farm and Rural Development Act (section 373, subsection (b), as amended).

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Review of Risk Management Agency (RMA) Pilot Programs. The objectives are to determine if the pilot programs developed were actuarially appropriate and if the pilot program development process incorporated the changes promulgated by the Agricultural Risk Protection Act.

Crop Year 2003 Prevented Planting Payments for Cotton. The objective is to determine if RMA properly administered the prevented planting provisions for cotton producers who sold their water rights.

Rural Housing Service's (RHS) Subsidy Payment Accuracy in Multifamily Housing Program. Our objectives are to assess RHS' controls over tenant certifications. Specifically, we are evaluating: RHS' actions to implement audit recommendations reported in 1999, wage and income verification methods employed by the U.S. Department of Housing and Urban Development that could be beneficial to RHS, and RHS' claims management system to track and recover rental subsidy overpayments.

Rural Rental Housing (RRH) Prepayment and Restrictive Use Agreements. We will determine if RHS is properly calculating incentive payments to keep RRH borrowers/owners in the program and if borrowers who prepay their loans are following restrictive use provisions.

Rural Rental Housing Construction Costs. Our objectives are to determine if internal controls are adequate to ensure that construction costs (including repair and rehabilitation costs) are accurate and actually incurred and that loan funds were used for only authorized purposes.

Exception Authority in the Rural Business-Cooperative Service's (RBS) Rural Economic Development Loan and Grant Program. The audit will focus on determining the propriety of waivers approved by the RBS Administrator. We may include an assessment of the "cushion of credit" funding mechanism and a determination whether loan funds were used for approved and eligible purposes.

Rural Utilities Service (RUS) Broadband Grant and Loan Programs. The objective is to assess RUS' management controls over application processing and entity eligibility in order to determine regulatory compliance and appropriateness of grant and loan usage.

National School Lunch Program (NSLP) – Nationwide. The objective of this review is to determine if food service management companies passed on cost savings to school food authorities for whom it had contracted to purchase food for the National School Lunch and School Breakfast Programs, and to obtain information for the Food and Nutrition Service (FNS) to use when developing policies or procedures on the treatment of purchase incentives.

ALERT Watch List. FNS uses its Antifraud Locator using EBT Retailer Transactions (ALERT) system, and related Watch List to identify retailers that might be involved in fraudulent activity in the redemption of FSP benefits. The objective of our review is to evaluate whether these tools are effective in identifying potential fraudulent activities. To do this we will evaluate: (1) whether ALERT store rankings accurately reflect potential risk of fraudulent activity, (2) whether field offices are processing identified cases under existing requirements, (3) the adequacy of store-type definitions, (4) FNS' policies regarding the inclusion or exclusion of supermarkets from the process, and (5) the usefulness of the Watch List reports.

Selected Examples of Recent Progress – Investigations:

Food Stamp Fraud.

Through our joint investigation with FBI, a storeowner in New York City, New York, pled guilty to illegally trafficking more than $1.2 million in EBT benefits over 2 years. The owner admitted that he

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sent approximately $500,000 of his profits to his home out of the country where he purchased two houses and a truck. The owner was arrested as he was preparing to return to his home overseas. In addition, a store employee was indicted for participating in the EBT trafficking.

In November 2003, as a result of a joint investigation with Federal, State, and local law enforcement authorities, the owner and three employees of a community grocery store in Tampa received sentences ranging from 12 to 55 months in Federal prison after pleading guilty to Federal charges of EBT fraud. The defendants were ordered to pay a total of $2.6 million in restitution to USDA and a $500,000 judgment order. Through this investigation, we found that, from November 1998 to October 2002, the store redeemed more than $3 million in food stamp benefits. The storeowners were previously disqualified from FSP and conspired with an employee to fraudulently obtain an authorization to accept food stamp benefits. In addition, seven Federal criminal complaints were filed against recipients who had traded as much as $19,500 in food stamp EBT benefits for cash. More recently, 53 State arrest warrants were obtained for recipients who had discounted up to $5,000 in food stamp benefits, and 115 cases naming other recipients have been referred to FNS for administrative disqualification.

Our investigation of a former Georgia Department of Family and Children Services employee found that during a 7-month period in 1998, this subject conspired with an associate to create fictitious recipient cases and received food stamp and Temporary Assistance to Needy Families' benefits fraudulently. The subject was sentenced in December 2003 to serve 15 months in Federal prison, followed by 3 years of supervised release, after pleading guilty to conspiracy charges. The subject's accomplice also pled guilty to conspiracy charges and was sentenced to 3 years probation. Both the subject and the accomplice were ordered to pay restitution of approximately $15,000 jointly and severally.

Women, Infants, and Children (WIC) Benefits Fraud. In February 2004, a Federal jury found a Phoenix, Arizona, storeowner guilty of trafficking in WIC benefits. Our investigation showed that the storeowner had trafficked in both food stamp and WIC benefits, and that from about June 2002 through September 2003, the storeowner fraudulently redeemed more than $1.3 million in WIC benefits. One of the individuals who committed WIC fraud at this store was a Maricopa County, Arizona, employee who created more than 80 fictitious families, each with multiple fictitious births, and generated WIC instruments valued at more than $83,000 for those families. This employee and three undocumented aliens assumed the identities of the fictitious persons, negotiated many of the instruments for baby formula, and sold the baby formula to the above-mentioned Phoenix storeowner for half price. The storeowner also negotiated some of these fraudulent WIC instruments for cash. The Maricopa County employee pled guilty and is currently serving a Federal prison term of 15 months. Two of the undocumented aliens also pled guilty. The storeowner was sentenced to 3 years of supervised probation and ordered to pay $17,048 in restitution and a $15,000 fine. The two undocumented aliens who pled guilty were sentenced to 3 years of probation and ordered to pay restitution in the amount of $42,415. The third undocumented alien is a fugitive from justice.

Produce Fraud. A produce broker in Dallas defrauded the produce industry of over $1 million in perishable produce by ordering the produce from one company and then immediately selling it to another company for a significantly lower price with no intent to pay. He pled guilty in Dallas Federal court to 19 counts of interstate transportation of stolen property and 1 count of bank fraud. Because he continued his fraud after pleading guilty, a Federal judge remanded him to custody until his sentencing in October 2004. He was sentenced to 71 months of imprisonment and 3 years of supervised release and was ordered to pay restitution to the victims in the amount of $1,654,975.32 and a special assessment of $2,000.

Fraudulent Bank Loans. In May 2004, a producer in York County, Pennsylvania, pled guilty to making false statements to secure more than $1 million in USDA-guaranteed bank loans and selling $200,000 of USDA-secured loan chattel. He was also charged with dumping more than 500,000 gallons of raw animal waste onto land adjacent to a stream that flowed into the Susquehanna River, polluting more

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than 4 miles of stream and killing thousands of fish. Sentencing is scheduled for January 31, 2005. This investigation was conducted jointly with the FBI.

Commodity Credit Corporation (CCC) Fraud. An OIG investigation led to an eastern North Carolina producer signing a civil settlement agreement and consent order agreeing to repay FSA $2.7 million plus interest. The farmer admitted to removing and selling 373,064 bushels of soybeans held by CCC as collateral for two loans totaling $2 million and converting the proceeds to his own personal use.

Farm Service and Risk Management Agency Fraud. One of Mississippi's largest farmers and his brother, a former chemical company manager, pled guilty to conspiracy to defraud FSA of $11.2 million in subsidy program payments, submitting false statements to FSA, wire fraud, mail fraud, money laundering, and witness tampering. The plea includes the criminal forfeiture of approximately 400 acres and one of the farmer's houses, built with the proceeds from this scheme. On June 17, 2004, the farmer's accountant, who actively participated in the conspiracy, pled guilty. From 1999 through 2001, the conspirators created 13 partnerships and 64 different corporations to fraudulently obtain payments from FSA and RMA. They recruited and paid individuals for the use of their names and Social Security Numbers to secure enough stockholders for each entity and misrepresented those names to FSA to obtain the subsidy payments. The conspirators also attempted to persuade those individuals to testify falsely before a Federal grand jury and to OIG agents. The farmer was sentenced to 5 years in the Federal penitentiary and ordered to pay $11.2 million in restitution. His brother was sentenced to 2 years of probation and ordered to pay a $5,000 fine.

Disaster Payment Fraud. A Minnesota elevator manager was found guilty of conspiring to defraud USDA and making false statements that enabled farmers to receive approximately $1.2 million to which they were not entitled. This scheme involved the incorrect grading of durum wheat, from October 1999 through April 2000, by inflating the damage so that the farmers would receive a quality adjustment on their crops. This action reduced their reported production by 80 percent and qualified them for disaster payments from FSA and insurance indemnities from RMA. Before the trial began, four farmers charged in the scheme entered guilty pleas to mail fraud and making false writings. The elevator manager was sentenced to serve 46 months in prison and ordered to pay restitution of $751,758. The four farmers who pled guilty were placed on probation and ordered to pay a combined $32,834 in restitution.

Farm Service Agency Fraud. An OIG investigation found that a Tennessee farmer converted more than $171,900 in livestock and farm equipment that was mortgaged for loans he received from FSA from January 2000 to December 2002. The farmer also filed for bankruptcy but provided false information to the bankruptcy court. In July 2004, the farmer pled guilty to bankruptcy fraud and unauthorized conversion of mortgaged property and was sentenced to serve 20 months in Federal prison and ordered to pay fines and restitution of more than $181,000.

Risk Management Agency Fraud. A producer, who was also a crop insurance agent, provided false planting information about his 1999 crop-year wheat, cotton, and sorghum with the false claims resulting in an overall loss to the Government of more than $640,000. A Federal jury found him guilty in February 2004 after a 2-week trial. A crop insurance adjuster had previously pled guilty to making false claims in this matter. Our investigation found that the adjuster attested to crop appraisals knowing he had not conducted them on the insurance agent's 1999 crops. Sentencing is pending for both the insurance agent and adjuster. Additionally, a civil suit has been filed against the subjects for making false 1998 crop insurance claims to RMA. The Government is requesting treble damages totaling $8.4 million.

Federal Crop Insurance Corporation (FCIC) Fraud. Eight individuals in North Carolina pled guilty to a variety of charges involving a complex conspiracy to defraud FCIC and several private insurance companies of more than $12 million from 1997 to 2003. An extensive 30-month investigation by OIG, RMA's Special Investigation Branch, and IRS-Criminal Investigation revealed that the corporation and its owners received more than $9.28 million in crop insurance payments and were attempting to obtain

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an additional $3 million based on an elaborate scheme of providing false documents to RMA. The scheme included hiding production through manipulation of documentation filed with FCIC, manipulating maps of claimed cropland, and posing crop damage by throwing ice in portions of a field in order to photograph it and claim hail damage. The U.S. Marshals Service seized real property and vehicles for possible forfeiture to recover part of the proceeds lost through fraud. Sentencing is pending.

Rural Development Agency Fraud. A woman in Bossier City, Louisiana, pled guilty to a bill of information charging false statements to Rural Development. Our investigation found the woman represented to Rural Development that she was a salesperson for a large mobile home manufacturing business and forged her name to a $47,150 U.S. Treasury check payable to a mobile home manufacturing business. The check represented Rural Development loan funds that were intended to provide a home for a low-income family. The subject was sentenced to 6 months of home confinement, 5 years of probation, and was ordered to pay $47,150 in restitution.

Selected Examples of Recent Progress – Audit:

Excessive Payments of $394,080 Due to Errors or Misinterpretation of Procedures. This audit focused on added-land yield determinations for the Multiple Peril Crop Insurance and Crop Revenue Coverage programs for crop year 2000, as well as RMA's changes to added-land policy for crop years 2001 to 2003. We determined that revisions to the added-land policy since crop year 2000 resulted in yields more representative of producers' operations and made no recommendations. However, we found that insurance providers, in determining crop years 2000 and 2001 actual production history (APH) yield for added-land units for five producers, did not consider prior production history and APHs. This resulted in excess indemnity payments of $372,080 to the five producers because of errors or misinterpretation of yield determination procedures by the insurance providers.

Federal Assistance Grants to Producers Along the Rio Grande in Texas. Congress authorized two grants totaling $20 million to assist agricultural producers along the Rio Grande in Texas for economic losses during the 2001 and 2002 crop years due to Mexico's failure to deliver water to the United States in accordance with a treaty signed in 1944. The Texas Department of Agriculture (TDA) administered CCC-funded grants. We found TDA disbursed the $20 million in grant assistance to producers based on acres eligible for irrigation, rather than on the producers' economic losses caused by Mexico's failure to deliver the water, which was provided in the law. Although TDA offset $17,462 in grant funds against State debt, TDA did not offset any payments for Federal debt owed by producers since such a requirement was not in the grant agreement. We questioned duplicate payments to four producers totaling over $54,000. FSA agreed to ask USDA's Office of the General Counsel to determine whether TDA disbursed grant assistance in accordance with the law and whether Federal debt-offset procedures can be incorporated as a requirement in CCC-funded grant agreements. During the audit, all but $392 of the identified $54,000 duplicate payments was recovered, and FSA agreed to direct TDA to determine whether additional duplicate payments were made.

Value-Added Grants Awarded Without Regulatory Guidance. During FYs 2001, 2002, and 2003, RBS's Value-Added Agricultural Product Market Development Grant Program (VAPG) operated without regulations and without sufficient internal controls over the grant award process. Consequently, there is reduced assurance that the grants awarded during those years ($86.4 million) were awarded to the most worthy applicants and were within the legislative intent of the program. We have expanded our survey work and have initiated an audit to determine whether VAPG grants were awarded to eligible applicants, if grant funds were used for approved purposes, and if projects were fully completed as approved by RBS.

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Some Previously Reported Deficiencies Continue in the Rural Rental Housing (RRH) Program. Our followup review to the 1999 findings on the RRH Program, which included the theft of RRH project funds and the deterioration of RRH apartment complexes that threatened the health and safety of tenants, found that RHS has made progress but has not implemented all recommended corrective actions. RHS still needs to reestablish its multi-State enforcement review team, have owners fully disclose identity-of-interest companies, and conduct thorough annual inspections of RRH apartment projects.

Philadelphia National School Lunch Program Computer Attendance/Meal Claim Analysis. Our review of the Philadelphia School Food Authority's (SFA) NSLP and School Breakfast Program attendance and meal count operations during school year 1999/2000 disclosed that SFA had not complied with Federal regulations for ensuring the accuracy of meal counts before submission of monthly claims for reimbursement. SFA claimed 241,852 meals served in excess of students in attendance, 147,954 meals in the incorrect reimbursement category, and 109,778 more free and reduced-price meals than could be supported by approved applications and direct certifications. It also did not effectively monitor each school's meal counting and claiming system to provide reasonable assurance that feeding sites submitted accurate meal claims. As a result, SFA received excess reimbursements of $844,065 for claiming errors and meals claimed in excess of attendance. Subsequently, SFA indicated to us that it had taken corrective actions to strengthen controls over meal count operations. We found no evidence of improved supervisory review or other management controls to ensure that the edit checks were performed correctly and that needed adjustments had been made. We thus found additional excess claims totaling $23,359.

FNS generally agreed with our series of recommendations to address the control weaknesses identified and to recover excess reimbursements.

Goal 3: MANGEMENT OF RESOURCES – Increase the efficiency and effectiveness with which USDA manages and employs public assets and resources including physical and information resources.

Current Activities

Given the scope of USDA program assets exceeding $118 billion, the effectiveness and efficiency with which USDA manages its assets is critical. Increasing the efficiency and effectiveness with which USDA manages and employs public assets and resources, including physical and information resources, involves our continual audit and investigative efforts in the areas of financial management and accountability, information technology security and information technology management, and special resource challenges facing the FS – steward of 192 million acres of national forests and grasslands.

Ongoing and planned audit and investigatory work in these areas include:

Forest Service (FS) Ventures and Partnerships with Non-Federal Entities. The objectives of the survey are to: (1) become familiar with the laws, regulations, policies, and procedures pertaining to FS' use of collaborative ventures and partnerships with non-Federal entities; (2) identify key internal controls surrounding FS' use of collaborative ventures and partnerships with non-Federal entities and perform a limited review of the controls; and (3) determine areas that warrant future audit coverage.

FS Emergency Equipment Rental Agreements (EERA). We will determine if FS is properly administering EERAs. We will also determine if the EERAs are properly established and used for an appropriate purpose, if the vendor selection process is fair and equitable, and if vendor payments are accurate and adequately supported.

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National Fire Plan Firefighting Contract Crews. Our principal objective is to evaluate the effectiveness of FS' administration of private firefighter crew contracts. We will: (1) confirm whether contracts are in accordance with Federal Acquisition Regulations; (2) assess the effectiveness of FS' controls over contract crews' readiness, effectiveness, and proficiency; (3) ensure that contract payments are accurate and properly supported; and (4) assess the adequacy of corrective actions taken based on deficiencies noted by prior reviews (FS internal reviews, Government Accountability Office audits, and OIG investigations).

Environmental Quality Incentives Program. The primary objective of our review was to assess the implementation of the significant changes resulting from the reauthorization of the Environmental Quality Incentives Program under the Farm Security and Rural Investment Act of 2002.

Wetland Reserve Program – Compensation for WRP Easements. The objective of the audit was to review the policies and procedures NRCS had implemented for the valuation of WRP conservation easements in order to determine if landowner compensation met the requirement of 16 U.S.C. 3837a, limiting payments to the fair market value of the land before the WRP easement less the fair market value of the land after the easement. To accomplish this objective, we reviewed the agency's use of contract appraisals.

Controls Over Technical Service Providers. The review will evaluate the controls over the designations of individuals and entities as technical service providers (TSP) through self-certification by the applicants and through use of recommending organizations. The review will also evaluate the controls over the measurement and accountability system that measures and monitors the use and performance of TSPs.

Selected Examples of Recent Progress – Investigations:

Employee Misconduct. A joint investigation between OIG's and FS's law enforcement and investigations organization led to a former FS employee in Arkansas being sentenced to serve 30 months in Federal prison, followed by 3 years of supervised release after pleading guilty to possession of child pornography. The FS employee had reviewed, scanned, and saved child pornography from diskettes in his possession onto his Government computer while he was supervising troubled male youth at a Job Corps center. The employee was separated from Government service.

Employee Fraud. The president of a large office supply company paid illegal gratuities to a number of Federal employees at various agencies, including two USDA purchasing agents employed by the Office of Procurement and Property Management and FS. The company also improperly charged items that were not ordered by the Government to various Government purchase card accounts. The president of the company entered a guilty plea to one count of paying an illegal gratuity and was sentenced in September 2003 to 2 years of probation with 6 months of home confinement. One USDA employee pled guilty to supplementation of a Government employee's salary and was sentenced in January 2004 to 1 year of probation and a $500 fine. The other employee was not prosecuted but was reprimanded by the agency. We jointly conducted this investigation with FBI and the Defense Criminal Investigative Service.

Fraudulent Health Insurance Claims. A joint investigation with the Office of Personnel Management and OIG involved the alleged submission of fraudulent health insurance claims totaling approximately $70,000 to Blue Cross and Blue Shield during 2000 and 2001 by an FSIS employee. The claims were for medical services allegedly rendered to the employee and his family in his native country overseas. A search of the employee's residence in July 2003 yielded a large amount of evidence related to the submission of false health insurance claims. He pled guilty to mail fraud and was sentenced to 5 months of imprisonment, 5 months of home detention, and was ordered to pay a fine of $3,000 and

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restitution of $69,489 to Blue Cross and Blue Shield. He also resigned. State charges are pending for fraudulent travel vouchers and are being considered for perjury before an Unemployment Insurance Appeals Hearing. The Civil Division of the U.S. attorney's office has accepted the matter and is preparing a civil complaint.

Employee Embezzlement. A former Texas FSA employee, who pled guilty to embezzlement, was sentenced to serve 5 years of probation, 6 months of home detention, and was ordered to pay $32,622 in restitution. Our investigation found that between October 3, 2003, and February 17, 2004, the employee, a temporary program technician, embezzled $32,622 in producer payments by redirecting the payments and depositing them into her personal bank account.

Large Scale Fraud. OIG, the FBI, and the Grain Inspection, Packers, and Stockyards Administration (GIPSA) jointly investigated a cattle broker who falsified GIPSA documents in furtherance of a scheme to defraud investors, business associates, and financial institutions out of $166 million. The scheme involved the broker's misrepresentation to his clients (private investors and financial institutions) of the financial status of his business entity and of the number of cattle available at the time investments were made. Investors relied on untrue, misleading, deceptive, and inaccurate information when making their investments. When the scheme unraveled, the broker was in control of only 5 percent of the cattle for which he was obligated to his investors. During the investigation, more than 150 victims from 4 States were identified. The broker and his bookkeeper pled guilty to five counts each of mail fraud, wire fraud, false entries, and criminal forfeiture. The broker was sentenced to serve 9 years in Federal prison without parole, and ordered to pay restitution of $182.9 million. The bookkeeper was sentenced to serve 7 years 3 months in Federal prison without parole. This monetary recovery is the largest in OIG's history.

Selected Examples of Recent Progress – Audit:

Forest Service Firefighting Safety Program. We identified four areas where FS could strengthen controls in order to enhance firefighting safety: (1) monitoring its response to fire safety recommendations, (2) maintaining centralized records to support firefighter qualifications, (3) conducting administrative investigations on serious fire accidents, and (4) incorporating firefighting safety standards as critical elements in firefighter performance evaluations. During the audit, we determined that, as of January 2004, FS had not fully implemented 27 of 81 corrective action items from the 3 past wildfire accident reports where deaths occurred. Also, FS had not established a formal procedure to monitor their implementation. Lacking a comprehensive tracking system, the agency could not ensure that needed corrective actions were put into practice in a timely manner. As a result, firefighters continue to work without all of the prescribed safety enhancements. FS did not have controls that would ensure documentary support for firefighter qualifications. We were not able to obtain required training and position certification documents for over 80 percent of the firefighters reviewed. FS was also not making full use of its ability to conduct administrative investigations to determine the causes of individual decisions that may have contributed to an accident or major safety violation.

Forest Service Procurement of Firefighting Lead Planes. We determined that FS needed to take further actions to acquire suitable aircraft in the most cost efficient manner possible. While FS had followed acquisition regulations, we determined that the FS planned acquisition of 20 aircraft on a long-term lease at an estimated cost of $113 million needed improvement.

We determined that FS could save an estimated $42.5 million over the term of the lease by contracting airplanes seasonally. FS's plans to lease the aircraft for the full year on a 10-year contract was unnecessary and inefficient because FS has only minimal use for its lead plane fleet during the non-fire season. We also questioned the need to retain the lead plane pilots as governmental employees instead of using seasonally contracted pilots. FS draft solicitation for aircraft did not adequately describe the abnormally rigorous conditions under which the aircraft would be flown or the increased maintenance and

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inspections that would be required under the contract. Further, it did not identify the FS plans for competitive flight-testing or the selection process. This could lead to contractors not offering the most appropriate aircraft or a challenge or protest to the contract award, potentially delaying the acquisition of new aircraft and impairing FS' ability to combat wildfires.

USDA Management Initiatives – Strengthening USDA management through execution of the President's Management Agenda; Human Capital Management, Financial Management, Electronic Government, Budget and Performance Integration.

Current Activities

Implementation of the Government Performance Results (GPRA) Act. USDA has continued to make improvements to its performance measure system. For example, USDA revised its strategic plan in September 2002, began using OMB's Program Assessment Rating Tool during the FY 2004 budget cycle, and created a Budget and Performance Integration Board chaired by the Deputy Secretary. We found, however, that USDA needed to make additional improvements to present effective GRPA plans and reports. Various USDA agencies' management processes and performance results have been unreliable, and, as a result, the Department's annual performance plans and reports have exhibited a variety of deficiencies. In our opinion, half of the performance indicators were unclear, did not measure progress toward achieving applicable performance goals, or both. USDA agreed with our recommendations and has addressed them by incorporation in departmental guidance or by other activities initiated by the Department. USDA also agreed to revise the 2004 Annual Performance Plan to incorporate improved performance measures developed for the 2005 Performance budget and continue to work to improve its performance measures and targets. In support of these efforts, we are currently auditing FS' implementation of GPRA. We have four objectives for this audit: (1) assess the effectiveness of the process for establishing performance goals and objectives, (2) evaluate internal controls over performance measurement and reporting, (3) assess the validity and verifiability of reported accomplishments, and (4) follow up on the recommendations made in our June 2000 FS GPRA implementation audit.

Adequate and Timely Financial Information – Financial Statement Audits for FY 2004. In FY 2004, contracts were awarded to a number of certified public accounting CPA firms to conduct the audits of the FS, CCC, FCIC/RMA, and Rural Telephone Bank financial statements. While FS and CCC awarded contracts directly to the CPA firms, OIG provided audit oversight as the Contracting Officer's Technical Representative. These contracting efforts allowed us to assist USDA and the related agencies' Chief Financial Officers to focus on and correct the accounting and internal control weaknesses reported in previous fiscal years and to ensure the financial statements were fairly presented. We issued our unqualified audit opinion on the USDA Consolidated Financial Statements by the new OMB-mandated due date of November 15, 2004.

Selected Examples of Recent Progress:

Adequate and Secure Information Technology Resources – Information Technology (IT) Security. In FY 2002, Congress passed the E-Government Act (P.L. 104-347), which included the Federal Information Security Management Act (FISMA). FISMA permanently authorized the annual review and reporting requirements introduced by the Government Information Security Reform Act, as well as added new provisions to strengthen the security of the Federal Government's information systems. FISMA established minimum security standards that Federal agencies must follow when they develop and implement new systems. We are required by FISMA to perform annual reviews of the Department's information security procedures. In FY 2005, we will continue our reviews of security over USDA and its agencies' IT resources. In addition, USDA has approximately 20 e-Government initiatives in place to provide program services. We will review these initiatives to evaluate the security controls in place and to assess whether data integrity and confidentiality are compromised. We will also review the applications

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controls on critical systems to determine if USDA has built an effective level of security to protect data integrity and confidentiality. In addition, we will review IT security over the USDA's Common Computing Environment. Finally, we will complete our annual audit of General Controls at the National Finance Center (NFC) and the National Information Technology Center.

Fiscal Year 2004 FISMA. Our annual audits of the Department's efforts to meet the requirements of FISMA and improve the management and security of its IT resources found that the Office of the Chief Information Officer (OCIO) and USDA agencies should be commended for their efforts during the year toward completion of the certification and accreditation of their systems. However, based on our reviews at 12 agencies, we still found significant weaknesses in the Department's security program that can be attributed to management's lack of commitment to implementing an effective security program within their respective agencies. The recommendations we made to correct the deficiencies identified in this evaluation were made in agency reports. Therefore, we did not make additional recommendations related to those conditions in this report. We did, however, recommend that OCIO: (1) establish guidance in identifying systems within the Department and its agencies and (2) implement a formal tracking system for cyber security incidents to ensure the timely followup, resolution, and reporting of those incidents. The Department and agencies generally agreed with our audit findings and recommendations.

National Finance Center (NFC) and National Information Technology Center (NITC) Annual Audits of General Controls. We conducted an audit of the internal controls at the Office of the Financial Officer (OCFO)/NFC as of June 30, 2004. While OCFO/NFC had taken significant corrective actions during the fiscal year, the report contains a qualified opinion on the internal control structure because certain control policies and procedures, as described in the report, were not suitably designed and/or operating effectively at the time of our review. We made a number of recommendations for those findings that had not been previously reported and concluded that the internal control weaknesses discussed in the report constituted a material weakness, taken as a whole, and should be reflected in OCFO's Federal Managers' Financial Integrity Act report until corrected.

Our audit of the OCIO/NITC internal control structure disclosed that, while NITC had taken significant actions to ensure compliance with federally mandated security requirements and to mitigate weaknesses that we identified, additional corrective actions were needed. The report contains a qualified opinion on the internal control structure because certain control policies and procedures were not suitably designed or had not yet been placed in operation at the time of our review. We recommended stronger oversight of NITC's mid-range computing environment and its change control processes. OCIO/NITC agreed with the findings and recommendations in the report and stated that corrective action has either been taken or is underway to address each issue.

Compliance With the Improper Payments Information Act (IPIA) in FY 2002 (P.L 107-300). We are currently completing audit work at OCFO and in six USDA agencies. The six agencies we have reviewed include the three agencies within the Rural Development Mission Area, the Cooperative State Research, Education and Extension Service, FSA, and NRCS. Based on our audit work at OCFO, we concluded that the Department needed to provide USDA agencies more detailed and prescriptive requirements and instructions to comply with IPIA's requirements. Our audit work at the six USDA agencies found they had not taken adequate actions to estimate USDA's susceptibility to improper payments. OCFO has established a working group from all USDA agencies to ensure necessary requirements are communicated to the agencies according to a set schedule that should allow the Department to fully comply with the FY 2005 timeframes set forth by OMB. In FY 2005, we plan to assess: (1) the adequacy of OCFO guidance provided to USDA agencies, (2) the implementation of OCFO's guidance at the agency level, and (3) USDA agencies' efforts to reduce improper payments.

Food and Nutrition Service' (FNS) Compliance With Improper Payments Reporting Requirements. In FY 2004, we completed an audit of FNS's compliance with IPIA. We concluded that FNS would not be in a position to comply with IPIA and OMB guidance to estimate and report improper payments for NSLP; the Special Supplemental Nutrition Program for WIC; and the Child and Adult Care

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Food Program (CACFP) in USDA's FY 2004 Performance and Accountability Report. In our opinion, FNS had a sufficient history through our audits and its own studies to establish baseline estimates for improper payments to comply with IPIA.

FNS disagreed with our recommendations to use the available data to develop methodologies to quantify and report the extent of improper payments since the information was not statistically valid and reporting nonstatistical estimates would be contrary to OMB and OCFO guidance. At the time of our audit, FNS had begun to develop plans to estimate improper payments in NSLP but had not agreed to an acceptable approach with OMB to address WIC and CACFP improper payments. Subsequent to our audit, FNS informed us it had reached an agreement with OMB on a plan for addressing improper payments in NSLP, WIC, and CACFP. FNS does comply with IPIA for the FSP and had also reported dollar estimates of FSP improper payments to OMB.

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FY 2006 Explanatory Notes
Agricultural Research Service

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AGRICULTURAL RESEARCH SERVICE

Purpose Statement

The Agricultural Research Service (ARS) was established on November 2, 1953, pursuant to authority vested in the Secretary of Agriculture by 5 U.S.C. 301 and Reorganization Plan No. 2 of 1953, and other authorities.

ARS is the principal in-house research agency of the U.S. Department of Agriculture (USDA). Congress first authorized federally supported agricultural research in the Organic Act of 1862, which established what is now USDA. That statute directed the Commissioner of Agriculture in part "to acquire and preserve in his department all information he can obtain by means of books and correspondence, and by practical and scientific experiments." The scope of USDA's agricultural research programs has been expanded and extended more than 60 times since the Department was created.

ARS research is authorized by the Department of Agriculture Organic Act of 1862 (7 U.S.C. 2201 note); Agricultural Research Act of 1935 (7 U.S.C. 427); Research and Marketing Act of 1946 (P.L. 79-733), as amended (7 U.S.C. 427, 1621 note); Food and Agriculture Act of 1977 (P.L. 95-113), as amended (7 U.S.C. 1281 note); Food Security Act of 1985 (P.L. 99-198) (7 U.S.C. 3101 note); Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) (7 U.S.C. 1421 note); Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127); and Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185). ARS derived most of its objectives from statutory language, specifically the "Purposes of Agricultural Research, Extension, and Education" set forth in Section 801 of FAIR.

The ARS mission is to conduct research to develop and transfer solutions to agricultural problems of high national priority and to provide information access and dissemination to: ensure high-quality, safe food, and other agricultural products; assess the nutritional needs of Americans; sustain a competitive agricultural economy; enhance the natural resource base and the environment; and provide economic opportunities for rural citizens, communities, and society as a whole.

ARS' major research programs address the Department's Strategic Goals:

- Goal 1: Enhance Economic Opportunities for Agricultural Producers -- ARS programs include New Products/Product Quality/Value Added; Livestock Production; and Crop Production.
- Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply -- ARS programs include Food Safety; Livestock Protection; and Crop Protection.
- Goal 4: Improve the Nation's Nutrition and Health -- ARS programs include Human Nutrition.
- Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment -- ARS programs include Environmental Stewardship.
- Management Initiative 1: Provide Agricultural Library and Information Services to USDA and the Nation via the National Agricultural Library -- ARS programs include Library and Information Services.

ARS' programs are more fully described under the "Status of Program" section on page 10g-1.

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Geographic Dispersion of Office and Employees

ARS' Headquarters offices are located in the Washington, D.C. metropolitan area. The agency's research is organized under 22 national programs. Field activities are managed through eight area offices. Research is conducted at field locations in the United States, the District of Columbia, Puerto Rico, the Virgin Islands, and several foreign countries. Much of the work is conducted in direct cooperation with State Agricultural Experiment Stations, other State and Federal agencies, and private organizations.

As of September 30, 2004, there were 7,150 full-time employees and 2,349 other than full-time employees. Of the total, 590 full-time employees and 37 other than full-time employees worked in offices located in the Washington, D.C. metropolitan area.

OIG Reports (Completed)

#50601-9-At 3/24/04 Controls Over Chemical and Radioactive Materials at USDA Facilities.

#50601-6-Te 3/4/04 Controls Over Plant Variety Protection and Germplasm Storage.

#50401-49-FM 1/04 REE FY 2003 Financial Statements and Fiscal Processes.

#50601-7-Ch 3/31/04 Office of Homeland Security Allocation and Use of Funds.

#50601-10-At 3/8/04 Follow-up Report on the Security of Biological Agents at USDA Laboratories.

#02002-1-Hy 6/30/04 Audit of Competitive Sourcing of Beltsville Agricultural Research Center Special Police Force.

OIG Reports (In Progress)

#11099-44-FM Review of Purchase Card System for ARS, NRCS, APHIS, and FSIS.

#50601-8-Ch USDA Compliance with Improper Payments Information Act of 2002.

#50401-53-FM REE FY 2004 Financial Statements and Fiscal Processes.

#50601-2-Hy Review of USDA Agencies Management of Workers Compensation Costs.

#33601-3-At APHIS Implementation of Listed Agent or Toxin Regulations (Phase II).

#50099-17-AT Survey of Controls Over Assessing Environmental Liabilities.

#50099-17-KC Biosecurity Grant Funding.

#50601-5-Ch Federal Technology Transfer Programs.

#50099-11-Hy Implementation of Research Misconduct Policy Within the USDA.

GAO Reports (Completed)

#04-383 6/7/04 Coordination of Data Collection Efforts Among Federal Agencies to Facilitate Watershed Management.

#04-679 6/25/04 Selected Agencies' Use of Alternative Service Delivery for Accomplishing Human Capital Activities.

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#04-664 5/25/04 Management of Non-Postal, Non-Tactical Vehicles.

#04-1024 9/28/04 Great Lakes Environmental Indicators.

#04-548 5/14/04 Federal Data Mining.

#04-791 6/24/04 Information Technology (IT) Training Practices of Federal Agencies.

#04-49 1/12/04 Agencies' Implementation of Information Technology (IT) Strategy Planning/ Performance Measurement and Investment Management Practices.

#04-437 4/7/04 Federal Purchases of Biobased Products.

#04-490 5/24/04 Antibiotic Use in Animal Agriculture.

#04-645 6/18/04 Federal Aircraft Oversight.

#04-756 9/3/04 Use of Wind Power for Farmers.

#04-259T 11/19/03 Bioterrorism, A Threat to Agriculture and the Food Supply.

04-588T 3/30/04 Federal Food Safety and Security System: Fundamental Restructuring is Needed to Address Fragmentation and Overlap.

GAO Reports (In Progress)

Unnumbered, Protecting Against Agroterrorism.

Unnumbered, USDA Budget Justification Review.

Unnumbered, Freshwater Infrastructure Funds.

Unnumbered, Conversion of Political Appointees in the Executive Branch to Career Positions.

Unnumbered, Federal Disability Programs.

Unnumbered, Federal Assistance to Rural Alaska Native Communities.

Unnumbered, Non-Agricultural Noxious Weed and Invasive Species Management.

Unnumbered, Continuity of Operations Update.

Unnumbered, Availability of Data to Support Ecological Indicators.

Unnumbered, The Impact of Climate Change on Federal Lands and Trends in Federal Climate Change Spending.

Unnumbered, Federal Energy Programs.

Unnumbered, BSE Surveillance Efforts.

Unnumbered, Mad Cow Disease Follow-up.

Unnumbered, Costs Incurred by Federal Agencies in Response to Changing Threat Levels.

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Unnumbered, US Programs in Trade-Related Capacity Building.

Unnumbered, Review of the Equity, Effectiveness, and Efficiency of the International Cooperative Administrative Support Services (ICASS) System.

Unnumbered, Analysis of USDA's Budgets, Fiscal Years 2003-2004.

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AGRICULTURAL RESEARCH SERVICE

Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	$1,088,892,000	8,447	$1,110,887,000	8,485	$996,107,000	8,485
Rescission	-6,424,463	--	-8,887,000	--	--	--
Transfer from Office of Congressional Relations	129,000	--	--	--	--	--
Transfer from Agency for Int'l Development (AID)	5,460,000	--	--	--	--	--
Subtotal, S & E Discretionary	1,088,056,537	8,447	1,102,000,000	8,485	996,107,000	8,485
Buildings & Facilities	63,810,000	--	187,838,000	--	64,800,000	--
Rescission	-376,479	--	-1,503,000	--	--	--
Subtotal, Buildings & Facilities	63,433,521	--	186,335,000	--	64,800,000	--
Total, Agricultural Research Service	1,151,490,058	8,447	1,288,335,000	8,485	1,060,907,000	8,485
Allocations from:						
Hazardous Waste Management	4,003,828	--	3,500,000	--	3,770,000	--
Obligations under other USDA appropriations:						
Agricultural Marketing Service	420,913	2	453,000	2	453,000	2
Animal & Plant Health Inspection Service	3,870,794	10	4,166,000	10	4,166,000	10
Cooperative State Research, Education, & Extension Service	8,419,976	20	9,062,000	20	9,062,000	20
Departmental Administration	891,223	4	959,000	4	959,000	4
Economic Research Service	2,720,504	6	2,928,000	6	2,928,000	6
Farm Service Agency	776,683	3	836,000	3	836,000	3
Food & Nutrition Service	1,133,134	5	1,220,000	5	1,220,000	5
Food Safety & Inspection Service	2,145,453	6	2,309,000	6	2,309,000	6
Foreign Agricultural Service	554,689	2	597,000	2	597,000	2
Forest Service	1,996,301	5	2,149,000	5	2,149,000	5
Grain Inspection, Packers & Stockyards Administration	27,033	--	29,000	--	29,000	--
National Agricultural Statistics Service	3,814,047	10	4,105,000	10	4,105,000	10
National Financial Center	789,079	2	849,000	2	849,000	2
Natural Resources Conservation Service	2,395,785	6	2,579,000	6	2,579,000	6

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Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Office of the Chief Financial Officer	22,422	--	24,000	--	24,000	--
Office of Inspector General	57,132	--	61,000	--	61,000	--
Office of Operations	24,748	--	27,000	--	27,000	--
Risk Management Agency	255,811	2	275,000	2	275,000	2
Rural Development	56,364	--	61,000	--	61,000	--
Quarters & Subsistence	138,774	--	149,000	--	149,000	--
Sale of Animals & Personal Property (Proceeds)	774,521	--	834,000	--	834,000	--
Misc., Other USDA Funds	22,168	--	24,000	--	24,000	--
Total, Other USDA Appropriations	31,307,554	83	33,696,000	83	33,696,000	83
Total, Agriculture Appropriations	1,186,801,440	8,530	1,325,531,000	8,568	1,098,373,000	8,568
Other Federal Funds:						
Agency for International Development	1,941,035	5	2,089,000	5	2,089,000	5
Department of Defense	4,304,878	11	4,633,000	11	4,633,000	11
Department of Energy	1,104,057	3	1,188,000	3	1,188,000	3
Department of Health & Human Services	17,931,066	40	19,299,000	40	19,299,000	40
Department of the Interior	1,499,510	4	1,614,000	4	1,614,000	4
Department of the State	178,873	1	193,000	1	193,000	1
Department of Treasury	349,359	1	376,000	1	376,000	1
Department of Transportation	63,140	--	68,000	--	68,000	--
Environmental Protection Agency	1,044,865	4	1,125,000	4	1,125,000	4
Federal Emergency Management Agency	45,068	--	49,000	--	49,000	--
National Aeronautics & Space Administration	723,127	3	778,000	3	778,000	3
National Oceanic & Atmospheric Administration	153,426	1	165,000	1	165,000	1
Nuclear Regulatory Commission	79,400	--	85,000	--	85,000	--
Misc., Other Federal Funds	4,890	--	5,000	--	5,000	--
Total, Other Federal Funds	29,422,694	73	31,667,000	73	31,667,000	73
Non-Federal Funds:						
Arizona, University of	182,205	1	196,000	1	196,000	1
Arkansas, University of	131,426	--	141,000	--	141,000	--
Auburn University	32,862	--	35,000	--	35,000	--

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Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Barataria-Terrebonne Estuarine System	28,251	--	30,000	--	30,000	--
Binational Agricultural Research & Development Agreement (BARD)	503,296	2	542,000	2	542,000	2
Boston University	36,781	--	40,000	--	40,000	--
California, State of	393,895	1	424,000	1	424,000	1
California, University of	958,321	4	1,031,000	4	1,031,000	4
Citrus Research Board	25,691	--	28,000	--	28,000	--
Clemson University	32,286	--	35,000	--	35,000	--
Colorado State University	295,359	1	318,000	1	318,000	1
Commonwealth Scientific & Industrial Research Org	56,998	--	61,000	--	61,000	--
Consumer's Union	33,479	--	36,000	--	36,000	--
Cornell University	242,694	1	261,000	1	261,000	1
Cotton Foundation	129,494	--	140,000	--	140,000	--
Cotton Incorporated	880,616	4	948,000	4	948,000	4
D.C. Water & Sewer Authority	125,012	--	135,000	--	135,000	--
Fertilizer Institute, The	25,249	--	27,000	--	27,000	--
Florida, State of	441,210	2	475,000	2	475,000	2
Florida, University of	55,165	--	59,000	--	59,000	--
Foundation for Agronomic Research	22,494	--	24,000	--	24,000	--
Georgia Peanut Commission	26,180	--	28,000	--	28,000	--
Georgia, University of	385,248	2	415,000	2	415,000	2
Idaho, University of	71,721	--	77,000	--	77,000	--
Illinois, University of	24,759	--	27,000	--	27,000	--
Iowa, State of	52,728	--	57,000	--	57,000	--
Iowa State University	343,515	2	370,000	2	370,000	2
Kent Sea Tech	36,311	--	39,000	--	39,000	--
Knox College	27,000	--	29,000	--	29,000	--
Louisiana, State of	132,569	1	143,000	1	143,000	1
Maine, University of	108,505	--	117,000	--	117,000	--
Maryland, University of	93,399	--	101,000	--	101,000	--
Miami, University of	90,888	--	98,000	--	98,000	--
Michigan State University	188,003	1	202,000	1	202,000	1
Mississippi State University	97,687	--	105,000	--	105,000	--
Mississippi, State of	110,468	--	119,000	--	119,000	--
Missouri, University of	70,949	--	76,000	--	76,000	--
National Audubon Society	36,293	--	39,000	--	39,000	--
National Pork Board	46,167	--	50,000	--	50,000	--

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Available Funds and Staff Years
2004 Actual and Estimated 2005 and 2006

Item	Actual 2004		Estimated 2005		Estimated 2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
National Information Technology Center	1,091,118	4	1,174,000	4	1,174,000	4
National Watermelon Research & Promotion Board	32,890	--	35,000	--	35,000	--
Nebraska, University of	53,305	--	57,000	--	57,000	--
Nevada, State of	64,680	--	70,000	--	70,000	--
New Mexico, State of	45,000	--	48,000	--	48,000	--
New Orleans, University of	38,557	--	41,000	--	41,000	--
Notre Dame, University of	22,340	--	24,000	--	24,000	--
Oklahoma State University	26,005	--	28,000	.	28,000	--
Oregon State University	106,930	--	115,000	--	115,000	--
Pennsylvania State University	93,873	--	101,000	--	101,000	--
Purdue University	31,716	--	34,000	--	34,000	--
Saint Michael's Hospital	25,800	--	28,000	--	28,000	--
South Dakota State University	27,750	--	30,000	--	30,000	--
Southern Florida Water Management District	583,915	2	628,000	2	628,000	2
Tennessee, University of	39,087	--	42,000	--	42,000	--
Texas A&M University	366,022	1	394,000	1	394,000	1
Texas, State of	67,565	--	73,000	--	73,000	--
Texas Tech University	26,681	--	29,000	--	29,000	--
United Soybean Board	3,388,534	9	3,647,000	9	3,647,000	9
Vermont, University of	91,850	--	99,000	--	99,000	--
Washington, State of	48,422	--	52,000	--	52,000	--
Washington State University	134,237	1	144,000	1	144,000	1
Washington, University of	37,911	--	41,000	--	41,000	--
Watershed Agricultural Council of the New York City	131,517	1	142,000	1	142,000	1
Yolo County Resource Conservation District	106,853	--	115,000	--	115,000	--
Yosemite Fund	33,164	--	36,000	--	36,000	--
Misc., Non-Federal Funds	308,513	--	332,000	--	332,000	--
Total, Non-Federal Funds	13,599,409	40	14,637,000	40	14,637,000	40
Miscellaneous Contributed Funds:	19,208,647	113	20,000,000	113	20,000,000	113
Total, Agricultural Research Service	$1,249,032,190	8,756	$1,391,835,000	8,794	$1,164,677,000	8,794

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AGRICULTURAL RESEARCH SERVICE

Permanent Positions by Grade and Staff Year Summary
2004 Actual and Estimated 2005 and 2006

	2004			2005			2006		
Grade	Head-quarters	Field	Total	Head-quarters	Field	Total	Head-quarters	Field	Total
ES-00	11	26	37	11	26	37	11	26	37
Total	11	26	37	11	26	37	11	26	37
GS/GM-15	45	548	593	45	548	593	45	548	593
GS/GM-14	48	561	609	48	561	609	48	561	609
GS/GM-13	137	696	833	137	705	842	137	705	842
GS-12	102	654	756	102	670	772	102	670	772
GS-11	34	621	655	34	631	665	34	631	665
GS-10	1	4	5	1	4	5	1	4	5
GS-9	32	965	997	32	965	997	32	965	997
GS-8	20	400	420	20	400	420	20	400	420
GS-7	49	758	807	49	758	807	49	758	807
GS-6	42	534	576	42	534	576	42	534	576
GS-5	17	338	355	17	338	355	17	338	355
GS-4	9	73	82	9	73	82	9	73	82
GS-3	1	26	27	1	26	27	1	26	27
GS-2	--	12	12	--	12	12	--	12	12
GS-1	--	1	1	--	1	1	--	1	1
Other Graded Positions.....	8	38	46	8	38	46	8	38	46
Ungraded Positions.....	--	515	515	--	515	515	--	515	515
Total Permanent Positions.....	556	6,770	7,326	556	6,805	7,361	556	6,805	7,361
Unfilled Positions end-of-year..	-37	-139	-176	-37	-149	-186	-37	-149	-186
Total Permanent Full-Time Employment, end-of-year..	519	6,631	7,150	519	6,656	7,175	519	6,656	7,175
Staff Year Estimate.....	549	8,207	8,756	549	8,245	8,794	549	8,245	8,794

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AGRICULTURAL RESEARCH SERVICE

SIZE, COMPOSTITION AND COST OF MOTOR VEHICLE FLEET

The 2006 Budget Estimates propose the purchase of 46 replacement passenger motor vehicles. The vehicle acquisition will only replace existing vehicles, therefore not create additions to the fleet.

The ARS passenger motor vehicle fleet is used primarily by professional research investigators and technical personnel. When conducting daily work, research personnel travel to individual farms, rural ranches, commercial firms, State agricultural experiment stations, research fields, etc. Since a high degree of mobility is vital for this type of work, using common carriers is not feasible. Comparative studies of cost requirements involved in the use of private and Government vehicles have show that it is more economical to use Government vehicles than it is to reimburse employees for using their privately-owned vehicles.

It is ARS' policy to pool motor vehicle use for different activities to keep the number of vehicles to a minimum and reduce overall operation and maintenance costs. ARS requires quarterly vehicle operational reports and makes periodic surveys to determine the extent to which vehicles are being used and their condition. Vehicle replacement is based on funding priority, program management, vehicle mileage and age. Federal regulations establish the minimum replacement standards that allow replacing of passenger vehicles when they have reached either 3 years of age or 60,000 miles. ARS retains vehicles that meet the minimum replacement standards if the vehicle can be operated without excessive maintenance costs or substantial reduction in resale value. All vehicles proposed for replacement have mileage greater than 60,000 and are more than 6 years in age.

ARS has decreased the number of passenger vehicles (sedans and station wagons), because of the need for multi-purpose vehicles that are available to transport passengers as well as move research equipment. The fleet inventory shows an increase due to inventory inclusion of "inactive" vehicles. ARS has several locations that are holding vehicles for sale by the General Services Administration (GSA). The inactive inventory includes approximately 200 vehicles, primarily light duty trucks and vehicles awaiting transfer to the Department of Homeland Security. These vehicles are expected to be removed in FY 2005.

The numbers of medium and heavy-duty trucks are inflated due to the different classification standards used by GSA and the Federal Asset Statistical Tool (FAST) for reporting motor vehicles. Agencies use GSA standards (which are the same as industry standards) when classifying vehicles. These standards are: passenger vehicles (sedans and station wagons), light duty trucks (gross vehicle weight of 4,000 to 19,999 lbs), medium duty trucks (gross vehicle weight of 21,000 to 35,000 lbs) and heavy duty vehicles (gross vehicle weight of over 35,000 lbs.) FAST classifies light duty trucks as trucks 8,500 gross vehicle weight and under; medium duty trucks with a weight of 8,501 to 16,000 lbs; and heavy duty trucks are 16,001 and over.

To ensure consistency with the FAST inventory, we used the FAST standards for this report. Prior to this the inventory numbers were based on GSA standards and classified according to the GSA standard identification number. We continue to make efforts to ensure all information in the Property Management Information System (USDA's inventory system) is accurate. The addition to the fleet also reflects the reporting overlap (time difference when new vehicles are received and in reporting vehicles as excess). We expect to maintain a fleet of approximately 3,200 operational vehicles. The report also includes approximately 49 GSA leased vehicles, consisting of primarily light duty trucks.

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Size, composition and cost of agency motor vehicle fleet as of September 30, 2004 are as follows:

Size, Composition, and Annual Cost
(in thousands of dollars)

	Number of Vehicles by Type *								
Fiscal Year	Sedans and Station Wagons	Light Trucks		Medium Trucks	Heavy Trucks	Ambulances	Buses	Total Vehicles	Annual Operating Cost ($ in thous)
		4X2	4X4						
FY 2003	308	1,919	555	279	36	1	2	3,100	3,025
Change **	23	-145	412	-222	-26	0	0	42	182
FY 2004	331	1,774	967	57	10	1	2	3,142	3,207
Change **	-5	99	-212	403	95	-1	0	379	192
FY 2005	326	1,873	755	460	105	0	2	3,521	3,399
Change**	-15	-180	-85	-20	-10	0	0	-310	204
FY 2006	311	1,693	670	440	95	0	2	3,211	3,603

NOTES:

* These numbers include vehicles that are owned by the agency, leased from commercial sources, and leased from GSA.

** All significant year-to-year changes should be discussed in a narrative provided separately.

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ARS has four strategic goals, three management initiatives, and 10 objectives that contribute to the Department's strategic goals and objectives.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Goal 1: Enhance Economic Opportunities for Agricultural Producers **USDA Strategic Objective 1.3:** Develop Alternative Markets for Agricultural Products and Activities	**Agency Goal 1:** Enhance Economic Opportunities for Agricultural Producers	Objective 1.1: Provide the science-based knowledge and technologies to generate new or improved high quality value-added products and processes to expand domestic and foreign markets for agricultural commodities.	New Products/ Product Quality/ Value Added	Key Outcome 1: Higher quality, healthier foods; and new products/ uses from agriculture.
USDA Goal 1: Enhance Economic Opportunities for Agricultural Producers **USDA Strategic Objective 1.3:** Develop Alternative Markets for Agricultural Products and Activities	**Agency Goal 1:** Enhance Economic Opportunities for Agricultural Producers	Objective 1.2: Contribute to the efficiency of agricultural production systems.	Livestock Production Crop Production	Key Outcome 1: Higher quality, healthier foods; and new products/ uses from agriculture.
USDA Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply **USDA Strategic Objective 3.1:** Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the United States.	**Agency Goal 3:** Enhance Protection and Safety of the Nation's Agriculture and Food Supply	Objective 3.1: Provide science-based knowledge on safe production, storage, processing, and handling of plant and animal products, and the detection and control of toxin-producing and/or pathogenic bacteria and fungi parasites, myco-toxins, chemical residues, and plant toxins so as to assist regulatory agencies and the food industry in reducing the incidence of foodborne illnesses.	Food Safety	Key Outcome 3: Strategies/technologies which improve the Nation's food supply.

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Strategic Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks	Agency Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply	Objective 3.2: Develop and deliver science-based information and technologies to reduce the number and severity of agricultural pest, insect, weed, and disease outbreaks.	Livestock Protection Crop Protection	Key Outcome 3: Strategies/technologies which improve the Nation's food supply.
USDA Goal 4: Improve the Nation's Nutrition and Health USDA Strategic Objective 4.2: Promote Healthier Eating Habits and Lifestyles	Agency Goal 4: Improve the Nation's Nutrition and Health	Objective 4.1: Promote healthier individual food choices and lifestyles and prevent obesity; improve human health by better understanding the nutrient requirements of individuals and the nutritional value of foods; and determine food composition patterns of Americans.	Human Nutrition	Key Outcome 4: More nutritious food which promotes good health.
USDA Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment USDA Strategic Objective 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands	Agency Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment	Objective 5.1: Provide science-based knowledge and education to improve the management of forests, rangelands, and pastures.	Environmental Stewardship	Key Outcome 5: Improved soil, water, and air resources.

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment **USDA Strategic Objective 5.2:** Improve Management of Private Lands	**Agency Goal 5:** Protect and Enhance the Nation's Natural Resource Base and Environment	Objective 5.2: Provide science-based knowledge and education to improve quality and management of soil, air, and water resources.	Environmental Stewardship	Key Outcome 5: Improved soil, water, and air resources.
USDA Management Initiative: Electronic Government	**Management Initiative 1:** Provide Agricultural Library and Information Services to USDA and the Nation via the National Agricultural Library (NAL)	Objective 6.1: Provide rapid, comprehensive, and long-term access to the full range of agricultural information resources through a variety of NAL delivery systems with particular emphasis on digital technologies.	Library and Information Services	Key Outcome 6(1): Agricultural information which meets the needs of customers.
N/A	**Management Initiative 2:** Provide Adequate Federal Facilities Required to Support the Research Mission of ARS	Objective 6.2: Propose construction/ modernization of new and/or replacement of priority laboratories and facilities in a timely manner.	Buildings and Facilities	Key Outcome 6(2): Laboratories and facilities which meet the needs of ARS' scientists.
N/A	**Management Initiative 3:** Repair and Maintain ARS' Facilities	Objective 6.3: Improve ARS' facilities with respect to building codes and regulations, property protection, space utilization, and energy conservation.	Buildings and Facilities	Key Outcome 6(3): Laboratories and facilities which meet the needs of ARS' scientists.

Note: Goal 2: Support Increased Economic Opportunities and Improved Quality of Life in Rural America is not shown in the table.

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AGRICULTURAL RESEARCH SERVICE

Objective 1.3: Develop Alternative Markets for Agricultural Products and Activities
Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the United States
Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks
Objective 4.2: Promote Healthier Eating Habits and Lifestyles
Objective 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands
Objective 5.2: Improve Management of Private Lands

Strategic Objective and Funding Matrix
(On basis of appropriation)

	2004 Actual		2005 Estimate		Increase	2006 Budget	
	Amount	Staff Years	Amount	Staff Years	or Decrease	Amount	Staff Years
Strategic Objective 1.3:							
Product Quality/Value Added	$109,956,990	1,033	$104,632,000	969	-$6,960,000	$97,672,000	956
Livestock Production	95,411,257	593	84,055,000	516	-20,614,000	63,441,000	488
Crop Production	178,651,437	1,630	196,749,000	1,772	-37,183,000	159,566,000	1,708
Total, Strategic Objective 1.3	**384,019,684**	**3,256**	**385,436,000**	**3,257**	**-64,757,000**	**320,679,000**	**3,152**
Strategic Objective 3.1:							
Food Safety	98,879,735	861	102,662,000	847	+4,983,000	107,645,000	912
Total, Strategic Objective 3.1	**98,879,735**	**861**	**102,662,000**	**847**	**+4,983,000**	**107,645,000**	**912**
Strategic Objective 3.2:							
Livestock Protection	78,290,727	589	78,489,000	572	+9,149,000	87,638,000	641
Crop Protection	183,618,913	1,530	193,001,000	1,556	-12,951,000	180,050,000	1,599
Total, Strategic Objective 3.2	**261,909,640**	**2,119**	**271,490,000**	**2,128**	**-3,802,000**	**267,688,000**	**2,240**
Strategic Objective 4.2:							
Human Nutrition	81,527,539	295	83,688,000	299	-2,035,000	81,653,000	305
Total, Strategic Objective 4.2	**81,527,539**	**295**	**83,688,000**	**299**	**-2,035,000**	**81,653,000**	**305**
Strategic Objective 5.1							
Environmental Stewardship	106,402,061	1,036	109,679,000	1,054	-20,599,000	89,080,000	1,013
Total, Strategic Objective 5.1	**106,402,061**	**1,036**	**109,679,000**	**1,054**	**-20,599,000**	**89,080,000**	**1,013**
Strategic Objective 5.2							
Environmental Stewardship	106,402,060	1,036	109,678,000	1,054	-20,599,000	89,079,000	1,012
Total, Strategic Objective 5.2	**106,402,060**	**1,036**	**109,678,000**	**1,054**	**-20,599,000**	**89,079,000**	**1,012**
Management Initiative							
National Agricultural Library	22,796,957	153	21,539,000	155	+916,000	22,455,000	160
Repair & Maintenance	17,924,261	–	17,828,000	–	–	17,828,000	–
Management Initiative	**40,721,218**	**153**	**39,367,000**	**155**	**+916,000**	**40,283,000**	**160**
Collaborative Research Program (AID)	5,460,000	–	–	–	–	–	–
Funds Included for Homeland Security	[20,760,000]	–	[30,173,000]	–	[39,055,000]	[69,228,000]	–
Unobligated Balance	2,734,600	–	–	–	–	–	–
Total, Available	1,088,856,537	8,756	1,102,000,000	8,794	-105,893,000	996,107,000	8,794
Transfer from Office of Congressional Relations	-129,000	–	–	–			
Transfer from Agency for Int'l Development (AID)	-5,460,000	–	–	–			
Rescission/Across the Board Reduction	6,424,463	–	8,887,000	–			
Total, Available	1,088,892,000	8,756	1,110,887,000	8,794			

NOTE: Research activities carried out in support of Homeland Security are included in Food Safety, Livestock Protection, and Crop Protection portfolios.

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level

Goal 1

- New Products/Product Quality/Value Added

  Develop technologies leading to new value-added products from animal byproducts.

  Develop an on-farm method for converting agricultural crops and wastes to an energy source.

  Develop a system for more efficient harvesting and preprocessing of a biomass crop for energy production.

- Livestock Production

  Identify regions of the genomes of poultry and cattle that affect the efficiency of food utilization.

  Develop DNA-based traceability tools for food animals.

  Increase the number of cryopreserved specimens by 10 percent.

- Crop Production

  Develop integrated disease management strategies/tools (i.e., chemical, cultural, and biological control).

  Maintain USDA germplasm collections in a healthy, secure, and easily accessible form.

  Distribute germplasm for research purposes.

Goal 3

- Food Safety

  Develop food animal surveillance and epidemiology programs with other USDA agencies to assure the early detection of epizootic pathogens and antibiotic resistance.

  Develop sampling systems and protocols for various food systems to maximize the probability of detecting intentional contamination.

  Develop rapid systems for target amplification to maximize the detection potential of pathogens in foods.

  Develop detection and processing intervention systems for chemical or biological contamination of liquid egg products.

  Develop models to provide simulations of the distribution of biosecurity agents in foods.

- Livestock Protection

  Develop systems for rapid response to bioterror agents.

  Implement an integrated emerging zoonotic research program (BSE) in pathogenesis, diagnostics, and intervention.

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Implement a technology driven vaccinology research program for control and eradication of biological threat agents.

Discover species specific immune modulators to advance intervention strategies for emerging diseases of livestock and poultry.

Develop control programs for invasive drug resistant nematodes and protozoa of livestock and poultry.

Make available diagnostic tests and new vaccines from validated models.

- Crop Protection

Develop production systems with new insect/disease resistant releases that decrease pesticide use by 15 percent.

Conduct research to control sudden oak death, tamarisk (salt cedar), emerald ash borer, yellow starthistle, Asian longhorned beetle, and lobate lac scale.

Improve taxonomic knowledge of invasive species.

Goal 4

- Human Nutrition

Increase the accuracy and ethnic representation of the "What We Eat in America" survey by increasing the sample size.

Provide updates to the National Nutrient Database.

Release two year data from the "What We Eat in America" survey.

Goal 5

- Environmental Stewardship

Develop at least one method to assess and quantify environmental benefits from conservation practices.

Develop at least one drought assessment tool for use by USDA action agencies.

Develop at least one method for evaluation and prediction of the performance of watershed structures.

Develop at least one tool for the evaluation and prediction of gaseous and particulate matter emissions from animal feeding operations.

Management Initiative 1

- Library and Information Services

Increase DigiTop access and availability by at least 25 percent.

Add at least three new AgNIC partners.

Increase overall NAL service delivery by at least 15 percent.

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Upgrade/enhance software for accessing, navigating, evaluating, and delivering AGRICOLA database services.

Digitize 15,000 document images from the NAL collection for web access.

Continue to collaborate with the U.S. Agricultural Information Network libraries and selected other partners to continue a program for preserving digital agricultural information.

Management Initiative 2

- Buildings and Facilities

Modernize/construct and provide security upgrades to selected ARS buildings/facilities.

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AGRICULTURAL RESEARCH SERVICE
R&D Investment Criteria

To address the Department's commitment to the Research and Development (R&D) Investment Criteria, one of the key programmatic initiatives of the President's Management Agenda, the Research, Education, and Economics (REE) agencies and the research component of the U.S. Forest Service have established the following objectives that will, if accomplished, help USDA achieve a "Green" rating in this initiative:

- Senior managers will meet at least quarterly to plan, coordinate, assess, and redirect agency research activities based on the R&D criteria, program priorities, potential benefits, and past performance of agency programs.

- Programs that are "PART evaluated" will receive a high score. Research programs that have been PART evaluated were shown to be of high quality with at least 75 percent of those assessed receiving a rating of moderately effective or better.

- Budget proposals submitted to OMB and Congress will reflect the R&D criteria framework by describing how the agency plans and prioritizes within and across its programs, and how the agency promotes program quality, relevance, and performance. The budget proposals will also document how the R&D criteria have successfully influenced budget decisions and management changes.

ARS has already taken a number of actions to fulfill its commitment to the Department to implement the R&D criteria. The Associate Administrator for National Programs and the four Deputy Administrators who oversee the research programs now meet regularly (two to four times per month) to assess and adjust R&D activities. In addition, ARS' National Programs and their individual research projects are being reviewed using the R&D investment criteria. The results are being used in making budget and program management decisions.

ARS' budget decisions are also based on an annual review of the REE mission area portfolio by the National Agricultural Research, Extension, Education, and Economics Advisory Board (the Board). The Board conducts a portfolio review with regard to its relevance to priorities and adequacy of funding. The recommendations in the Board's spring 2004 report provided valuable input to the REE mission area and to ARS' FY 2006 budget process.

In preparing the FY 2006 budget, ARS' National Program Leaders (NPLs) and Area Directors reviewed all of the agency's 1,000 plus research projects by applying the R&D criteria of relevance, performance, and quality. The information gained from this review helped the agency to identify low performing and/or low priority research, information that was used in making budget decisions. The R&D criteria were applied as follows:

- For **relevance**, the NPLs (drawing from earlier input from both internal and external customers, stakeholders, and partners) assessed whether ARS' research is consistent with the agency's mission and relevant to the needs of American agriculture.

- For **performance**, the NPLs reviewed the annual project reports (AD-421s) submitted by each research unit. Beginning with FY 2004, these reports provided information on how well each research project did in achieving the milestones in its Project Plan. First year data identified over 5,400 milestones, of which 59 percent were "fully met," 26 percent were "substantially met," and 15 percent were "not met." AD-421s also provided data used to measure progress against the GPRA and PART performance measures. This information also served to inform decision-makers of the need for programmatic or management changes.

- For **quality**, the Area Directors relied on data from ARS' Office of Scientific Quality Review (OSQR) of each research project at the beginning of its 5-year program cycle. OSQR conducts reviews of ARS' research projects by independent external peer panels to ensure their quality. In addition, the Area Directors used information from the Research Position Evaluation System (RPES) reviews of individual scientists in making assessments. RPES conducts rigorous peer reviews of ARS' scientists on a regular schedule (i.e., every three, four, or five years). The Area Directors also assessed the capacity (i.e.,

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facilities, human and fiscal resources, equipment, etc.) of each project to meet its research objectives, an important consideration for intramural programs.

There have also been a number of specific program and budget decisions influenced by the recommendations of the National Program assessment external panels. For example:

- A program assessment of the Manure and Byproduct Utilization National Program confirmed the agency's view that measurement, prediction, and control of atmospheric emissions and pathogens in animal production systems required greater emphasis. This change in emphasis was incorporated into the Action Plan and the research Project Plans which are currently undergoing evaluation by OSQR. Byproducts were added as a fourth component of the National Program based on a stakeholder's workshop held to obtain input on relevancy.

  In addition, there have been changes in the research focus within the major components of the Manure and Byproduct Utilization National Program. For example, ARS will place greater emphasis on research projects that simultaneously address multiple environmental threats, such as nitrogen and phosphorus fate and transport. The assessment panel stressed the need for more outreach (i.e., the research is not completed until something is in the hands of the user). As a result, outreach is stressed in the new draft Action Plan by using the program logic model, which begins with identifying outcomes and the products needed and then identifies the research and other activities needed to achieve the outcomes and products. The assessment also reaffirmed the need for more coordinated research at the national level versus the unit or individual scientist level.

- The program assessment of the Plant Biological and Molecular Processes National Program suggested expanding broadly-based cooperative research projects, resulting in a revised Action Plan emphasizing more collaboration among projects. ARS has allocated additional funds in the 2005 budget to the U.S. Plant, Soil, and Nutrition Research Unit for a genomics research project. The funds will be used to promote cooperative efforts among multiple research projects in two National Programs: Plant, Microbial and Insect Genetic Resources, Genomics, and Genetic Improvement; and Plant Biological and Molecular Processes, by providing them with new experimental strategies and tools that will align and integrate their activities.

The first application of the R&D investment criteria in National Program reviews has proved useful to ARS. The agency will revise and refine it for much wider application in subsequent budgets.

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AGRICULTURAL RESEARCH SERVICE

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Enhance economic opportunities for agricultural producers.

Key Outcome: Higher quality, healthier foods; and new products/uses from agriculture.

Key Performance Measure

- Measure #1: (P.M.1.1.1) Develop cost-effective and functional industrial and consumer products from agricultural and forestry resources.

Key Performance Targets

Performance Measures	2002 Actual	2003 Actual	2004 Actual	2005 Estimate	2006 Target
Measure #1					
a. Units	•Developed new edible fruit and vegetable wraps and fruit health bars. •Developed a cotton exchange resin from soybean hulls. •Utilized cotton gin byproducts to make mulch for the suppression of weeds and the promotion of grass, to use as excellent roughage for cattle, and to use as a high quality fuel in pellet stoves.	•Formulated soy oil-based energy-absorbing materials.	•Created polymer nanocomposites with mechanical properties superior to standard plastics by adding straw derived microfibrils to biopolymers. •Formulated soy-based grease. •Implemented non-sulfide rapid dehairing in a packing plant and transferred a rapid dehairing process and/or non-sulfide oxidative dehairing technology to the tanning industry for commercial scale implementation.	•Perform research at the molecular level to address the ways in which biopolymers and synthetics interact in material blends. Efforts will be intensified to learn how processing conditions affect the ultimate product. •Genetically modify cereal seed components for novel/enhanced uses. •Develop new biobased products with novel functional properties for applications previously unattainable or met only by petroleum derived, imported, or non-biobased materials. Selected examples include novel biodegradable polymers, absorbents, coatings, composite building materials, lubricants, surfactants,	•Develop technologies leading to new value-added products from crops and crop residue. •Develop new value-added products from animal byproducts. •Develop new biobased products. •Develop an on-farm method for converting agricultural crops and wastes to an energy source. •Develop a system for more efficient harvesting and preprocessing of a biomass crop for energy production.

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				substitutes for imported gums, and chemical building blocks for industrial and consumer applications.	
b. Dollars	$51,721,000	$55,246,000	$54,271,000	$54,527,000	$49,726,000

Notes: (1) FY 2001 data is not available.

(2) A PART analysis of ARS' research programs under Goal 1 was conducted by ARS and submitted to OMB in 2004. The two following programmatic Performance Measures were established to track progress under this goal: Consumption of biobased transportation fuels as a share of total transportation fuel consumption (with a target of achieving an eight-fold increase in the use of biobased fuels by 2010), and an agricultural productivity index as measured by total factor productivity for agriculture (with a target of increasing productivity as measured on the index from 109 in 2002 to 119 in 2010).

Goal 3: Enhance protection and safety of the Nation's agriculture and food supply.

Key Outcome: Strategies/technologies that improve the Nation's food supply.

Key Performance Measures

- Measure #1: (P.M.3.1.1) Develop new on-farm preharvest systems, practices, and products to reduce pathogen and toxin contamination of animal- and plant-derived foods.
- Measure #2: (P.M.3.1.2) Develop and transfer to USDA agencies and the private sector systems that rapidly and accurately detect, identify, and differentiate the most critical and economically important foodborne pathogenic bacteria and viruses.
- Measure #3: (P.M.3.2.1) Provide scientific information to protect animals from pests, infectious diseases, and other disease causing entities that impact animal and human health.
- Measure #4: (P.M.3.2.4) Develop and release to potential users varieties and/or germplasm of agriculturally important plants that are new or provide significantly improved (either through traditional breeding or biotechnology) characteristics enhancing pest or disease resistance.

Key Performance Targets

Performance Measures	2002 Actual	2003 Actual	2004 Actual	2005 Estimate	2006 Target
Measure #1					
a. Units	•Achieved development of practices and products that reduce preharvest contamination of plant- and animal-	•Identified and quantified sources of pathogens affecting food producing animals. •Developed intervention	•Identified and quantified three sources of pathogens affecting food producing animals. •Developed two intervention	•Identify and quantify three sources of pathogens affecting food producing animals. •Develop two intervention	• Develop food animal surveillance and epidemiology programs, together with other USDA agencies to assure the early detection of epizootic pathogens and

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	derived food products, e.g., AF 36, the non-aflatoxin competitive fungus that prevents aflatoxin in cottonseed, and a program for broiler growers that will reduce the contamination of broilers with Salmonella and Campylobacter.	strategies that reduced colonization and shedding of pathogens in animals used for food. •Determined ways in which food safety is affected by manure handling practices and utilization. •Determined ways in which antimicrobial resistance is acquired/ transmitted/ maintained in food producing animals. •Developed information/ technology strategies to help control mycotoxins of fungal origin in crops and their food products. •Developed an information/ technology strategy to control toxins of plant origin in feeds and food products.	strategies that reduced colonization and shedding of pathogens in animals used for food. •Determined two ways in which food safety is affected by manure handling practices and utilization. •Determined two ways in which antimicrobial resistance is acquired/ transmitted/ maintained in food producing animals. •Developed four information/ technology strategies to help control mycotoxins of fungal origin in crops and their food products. •Developed an information/ technology strategy to control toxins of plant origin in feeds and food products.	strategies that reduce colonization and shedding of pathogens in animals used for food. •Determine two ways in which food safety is affected by manure handling practices and utilization. •Determine two ways in which antimicrobial resistance is acquired/ transmitted/ maintained in food producing animals. •Develop four information/ technology strategies to help control mycotoxins of fungal origin in crops and their food products. •Develop one information/ technology strategy to control toxins of plant origin in feeds and food products.	antibiotic resistance. •Use meta-genomics to elucidate the means for improved control of food pathogens in the preharvest stage. •Use fungal genomics to identify improved control strategies for mycotoxins during crop production.
b. Dollars	$55,151,000	$56,545,000	$57,549,000	$57,306,000	$51,552,000
Measure #2					
a. Units	•Developed a high pressure processing technique that can kill the hepatitis A virus and the Calici viruses (Norwalk-like viruses).	•Developed methodologies that have regulatory, industry, or research uses for the detection/ quantification of microorganisms/ chemicals of food safety concern. •Developed intervention strategies for improving the microbial safety of foods.	•Developed four methodologies that have regulatory, industry, or research uses for the detection/ quantification of microorganisms/ chemicals of food safety concern. •Developed six intervention strategies for improving the microbial safety of foods. •Elucidated three	•Develop four methodologies that have regulatory, industry, or research uses for the detection/ quantification of microorganisms/ chemicals of food safety concern. •Develop six intervention strategies for improving the microbial safety of foods. •Elucidate three food	•Develop sampling systems and protocols for various food systems to maximize the probability of detecting intentional contamination. •Develop rapid systems for target amplification to maximize the detection potential of pathogens in foods. •Develop detection and processing intervention systems for chemical or biological contamination of liquid egg products.

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		•Elucidated food production/ processing issues that identified critical control points leading to the design of alternative intervention strategies. •Developed data/microbial models for risk assessment.	food production/ processing issues that identified critical control points leading to the design of alternative intervention strategies. •Developed two sets of data/microbial models for risk assessment.	production/ processing issues that identify critical control points leading to the design of alternative intervention strategies. •Develop two sets of data/microbial models for risk assessment.	•Develop models to provide simulations of the distribution of biosecurity agents in foods. •Develop innovative biosecure foods through the manipulation of probiotic bacteria which have increased bioactive capabilities.
b. Dollars	$37,167,000	$38,387,000	$38,497,000	$37,737,000	$33,501,000
Measure #3					
a. Units	•Developed a new versatile test for the detection of Bovine Tuberculosis in cattle and wildlife. •Developed rapid molecular diagnostic tests for classical swine fever and avian influenza. •In collaboration with university partners, sequenced the genomes of *Brucella suis* (Swine Brucellosis) and *Mycobacterium paratuberculosis* (Johne's Disease). •In collaboration with the University of Delaware, screened Marek's disease-resistant or susceptible chickens for differentially expressed genes leading to the identification of resistance genes.	•Manuscripts were accepted in refereed scientific publications. •Manuscripts which were accepted in refereed scientific journals were published in trade publications. •Manuscripts which were translated for the general public were made available on the ARS web site. •Patents were licensed to a commercial partner. •Research projects led to CRADAs.	•Identified genes, single nucleotide polymorphisms (SNPs) or biomarkers that can be used to identify animals with disease-resistance traits. •Identified and applied new technologies that increased our understanding of virulence factors and host defense mechanisms. Priority was given to finding factors that modulated infectivity, polymicrobial infections, host specificity, tissue tropism, and the mechanisms that facilitated the shed/spread of pests and infectious diseases.	•Identify genes that convey specific disease-resistance traits. Characterize gene functions/ mechanisms responsible for disease-resistance traits. •Characterize genetic profiles that provide specified levels of disease-resistance under field conditions. •Conduct epidemiological investigations to understand disease transmission mechanisms. •Accelerate research on host responses to pathogens with the aim of understanding the role that innate and adaptive immunity play in controlling viral, bacterial, parasitic, and mixed infections. •Identify/evaluate new adjuvant technologies and vaccine delivery systems.	•Develop systems that facilitate a rapid response to bioterror agents. •Implement an integrated emerging zoonotic research program (BSE) in pathogenesis, diagnostics, and intervention. •Implement a technology-driven vaccinology research program for the control and eradication of biological threat agents. •Discover species specific immune modulators to advance intervention strategies for emerging diseases of livestock and poultry.
b. Dollars	$46,418,000	$49,821,000	$41,940,000	$41,335,000	$41,896,000

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Measure #4					
a. Units	•Developed 6 lines of sunflower, peanut, and strawberry germplasm with disease/pest resistance traits. •Released 7 elite potato, barley, soybean, and pear varieties with enhanced disease resistance traits.	•Crop varieties with disease/pest resistance traits were screened, improved, and released.	•Breeding strategies were tested/ evaluated. •Fifty-one crop varieties were released.	•Breeding strategies will be developed and 52 new varieties (with insect/disease resistance) released to crop producers.	•Production systems will be developed with new insect/disease resistant releases that decrease pesticides use by 15 percent.
b. Dollars	$22,590,000	$24,584,000	$18,656,000	$18,682,000	$12,029,000

Note: FY 2001 data is not available.

Goal 4: Improve the Nation's nutrition and health.

Key Outcome: More nutritious food which promotes good health.

Key Performance Measure

- Measure #1: (P.M.4.1.3) Determine food consumption patterns of Americans, including those of different ages, ethnicities, regions, and income levels. Provide sound scientific analyses of the U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.

Key Performance Targets

Performance Measures	2002 Actual	2003 Actual	2004 Actual	2005 Estimate	2006 Target
Measure #1					
a. Units	•Initiated the "What We Eat in America" diet survey as part of NHANES 2002. •Provided updates to the National Nutrient Database. •Demonstrated that the requirement for magnesium among postmenopausal women is higher than the recommended dietary allowance. •Established reference standards for body composition (fat, muscle, etc.) for	•Provided updates of the National Nutrient Database. •Provided initial reports from the "What We Eat in America" survey. •Published findings on the requirements/ bioavailability of nutrients and their role in promoting health/ preventing obesity. •Published findings on community/	•Provided updates of the National Nutrient Database. •Provided reports from the "What We Eat in America" survey. •Published findings on the requirements/ bioavailability of nutrients and their role in promoting health/preventing obesity. •Published findings on community/ individual nutrition intervention	•Provide updates of the National Nutrient Database. •Provide reports from the "What We Eat in America" survey. •Publish findings on the requirements/ bioavailability of nutrients and their role in promoting health/preventing obesity. •Publish findings on community/ individual nutrition intervention strategies.	•Provide yearly updates to the National Nutrient Database. •Release two year data from the "What We Eat in America" survey.

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	European, African, and Mexican-American children.	individual nutrition intervention strategies.	strategies.		
b. Dollars	$13,589,000	$13,671,000	$13,664,000	$13,700,000	$19,755,000

Note: FY 2001 data is not available.

Goal 5: Protect and enhance the Nation's natural resource base and environment.

Key Outcome: Improved soil, water, and air resources.

Key Performance Measure

- Measure #1: (P.M.5.2.4) Develop agricultural practices and decision support strategies that allow producers to take advantage of beneficial effects and mitigate adverse impacts of global change.

Key Performance Targets

Performance Measures	2002 Actual	2003 Actual	2004 Actual	2005 Estimate	2006 Target
Measure #1					
a. Units	•Determined that lands enrolled in the Conservation Reserve Program in 13 States remove 5.1 million metric tons of carbon from the atmosphere and store it in the soil each year. •Developed a method to apply 3-month regional precipitation forecasts at smaller spatial and time scales to help make risk-based agricultural management decisions related to weather variability and uncertainty.	•Provided data on the extent to which soil management systems remove carbon dioxide from the atmosphere/store it in croplands/ rangelands. •Determined impact of overgrazing on carbon cycling in a Southern Plains mixed grass prairie.	•Released a carbon sequestration model for field use by the NRCS. •Provided estimates on the effects of rising carbon dioxide and changing climates on the productiveness, water requirements, and carbon sequestration potentials of U.S. cotton. •Provided a projection of the impacts of global change on the Great Plains grasslands.	•Develop a technology to compare carbon sequestration in soil under different land uses within a single watershed. •Assess long-term effects of grazing management on soil nitrogen cycling in shortgrass steppe plant communities.	•Manage agricultural systems to mitigate adverse impacts and adapt to global climate change. •Identify processes that control the rate at which ag systems release and absorb greenhouse gases and develop management practices to reduce emissions.
b. Dollars	$11,305,000	$12,094,000	$13,963,000	$14,473,000	$17,800,000

Note: FY 2001 data is not available.

Management Initiative: Provide agricultural library and information services to USDA and the Nation via the National Agricultural Library.

Key Outcome: Agricultural information that meets the needs of customers.

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Key Performance Measure

- Measure #1: (P.M.6.1.1) Develop and deliver content for the NAL National Digital Library for Agriculture (NDLA).

Key Performance Targets

Performance Measures	2002 Actual	2003 Actual	2004 Actual	2005 Estimate	2006 Target
Measure #1					
a. Units	•Initiated a digital desktop library project. •Increased the total volume of direct customer services to more than 42 million. •Increased the number of AgNIC partners by 3, for a total of 41.	•Launched digital desktop library pilot. •Increased total volume of direct customer services by 20 percent, to more than 49 million. •Increased AgNIC partnerships by 2, for a total of 43.	•Increased online content for current Digitop users by 10 percent. •Increased total volume of direct customer services by 15 percent, to more than 56 million. •Increased AgNIC partnerships by 2, for a total of 45. •Implemented software for measuring customer satisfaction with web-based services.	•Increase online content for current Digitop users by 10 percent. •Increase total volume of direct customer services by 15 percent, to more than 64 million. •Increase AgNIC partnerships by 2, for a total of 47. •Increase web customer satisfaction score through enhanced web searching and discovery.	•Increase online content for current Digitop users by 25 percent. •Increase overall NAL service delivery by 15 percent. •Increase AgNIC partnerships by 3, for a total of 50. •Digitize 15,000 document images. •Increase web customer satisfaction score.
b. Dollars	$6,663,000	$6,843,000	$7,398,000	$7,786,000	$7,540,000

Note: FY 2001 data is not available.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 1.3: Expand Alternative Markets for Agricultural Products and Activities

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	355,264	356,189	292,006
Indirect Costs:			
Program and Administrative/ Financial Management	21,532	21,931	21,692
USDA Central Charges	6,830	6,906	6,583
Task Force, Advisory Committees, and Other Support Costs	394	410	398
Total Indirect Cost	28,756	29,247	28,673
Total Cost	384,020	385,436	320,679
FTE's	3,256	3,257	3,152

Performance Measures:

Develop cost-effective and functional industrial and consumer products from agricultural and forestry resources.

Provide higher quality, healthy foods that satisfy consumer needs in the United States and abroad.

Improve the efficiency and reduce the cost for the conversion of biomass to energy.

Provide producers with scientific information and technology that increase production efficiency, develop improved germplasm, safeguard the environment, improve animal well-being, and reduce production risks and product losses.

Develop needed information on the relationships between nutrients, reproduction, growth, and conversion to and marketability of animal products.

Identify genes responsible for economically important traits, including animal product quality, efficiency of nutrient utilization, and environmental adaptability.

Maintain, characterize, and use genetic resources to optimize and safeguard genetic diversity and promote viable, vigorous animal production systems.

Provide producers with scientific information and technology that increase production efficiency, safeguard the environment, and reduce production risks and product losses.

Improve the understanding of the biological mechanisms that influence plant growth, product quality, and marketability to enhance the competitive advantage of agricultural commodities.

Identify genes responsible for plant product quality and resistance to disease, pests, and weather losses.

Maintain, characterize, and use genetic resources to optimize, safeguard, and enhance genetic diversity and promote viable and vigorous plant production systems.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	88,389	87,831	77,447
Indirect Costs:			
Program and Administrative/ Financial Management	5,356	5,408	5,754
USDA Central Charges	1,699	1,703	1,746
Task Force, Advisory Committees, and Other Support Costs	98	101	106
Total Indirect Cost	7,153	7,212	7,606
Total Cost	95,542	95,043	85,053
FTE's	861	847	912

Performance Measures:

Develop new on-farm preharvest systems, practices, and products to reduce pathogen and toxin contamination of animal- and plant- derived foods.

Develop and transfer to Federal agencies and the private sector systems that rapidly and accurately detect, identify, and differentiate the most critical and economically important foodborne microbial pathogens.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	226,180	230,043	201,285
Indirect Costs:			
Program and Administrative/ Financial Management	13,707	14,166	14,955
USDA Central Charges	4,349	4,462	4,538
Task Force, Advisory Committees, and Other Support Costs	251	265	274
Total Indirect Cost	18,307	18,893	19,767
Total Cost	244,487	248,936	221,052
FTE's	2,119	2,128	2,240

Performance Measures:

Provide scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that affect animal and human health.

Identify, develop, and release to the U.S. agricultural community genetic markers, genetic lines, breeds, or germplasm that result in food animals with improved (either through traditional breeding or biotechnology) pest- and disease-resistance traits.

Develop and transfer tools to the agricultural community, commercial partners, and Federal agencies to control or eradicate domestic and exotic diseases that affect animal and human health.

Develop and release to potential users varieties and/or germplasm of agriculturally important plants that are new or provide significantly improved (either through traditional breeding or biotechnology) characteristics enhancing pest or disease resistance.

Provide fundamental and applied scientific information and technology to protect agriculturally important plants from pests and diseases.

Provide needed scientific information and technology to producers of agriculturally important plants in support of exclusion, detection and early eradication, control and monitoring of invasive insects, weeds and pathogens, and restoration of affected areas. Conduct biologically-based integrated and areawide management of key invasive species.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 4.2: Promote Healthier Eating Habits and Lifestyles

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	75,423	77,342	74,352
Indirect Costs:			
Program and Administrative/ Financial Management	4,571	4,758	5,523
USDA Central Charges	1,450	1,499	1,677
Task Force, Advisory Committees, and Other Support Costs	84	89	101
Total Indirect Cost	6,105	6,346	7,301
Total Cost	81,528	83,688	81,653
FTE's	295	299	305

Performance Measures:

Scientifically assess the efficacy of enhancements to the nutritional value of our food supply; and identify, conduct, and support intramural and extramural research to develop, test, and evaluate effective clinical and community dietary intervention strategies and programs for modifying diet, eating behavior, and food choices to improve the nutritional status of targeted populations. A special emphasis is to prevent obesity and promote healthy dietary behaviors.

Define functions, bioavailability, interactions, and human requirements (including effects such as genetic, health status, and environmental factors) for known, emerging, and new classes of nutrients. Determine the abundance of known, emerging, and new classes of nutrients in the food supply and provide that information in databases.

Determine food consumption patterns of Americans, including those of different ages, ethnicities, regions, and income levels. Provide sound scientific analyses of the U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	98,434	101,354	81,116
Indirect Costs:			
Program and Administrative/ Financial Management	5,966	6,242	6,025
USDA Central Charges	1,893	1,966	1,828
Task Force, Advisory Committees, and Other Support Costs	109	117	111
Total Indirect Cost	7,968	8,325	7,964
Total Cost	106,402	109,679	89,080
FTE's	1,036	1,054	1,013

Performance Measures:

Develop ecologically-based information, technologies, germplasm, and management strategies that sustain agricultural production while conserving and enhancing the diverse natural resources found on rangelands and pasture lands.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Objective 5.2: Improve Management of Private Lands

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	98,434	101,354	81,117
Indirect Costs:			
Program and Administrative/ Financial Management	5,966	6,242	6,024
USDA Central Charges	1,893	1,965	1,828
Task Force, Advisory Committees, and Other Support Costs	109	117	110
Total Indirect Cost	7,968	8,324	7,962
Total Cost	106,402	109,678	89,079
FTE's	1,036	1,054	1,012

Performance Measures:

Develop the tools and techniques required to maintain and restore the physical, chemical, and biological integrity of the Nation's watersheds and its surface and groundwater resources.

Develop agricultural practices that maintain or enhance soil resources, thus ensuring sustainable food, feed, and fiber production while protecting environmental quality.

Develop approaches that mitigate the impact of poor air quality on crop production; and provide scientific information and technology to maintain or enhance crop and animal production while controlling emissions that reduce air quality or destroy the ozone layer.

Develop agricultural practices and decision support strategies that allow producers to take advantage of beneficial effects and mitigate adverse impacts of global change.

Develop management practices, treatment technologies, and decision tools for effective use of animal manure and selected industrial and municipal byproducts to improve soil properties and enhance crop production while protecting the environment.

Develop agricultural systems and decision support systems that assist in increasing the efficiency of agricultural enterprises and achieve economic and environmental sustainability.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Total for Management Initiatives

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Information Services	20,328	18,939	19,785
Indirect Costs:			
Program and Administrative/ Financial Management	2,119	2,244	2,324
USDA Central Charges	330	335	328
Task Force, Advisory Committees, and Other Support Costs	20	21	18
Total Indirect Cost	2,469	2,600	2,670
Buildings and Facilities	63,434	186,335	64,800
Total Cost	86,231	207,874	87,255
FTE's	153	155	160

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Management Initiative: Expand Electronic Government

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
National Agricultural Library			
Direct Costs:			
Information Services	20,328	18,939	19,785
Indirect Costs:			
Program and Administrative/ Financial Management	2,119	2,244	2,324
USDA Central Charges	330	335	328
Task Force, Advisory Committees, and Other Support Costs	20	21	18
Total Indirect Cost	2,469	2,600	2,670
Total Cost	22,797	21,539	22,455
FTE's	153	155	160

Performance Measures:

Develop and deliver content for the National Digital Library for Agriculture (NDLA).

Integrate the NAL AGRICOLA database into the NDLA.

Ensure long-term access to the resources of the NAL NDLA.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Management Initiative: Buildings and Facilities .

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Buildings and Facilities			
Total Cost:	63,434	186,335	64,800
FTE's:	--	--	--

Performance Measure:

Complete priority buildings and facilities projects on schedule and within budget.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Research Service
FY 2006 Budget Estimates

Full Cost By Strategic Objective

Total Cost for All Strategic Objectives and Management Initiatives

Program Items:	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Direct Costs:			
Research and Development	962,452	973,052	827,108
Indirect Costs:			
Program and Administrative/ Financial Management	59,217	60,991	62,297
USDA Central Charges	18,444	18,836	18,528
Task Force, Advisory Committees, and Other Support Costs	1,065	1,120	1,118
Total Indirect Cost	78,726	80,947	81,943
Total Cost	1,041,178	1,053,999	909,051
FTE's	8,756	8,794	8,794
Other Items Not Included in Strategic Objectives:			
Collaborative Research	5,460	0	0
Homeland Security	20,760	30,173	69,228
Repair and Maintenance	17,924	17,828	17,828
Total Agency Cost	1,085,322	1,102,000	996,107
Buildings and Facilities Account	63,434	186,335	64,800
Grand Total, Agency Cost	1,148,756	1,288,335	1,060,907

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AGRICULTURAL RESEARCH SERVICE

Proposed Language Changes

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for); home economics or nutrition and consumer use including the acquisition, preservation, and dissemination of agricultural information; and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed $100, and for land exchanges where the lands exchanged shall be of equal value or shall be equalized by a payment of money to the grantor which shall not exceed 25 percent of the total value of the land or interests transferred out of Federal ownership, [$1,110,887,000] $996,107,000: *Provided*, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only: *Provided further*, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building shall not exceed $375,000, except for headhouses or greenhouses which shall each be limited to $1,200,000, and except for 10 buildings to be constructed or improved at a cost not to exceed $750,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building or $375,000, whichever is greater: *Provided further*, That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: *Provided further*, That appropriations hereunder shall be available for granting easements at the Beltsville Agricultural Research Center: *Provided further*, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): *Provided further*, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law [:*Provided further*, That all rights and title of the United States in the 1.0664-acre parcel of land including improvements, as recorded at Book 1320, Page 253, records of Larimer County, State of Colorado, shall be conveyed to the Board of Governors of the Colorado State University for the benefit of Colorado State University].

None of the funds appropriated under this heading shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.

The change in language is for the purpose of deleting the provision included in the 2005 appropriations, authorizing the conveyance of 1.0664-acre of land to the Board of Governors of the Colorado State University. The land is being conveyed in 2005 and retention of the language is unnecessary.

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AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 2005		$1,110,887,000
Agency Request, 2006		996,107,000
Decrease in Appropriations		-114,780,000
Adjustments in 2005:		
Appropriations Act, 2005	$1,110,887,000	
FY 2005 Rescission under P.L. 108-447 a/	-8,887,000	
Adjusted Base for 2005		$1,102,000,000
Budget Estimate, 2006		996,107,000
Decrease under adjusted 2005		-105,893,000

a/ The amount is rescinded pursuant to Division J, Title I, Section 122 (a) of P.L. 108-447.

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Increases	Program Decreases	2006 Estimated
Product Quality/Value Added	$104,632,000	+$1,019,000	+$2,500,000	-$10,479,000	$97,672,000
Livestock Production	84,055,000	+825,000	+5,803,000	-27,242,000	63,441,000
Crop Production	196,749,000	+1,727,000	+7,000,000	-45,910,000	159,566,000
Food Safety	102,662,000	+854,000	+15,300,000	-11,171,000	107,645,000
Livestock Protection	78,489,000	+678,000	+18,892,000	-10,421,000	87,638,000
Crop Protection	193,001,000	+1,587,000	+23,264,000	-37,802,000	180,050,000
Human Nutrition	83,688,000	+315,000	+8,300,000	-10,650,000	81,653,000
Environmental Stewardship	219,357,000	+2,142,000	+5,000,000	-48,340,000	178,159,000
National Agricultural Library	21,539,000	+170,000	+1,850,000	-1,104,000	22,455,000
Funds Included for Homeland Security	[30,173,000]	--	[+42,606,000]	[-3,551,000]	[69,228,000]
Repair and Maintenance	17,828,000	--	--	--	17,828,000
Total Available	1,102,000,000	+9,317,000	+87,909,000	-203,119,000	996,107,000

NOTE: Research activities carried out in support of Homeland Security are included in Food Safety, Livestock Protection and Crop Protection portfolios.

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AGRICULTURAL RESEARCH SERVICE

Project Statement by Program
(On basis of appropriations)

	2004 Actual		2005 Estimated		Increase or	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Product Quality/Value Added	$109,956,990	1,033	$104,632,000	969	-$6,960,000	$97,672,000	956
Livestock Production	95,411,257	593	84,055,000	516	-20,614,000	63,441,000	488
Crop Production	178,651,437	1,630	196,749,000	1,772	-37,183,000	159,566,000	1,708
Food Safety	98,879,735	861	102,662,000	847	+4,983,000	107,645,000	912
Livestock Protection	78,290,727	589	78,489,000	572	+9,149,000	87,638,000	641
Crop Protection	183,618,913	1,530	193,001,000	1,556	-12,951,000	180,050,000	1,599
Human Nutrition	81,527,539	295	83,688,000	299	-2,035,000	81,653,000	305
Environmental Stewardship	212,804,121	2,072	219,357,000	2,108	-41,198,000	178,159,000	2,025
National Agricultural Library	22,796,957	153	21,539,000	155	+916,000	22,455,000	160
Repair and Maintenance	17,924,261	--	17,828,000	--	--	17,828,000	--
Collaborative Research Program (AID)	5,460,000	--	--	--	--	--	--
Funds Included for Homeland Security	[20,760,000]	--	[30,173,000]	--	[+39,055,000]	[69,228,000]	--
Unobligated Balance	2,734,600	--	--	--	--	--	--
Total Available or Estimated	1,088,056,537	8,756	1,102,000,000	8,794	-105,893,000	996,107,000	8,794
Transfer from Office of Congressional Relations	-129,000	--	--	--			
Transfer from Agency for International Development (AID)	-5,460,000	--	--	--			
Rescission/Across the Board Reduction	6,424,463	--	8,887,000	--			
Total Appropriated	1,088,892,000	8,756	1,110,887,000	8,794			

NOTE: Research activities carried out in support of Homeland Security are included in Food Safety, Livestock Protection and Crop Protection portfolios.

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Justification of Increases and Decreases

New Products/Product Quality/Value Added

a) An increase of $1,019,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $2,000,000 for research in support of **Bioenergy Research**.

Need for Change

Soaring energy prices, instability of petroleum exporting countries, environmental concerns, and depressed agricultural commodity prices highlight the need to develop alternative domestic sources of energy from industrial feedstocks. The expansion of bioenergy and high value coproducts from agricultural feedstocks will reduce the Nation's dependence on petroleum imports from unstable regions, improve environmental quality, increase farm income, and expand rural economic opportunities.

A significant, sustained, and coordinated research and development effort is needed to produce and enhance feedstocks, improve processes for converting them into fuels and coproducts, and reduce production costs in order to penetrate markets that are currently petroleum-based. Despite increased research funding in recent years, there remain significant and daunting technical and economic barriers to overcome before widespread commercialization of bioenergy is feasible.

The need to increase funding for renewable energy research and development programs, including the use of biomass, continues to be a high priority of the Administration and Congress. The President's national energy policy proposes to advance new, environmentally friendly technologies to increase energy supplies and encourage use of cleaner, more efficient energy. The President signed the Biomass Research and Development Act of 2000 (Title III of the Agricultural Risk Protection Act of 2000 which became Public Law 106-224 on June 22, 2000). It established a Biomass Research and Development Board to coordinate programs within and among departments and agencies of the Federal Government for the purpose of promoting the use of biobased industrial products. In addition, Title IX: Energy, in the Food Security and Rural Investment Act of 2002 (Farm Bill) includes several sections designed to encourage the development and use of bioenergy.

ARS research continues to focus on developing the scientific knowledge and technologies needed to provide the Nation with affordable bioenergy products that will improve security, economic stability, and environmental quality. The challenge is to accelerate the rate of research and development to meet needs that are becoming increasingly urgent.

By expanding the use of domestic bioenergy, there will be reduced economic dislocations from fluctuating energy costs; increased security with lower dependence on petroleum imports; increased demand for agricultural commodities that will enhance farm income; expanded opportunities for business development and employment in rural America; and improved environmental quality by reducing air pollution and greenhouse gas emissions.

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The proposed research supports Performance Measure 1.1.3: Improve efficiency and reduce cost for conversion of biomass to energy.

Means to Achieve Change

- **Improve the Quality and Quantity of Agricultural Biomass Feedstocks for Production of Energy and Coproducts** ($1,000,000). ARS will:
  - Genetically modify herbaceous plants to provide feedstock with characteristics which provide more efficient conversion to desired fuels and high value coproducts.
  - Develop sound and sustainable agricultural systems for producing, harvesting, pretreating, handling, and storing biomass crops grown for energy production.
  - Develop alternative energy crops and associated agricultural production practices that incorporate bioenergy crops into systems that improve environmental quality (e.g., soil carbon sequestration and soil, water, and air quality) and producer profitability.
  - Develop techniques to specify and measure biomass feedstock quality.
  - Develop organisms and technology for biological production of hydrogen.

- **Develop Technologies to Produce Biofuels and Coproducts from Agricultural Commodities and Byproducts** ($1,000,000). ARS will:
  - Develop on-farm methods for converting agricultural commodities, minor-use crops, plant residues and animal wastes, and risk material to liquid fuels and electricity.
  - Develop processes for on-farm and local community pretreatment and conversion of biomass to liquid fuels and electricity.
  - Develop economical processes to produce, store, and use photosynthetically generated hydrogen and hydrogen from biomass to power engines and fuel cells for electricity and other on-farm uses.
  - Develop fractionation and separation technology that will enhance the production of purified biobased fuels and coproducts, and improve efficiency of separating plant components during pretreatment.

c) An increase of $500,000 for research in support of **Biobased Products from Agricultural Commodities**.

Need for Change

Chemical and energy companies, commodity and trade interests, governments, and public and private policy groups are increasingly seeking renewable feedstocks for the production of chemicals and materials that are currently made from petroleum feedstocks. Food processors and renderers are seeking options to utilize byproducts from food animal processing. Concerns about TSEs in feed have heightened interest in finding non-feed applications for these byproducts.

Congress passed and the President signed the Biomass Research and Development Act of 2000 (Title III of the Agricultural Risk Protection Act of 2000 which became Public Law No. 106-224 on June 22, 2000), establishing a Biomass Research and Development Board to coordinate programs within and among departments and agencies of the Federal Government for the purpose of promoting the use of biobased industrial products. In addition, Title IX: Energy, in the Food Security and Rural Investment Act of 2002 (Farm Bill) includes several sections designed to encourage the development and use of biobased products.

ARS research currently is focused on the development of industrial and consumer products that offers the opportunity to expand market opportunities for U.S. agriculture, meet environmental needs, and replace imports of petroleum-based products. Developing new non-food, non-feed applications for

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food animal byproducts will reduce the amounts of these materials that require disposal in the environment, provide new markets for these materials, and supplant products made from non-renewable resources with products made from agriculturally-based renewable resources.

The proposed research supports Performance Measure 1.1.1: Develop cost-effective and functional industrial and consumer products from agricultural and forestry resources.

Means to Achieve Change

- **Develop Technologies Leading to New Value Added Products from Food Animal Byproducts** ($500,000). ARS will:
  - -- Produce films, adhesives, composite materials, culture media, and surfactants from rendered animal products.
  - -- Develop feather fiber composites for the automobile and construction industries.

d) A decrease of $10,293,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

FL, Winter Haven, Citrus Waste Utilization
FL, Winter Haven, Grapefruit Juice/Drug Interaction
IL, Peoria, Biotechnology Research and Development Corporation
IL, Peoria, Crop Production and Food Processing
KS, Manhattan, Grain Research
MD, Beltsville, Foundry Sand By-Products
NM, Las Cruces, Cotton Ginning Research
NC, Raleigh, Food Fermentation Research
PA, Wyndmoor, Hides and Leather Research
SC, Clemson, Cotton Quality
SD, Brookings, Biomass Crop Production
WA, Pullman, Western Wheat Quality Laboratory
Various Locations, Wheat Quality Research
Headquarters, National Corn to Ethanol Research Pilot Plant

e) A decrease of $186,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

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The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

NM, Las Cruces, Cotton Ginning (Long Staple Cotton)
Headquarters, Umbrella for Funding Kenaf, Flax, Cramble, and Rapeseed

Livestock Production

a) An increase of $825,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $4,703,000 in support of **Genomics Research (Animals)**.

Need for Change

The foundation of America's unmatched productivity of superior food animals is the result of long-term genetic improvement research. Food animals have been painstakingly bred to maximize yield and quality. Until recently, however, it was impossible to study directly the genes responsible for important traits like nutrient efficiency or animal hardiness. These challenges can be met by exploiting the inherent potential in genomes. Sequencing genomes is only a starting point; identifying and understanding the actions of individual genes will provide the dividends.

ARS has worked with other Federal partners through an Interagency Working Group on Domestic Animal Genomics to facilitate an international effort to develop high resolution sequence maps of the chicken, honeybee, cattle, and swine genomes. Such physical maps will provide the necessary infrastructure for identifying genes and determining their functions.

Genomics technology and information are moving quickly. Animal science must remain at the cutting edge if American agriculture is to continue being competitive. More rapid and efficient methods are required to characterize, identify, and manipulate the useful properties of genes. As John H. Marburger, Director of the Office of Science and Technology Policy, pointed out in a memorandum to agency heads concerning FY 2005 research and development policy: Methods for characterizing animals have "evolved from observation at the level of the whole organism to deconstruction and manipulation at the cellular and molecular level."

Agricultural competitiveness in global markets will be increased by enhancing the production, quality, and safety of U.S. food animals. Methods will be provided for shielding animals from the vulnerabilities caused by insufficient genetic diversity. Data will be generated on mechanisms for preventing disease in animals, increasing animal productive life and yield, and producing more nutrient rich food from less bulk. Whole genome approaches for understanding gene function, regulation, and interaction will allow more efficient genetic improvement programs and the development of new pharmaceuticals.

ARS funds will be highly leveraged in partnership with the National Institutes of Health (NIH) Genome Sequencing Centers, including NIH's National Human Genome Research Institute (NHGRI)

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peer-reviewed "white paper" process. In the past 18 months, NHGRI has worked with USDA to complete draft genome sequences for the chicken at Washington University and the honeybee at Baylor College of Medicine. The first draft of the bovine genome sequence was released by Baylor in October 2004. The complete 6X draft will be completed in 2005. The bovine sequencing project was launched after an international consortium of funders, lead by NHGRI and USDA, was successful in obtaining $53,000,000. The International Swine Genome Sequencing Consortium is now in the process of assembling the funding necessary to launch a similar effort for the porcine genome.

ARS research in these areas supports Performance Measure 1.2.1: Provide producers with scientific information and technologies that increase production efficiency, develop improved germplasm, safeguard the environment, improve animal welfare, and reduce production risks and losses; Performance Measure 1.2.2: Develop needed information on the relationships between nutrients, reproduction, growth, and conversion to and marketability of animal products; and Performance Measure 1.2.3: Identify genes responsible for economically important traits, including animal product quality, efficiency of nutrient utilization, and environmental adaptability.

Means to Achieve Change

- **Collect Phenotypic Data and Use Genome Sequence-Derived Markers to Characterize Available Germplasm for Traits of Economic Importance of Cattle, Poultry and Swine** ($2,100,000). ARS will:
  - Characterize germplasm differences for individual animal maintenance energy requirements and product quality in beef cattle.
  - Characterize germplasm differences for resistance and susceptibility to Marek's disease virus in poultry.
  - Characterize germplasm differences for susceptibility to metabolic diseases in poultry and dairy cattle.
  - Characterize germplasm differences for seasonal infertility in swine.

- **Identify and Characterize Genes that Affect Disease Resistance, Reproduction, Feed Efficiency, Animal Well-Being and Other Economically Important Production Traits in Food Animals** ($2,603,000). ARS will:
  - Facilitate completion of a minimum of 6X coverage sequence maps of the bovine genome.
  - Determine the genetic susceptibility to Bovine Spongiform Encephalopathy (BSE) in cattle.
  - Enhance bioinformatics capacity to transfer sequence information for use in functional genomics to laboratories.
  - Identify genes and gene products that influence disease resistance, reproduction, nutrition, efficiency of feed utilization, animal well-being, and other economically important traits.

c) An increase of $1,100,000 for research in support of Genetic Resources (Animals).

Need for Change

The highly specialized genetic makeup of American food animals has helped make U.S. agriculture the most productive in the world, but it has also made it more vulnerable. Highly uniform breeds lack the genetic flexibility to cope with sudden changes in the environment or new disease organisms, thus putting whole industries at risk. However, advances in genomics and biotechnology are making it increasingly practical to exploit the genomes of naturally occurring varieties for genes that confer advantageous traits, such as disease resistance or tolerance to warmer climates. Germplasm now in

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storage must be duplicated and augmented. In April 2001, the Secretary of Agriculture's Advisory Committee on Agricultural Biotechnology, representing a broad range of over thirty stakeholder interests, recommended that USDA double its budget for germplasm preservation and utilization. Stakeholders and scholarly reports have identified the need to characterize and preserve animal genetic resources. Animal products contribute significantly to the global supply of food and fiber. Systematic information of global animal genetic resources is necessary to identify populations with potentially useful genes. Data on strains within breeds, unique genes possessed by breeds, comparisons of production characteristics of breeds, and environments to manage efficiently germplasm are critical to the use of animal genetic resources to meet unexpected production problems arising from environmental change and emerging diseases.

The rate of extinction of lines and strains of food animals is rapidly accelerating. Maintenance of genetically diverse breeds is necessary to adapt quickly to changing conditions. The application of cryopreservation technology is well-developed for only a few species. Further advances for preserving germ cells are needed to take full advantage of genomics for genetic improvement research.

Base funding was allocated within the ARS budget to initiate a National Animal Germplasm Program which began in 1999. Additional funding is needed for this program to further develop cryopreservation methodology for long-term storage of important germplasm, particularly in the poultry and aquaculture species. This program ensures that biodiversity of germplasm is preserved long-term to allow for the rapid regeneration of agriculturally important genetic lines and populations in the event of bioterrorism or other natural crises (e.g., foot and mouth disease, exotic Newcastle disease, etc.).

Animals with enhanced innate immunity will be healthier and avoid the billions of dollars now lost annually to treatment and premature mortality. Selecting animals more suitable to the production environment will ensure the long-term sustainability of food animal production. In addition, animals with improved efficiency will reduce the impacts of excessive nutrients polluting the environment.

The proposed research supports Performance Measure 1.2.4: Maintain, characterize, and use genetic resources to optimize and safeguard genetic diversity and promote viable, vigorous animal production systems.

Means to Achieve Change

- **Collect, Catalog, and Preserve Germplasm Sequencing for Traits of Economic and Behavioral Importance of Cattle, Poultry, Swine, and Fish** ($1,100,000). ARS will:
  - -- Expand collection and cataloging of important germplasms.
  - -- Develop methods for long-term storage of cryopreserved germplasm of food animals.

d) A decrease of $24,627,000 from unrequested projects appropriated in fiscal years 2001- 2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

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AK Fairbanks, Seafood Waste
AL, Auburn, Catfish Genome
AL, Auburn, Vaccines and Microbe Control for Fish Health
AR, Pine Bluff, Aquaculture Fisheries Center
AR, Stuttgart, Aquaculture Density Research
AR, Stuttgart, Aquaculture Initiative, Harbor Branch Oceanographic Institute
AR, Stuttgart, Harry Dupree National Aquaculture Research Center
IA, Ames, Manure Management Research
ID, Aberdeen, Aquaculture Research/Rainbow Trout
ME, Orono, National Cold Water Marine Aquaculture
MD, Beltsville, Bovine Genetics
MD, Beltsville, Dairy Genetics
MS, Mississippi State, Broiler Production in the Mid-South
MS, Stoneville, Catfish Health
MS, Stoneville, National Warmwater Aquaculture Center
NE, Clay Center, Feed Efficiency in Cattle
NE, Clay Center, Livestock Genome Mapping
ND, Fargo, Cereal Crops, Northern Crops
OR, Newport (Workstation: Corvallis), Shellfish Genetics
WI, Madison, Cereal Crops Research
WI, Madison, Great Lakes Aquaculture Research (University of Wisconsin)
WV, Leetown, Aquaculture Initiative for Mid-Atlantic Highlands
WV, Leetown, National Center for Cool & Cold Water Aquaculture (Freshwater Institute/Aquaculture Systems)
WV, Leetown, National Center for Cool & Cold Water Aquaculture
WV, Leetown, Rainbow Trout
WV, Leetown, Trout Genome Mapping

e) A decrease of $2,615,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

AK, Fairbanks, Seafood Waste
HI, Hilo, Tropical Aquaculture Feeds (Oceanic Institute)
NE, Clay Center, Swine Production Research (Meat-Type Pigs)
WV, Leetown, Rainbow Trout
WV, Leetown, Trout Genome Mapping

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10-48

Crop Production

a) An increase of $1,727,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $4,500,000 in support of **Genomics Research (Plants)**.

Need for Change

The well-being of U.S. agriculture is tied to its performance in the global agricultural marketplace. In order for U.S. agricultural commodities, products, and processes to be competitive in the global economy, the production and processing systems must provide reliable supplies of desired products to buyers at reasonable prices. ARS provides new knowledge and technologies to enable the systems to operate efficiently and effectively. Timely, reliable, and useful research products are keys to helping U.S. agriculture remain strong and to expand domestic and international marketing opportunities. These challenges can only be met by utilizing the inherent potential of genetic resources.

More rapid and efficient methods are required to characterize, identify, and manipulate the useful properties of genes and genomes. Current methods, collectively termed "Agenomics," rely on detailed, accurate, and comprehensive knowledge of genomic organization in order to characterize efficiently genes and elucidate their functions. Bioinformatics is a field of science devoted to the curation of genomic data, and the development of useful data management systems to facilitate interpretation and use of genomic technology. Genomics and bioinformatics are critical for: improving the efficiency of production and the quality and safety of food products; improving the accuracy of genetic selection and identifying genes in plant/crop populations; and developing improved crops that enable producers to maximize yields of high quality products while minimizing environmental degradation.

Genomic research augments traditional germplasm enhancement by providing the means to accelerate the improvement of crop performance and product quality. Gene discovery and location within crop genomes are initial steps in this process. The resulting physical, genetic, and transcript maps guide research for assembly of gene-rich regions of crop chromosomes from DNA sequence data. Quantitative trait loci (QTLs) are being identified in genetic populations that are linked with important agricultural traits. Sequence information is needed to identify the genes that underlie the quantitative traits. Ultimately, the sequence information can be used to screen raw germplasm collections to identify valuable genes that can be used to develop new crop varieties.

Characterization of gene sequences that relate to a particular function, such as an enzyme in a metabolic pathway, enables the examination of how gene expression (and factors that influence gene expression) mediate desirable phenotypic traits. Thus the genetic and biological basis for crop enhancement becomes better understood. Advanced genetic resources may be used as breeding lines for germplasm enhancement. Then selection of progeny from a population that segregates for the desired gene mutation or trait is expedited by genomic tools, such as specific gene markers or transformed genes. Collectively, the integral application of these genomic and bioinformatic technologies may significantly reduce the length of time normally required for varietal development.

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The proposed research will provide the means for maintaining and enhancing the quality and safety of the U.S. supply of food, fiber, feed, medicines, biofuels, industrial products, and ornamentals. Agricultural competitiveness in global markets will be enhanced by increasing the genetic knowledge of plant interactions with pathogenic and beneficial microorganisms; providing a strategy for maintaining and enhancing the production, quality, and safety of U.S. food, fiber, feed, and industrial products; ensuring the continued genetic improvement of agricultural crops; generating data on mechanisms for disease prevention; and enhancing the production of high quality agricultural crop products.

ARS funds will be highly leveraged in partnership with established DOE and NIH Genome Sequencing Centers. Gene mapping and large scale, genome sequencing projects for plants/crops will be coordinated with ongoing genomic initiatives funded by other agencies (Cooperative State Research, Education, and Extension Service and the National Science Foundation) and facilitated by the interagency Working Groups for Plant Genomes and Domestic Animal Genomics.

The proposed research supports Performance Measure 1.2.5: Provide producers with scientific information and technology that increase production efficiency, safeguard the environment, and reduce production risks and product losses; Performance Measure 1.2.7: Identify genes responsible for plant product quality and resistance to diseases, pests, and weather losses; and Performance Measure 1.2.8: Maintain, characterize, and use genetic resources to optimize, safeguard, and enhance genetic diversity and promote viable and vigorous plant protection systems.

Means to Achieve Change

- **Discover, Characterize, and Localize Genes that Mediate the Expression of Economically Important Traits in Plants** ($2,700,000). ARS will:
  - Develop specific and genome-wide genetic markers to determine allelic variation in all significant genes.
  - Develop and sequence expressed sequence tags (EST) and physical bacterial artificial chromosome (BAC) libraries for genome mapping and analyses.
  - Develop and integrate genetic, transcript, and physical maps of plant genomes.
  - Develop gene specific micro-array resources to distinguish duplicated genes in plants with multiple sets of chromosomes and determine global expression patterns of genes in response to biotic and abiotic influences.
  - Conduct comparative analyses of genomic data among plant genomes to predict gene function.
  - Develop bioinformatic systems for curation and interpretation of genomic, proteomic, and metabolic data.

- **Characterize Functional Products of Important Genes that Influence Plant Productivity and Product Quality in Plants** ($1,800,000). ARS will:
  - Identify genes and gene products that influence plant growth, disease resistance, stress tolerance, nutrition, and other economically important traits of crops.
  - Develop proteomic technology to characterize mechanisms of biological processes associated with desirable phenotypic traits.
  - Develop cost-effective means for detecting transgenes in agricultural products.
  - Develop genomic methods to identify and eliminate plant allergens in the food supply from major agricultural crops.

c) An increase of $2,500,000 for research in support of **Genetic Resources (Plants)**.

Need for Change

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10-50

The prosperity of U.S. agriculture depends on the preservation of plant germplasm collections in a healthy, secure, and easily accessible form. These genetic resources provide the means to enhance crops by deploying molecular tools and genomic strategies for selection of germplasm with high quality and agronomic traits for commercial use.

USDA remains committed to the principles of free exchange of genetic resources, protection of intellectual property rights for enhanced genetic materials, and agricultural research activities that help develop technologically advanced farm products for global markets. Increased investment in plant genetic resources research will provide plant breeders with germplasm and genetic tools to develop superior varieties. Also, it will enable the development of superior cultural practices and decision-making tools to provide producers with the best management options for more profitable production of agronomic crops. This investment will improve the understanding of abiotic factors that significantly limit crop productivity and quality, such as drought and water stress.

The U.S. needs a comprehensive program to maintain threatened plant germplasm and prevent the loss of genetic diversity. An adequate supply of useful genes is essential for the improvement of production efficiency and crop protection from catastrophic climate and pest losses, including those that could occur from the intentional introduction by bioterrorists. ARS will collect, identify, characterize, and incorporate plant germplasm into centralized gene banks and ancillary descriptive databases. ARS will also encourage germplasm exchange and distribute research quantities of healthy, pure, and adequately characterized germplasm. The additional funding will also help sustain National Plant Germplasm System (NPGS) repositories that comprise more than 20 gene banks that manage and control more than 450,000 individual samples (accessions) representing more than 10,000 botanical species, more than 1,500 genera, and 180 plant families. NPGS ensures that these genetic resources are available to public and private sector scientists for research that capitalizes on genetically diverse germplasm for the development of improved plants with desirable agronomic characteristics.

ARS research in germplasm enhancement will lead to the development of more productive and value-added technologies to bolster U.S. competitiveness in domestic and foreign markets for agricultural products. An improved understanding of genetic mechanisms will not only lead to increases in productivity above current levels using sustainable technologies, but will also enable the production of new, improved, alternative crops and horticultural products with potential for successful commercialization. Release of improved germplasm and varieties will be based on the effective use of genetic resources, improved methods for identifying useful plant properties, and manipulation of the genes associated with those properties. The proposed research will include: drought tolerant germplasm, integrated management systems that increase water-use efficiency, and irrigation management systems that are customized to crops, such as peanut and turfgrasses. This technology will help enhance the economic sustainability of agricultural production by mitigating the impact of drought, and enhancing the availability and reliability of the Nation's freshwater supply. This proposed research will also help to enhance Homeland Security by identifying genes that provide disease resistance and insect resistance.

The proposed research supports Performance Measure 1.2.8: Maintain, characterize, and use genetic resources to optimize, safeguard and enhance genetic diversity and promote viable and vigorous plant production systems.

Means to Achieve Change

- **Genetic Resource Enhancement** ($1,500,000). ARS will:
  - -- Evaluate plant germplasm for utility and value, such as genes for disease resistance.

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- -- Use molecular tools and genomic strategies to determine the biological basis for genetic control of traits for improved crop constituent quality and productivity.

- **Genetic Resource Acquisition, Maintenance, and Characterization ($1,000,000).** ARS will:
  - -- Develop more efficient protocols for preserving and increasing viable plant germplasm in gene banks.
  - -- Establish official insect and microbial germplasm repositories to strengthen and broaden genetic diversity in working collections.
  - -- Identify and acquire threatened plant germplasm in natural habitats and deteriorating gene banks for preservation in ARS germplasm collections.

d) A decrease of $41,824,000 from unrequested projects appropriated in fiscal years 2001- 2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

AK, Palmer, (Worksite: Fairbanks), Arctic Germplasm
AR, Stuttgart, Rice Research
CA, Salinas, Greenhouse Lettuce Germplasm
CA, Shafter, Cotton Pathology Research
DC, Washington, U.S. National Arboretum
FL, Canal Point, Sugarcane Variety Research
FL, Ft. Pierce, Ft. Pierce Horticultural Research Laboratory
GA, Byron, Pecan Scab Research
GA, Dawson, Peanut Research
HI, Hilo, U.S. Pacific Basin Ag Research Ctr.
IA, Ames, Agricultural Genome Bioinformatics (Bioinformatics Institute for Model Plant Species)
IA, Ames, Corn Germplasm
ID, Aberdeen, Potato Breeding Research
IL, Urbana, Chloroplast Genetic Engineering Research
KS, Manhattan, Karnal Bunt
KS, Manhattan, Sorghum Utilization
LA, Baton Rouge, Honey Bee Research
MN, St. Paul, Wild Rice
MO, Columbia, Soybean Genetics
MS, Mississippi State, Corn Germplasm
MS, Oxford, Natural Products
MS, Poplarville, Appalachian Horticulture Research (University of Tennessee/Tennessee State)
MS, Poplarville, Small Fruits/Ornamental/Horticulture Research
MS, Poplarville, Woody Genomics and Breeding for the Southeast
MS, Stoneville, Alternative Crops and Value Added Products
MS, Stoneville, Biotechnology Research to Improve Crops and Livestock
MS, Stoneville, Cotton Genomics, Breeding and Variety Development

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MS, Stoneville, Cropping Systems Research (University of Tennessee/West Tennessee Ag. Experiment Station)
MS, Stoneville, Soybean Research in the South
NC, Raleigh, Regional Grains Genotyping Research
NC, Raleigh, Soybean and Nitrogen Fixation
NY, Geneva, Grape Genetics
NY, Geneva, Grape Rootstock
NY, Ithaca, Ornamental and Horticulture Research (Pear Thrips, University of Vermont)
OH, Wooster, Greenhouse Hydroponics Research
OK, Lane, South Central Agricultural Research Laboratory
OR, Corvallis, Hops Research
OR, Corvallis, Viticulture
SC, Florence, Cotton Genetics Research
TX, College Station, Aerial Application Research
TX, College Station, Southwest Pecan Research
TX, Lubbock, Sorghum Cold Tolerance
TX, Lubbock, U.S. Plant Stress & Water Conservation Lab
TX, Weslaco, Bee Research
UT, Logan, Bee Research
WA, Prosser, Potato Research Enhancement
WA, Pullman, Grain Legume Plant Pathologist Position
WA, Wenatchee, Tree Fruit Quality Research
WV, Kearneysville, Appalachian Fruit Research Station
WI, Madison, Michael Fields Agricultural Institute
WI, Madison, Vegetable Crops Research
Various Locations, National Germplasm Resources Program
Various Locations, Regional Molecular Genotyping
Various Locations, Sorghum Research
Headquarters, Viticulture

e) A decrease of $4,086,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

GA, Byron, Pecan Scab Research
HI, Hilo, U.S. Pacific Basin Ag. Research Center (HARC)
IN, West Lafayette, Genomics of Pest Resistance in Wheat
KS, Manhattan, Karnal Bunt
MN, St. Paul, Wild Rice
MS, Oxford, Natural Products
MS, Poplarville, Small Fruit Research, Ornamental/Horticulture
MS, Stoneville, Alternative Crops and Value Added Products

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NY, Ithaca, Ornamental and Horticulture Research (Pear Thrips)
OH, Wooster, Greenhouse and Hydroponics Research
OR, Corvallis, Hops Research
UT, Logan, Bee Research (Chalk Brood)
WA, Prosser, Potato Breeding
WA, Pullman, Regional Molecular Genotyping (Club Wheat)

Food Safety

a) An increase of $854,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $15,300,000 for **Food Safety Research in support of Homeland Security**.

Need for Change

Homeland Security

Federal agencies with regulatory responsibility for the food supply, particularly the Department of Health and Human Services and USDA, have recently begun to implement strategic action plans to further ensure the safety of the Nation's food supply. Even the intentional introduction of a small number of contaminants into some part of the food chain could seriously affect public confidence. Apart from the impact on health and safety, bioterrorism against the food supply would also directly harm the Nation's economy, since U.S. agriculture employs nearly one quarter of the Nation's workforce, and annually contributes over one trillion dollars to the gross domestic product. The food production industry annually exceeds $200 billion, with exports exceeding $55 billion.

In order to implement a comprehensive food security strategy, regulatory agencies have highlighted several areas of critical importance broadly encompassing detection, prevention, response, and recovery. These areas include: assessing the vulnerability of the food supply to attack; establishing methods to protect food that has been identified at-risk; strengthening and expanding laboratory preparedness; and increasing research to develop rapid and confirmatory laboratory methods to analyze suspected foods for select agents and toxins.

ARS can assist through using pathogen surveillance in the development and validation of diagnostic tools, and through the development of pathogen modeling programs for assessing the vulnerability of the food supply. Pathogen and toxin detection technologies must be expanded. Prevention relies upon a high degree of intuition and awareness of food safety practices and procedures. The current evaluation of high risk foods (i.e., Food Shields) is an excellent start. All individual Hazard Analysis Critical Control Points (HACCP) programs, and critical points within the various food production pathways must be re-evaluated, and areas of concern identified and made invulnerable. ARS can assist through its food technology, engineering, epidemiology, and modeling expertise.

Preharvest Food Safety

Consumption of contaminated foods, including those containing antibiotic resistant microorganisms, can lead to serious illnesses and deaths, as well as threaten the competitiveness of U.S. agriculture.

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The food supply is particularly vulnerable to contamination that could lead to a loss of public confidence. Exposure of animals, seafood, and produce (via animal manure) to pathogens during production and transportation can be a significant source of contamination, as well as during slaughter and processing. Pathogens may develop resistance to antimicrobials from traditional methods used for pathogen control.

Early recognition of changes in the microbiological flora, particularly the epizootic pathogens in food producing animals, will help assure that the food supply remains safe and secure. This critical need must be addressed through coordinated food animal surveillance and epidemiology programs that are being developed by ARS in cooperation with other USDA agencies. These programs, in particular, the Collaboration for Animal Health and Food Safety Epidemiology (CAHFSE), will regularly sample and analyze serum and feces from representative herds of specific food animals, such as swine and dairy cattle. Analyses of these periodic biological samples can assure early detection of epizootic pathogens and antibiotic resistance to allow time for effective interventions before the public health is compromised. The samples can also be stored for further study and reference.

Postharvest Food Safety

Slaughter and processing, particularly inspection technology, and post processing are key links in the food safety chain. Improved understanding of foodborne pathogen transmission, and control steps in prevention, sanitation, and processing technology are necessary elements to prevent direct contamination, cross contamination, and widespread foodborne illnesses. Postharvest operations provide an opportunity to remove or inactivate pathogens and their toxins previously acquired during the preharvest stage. Improved methods for sampling, detection, and quantitation of pathogens must be developed. Successful technologies and strategies to eliminate, reduce, or suppress human pathogens are needed for commodities associated with foodborne illnesses, or those at risk of becoming vehicles for human pathogens. Developing novel technologies for minimal processing must be based on understanding the effects on the microbial ecology of a food product, since inadequate suppression of spoilage can create an opportunity for human pathogen growth and toxin production. The factors must be identified and those that contribute to the spread and cross contamination of pathogens must be eliminated. Rapid and accurate methods of detection and quantitative measurement of pathogens are needed to provide the necessary data to carry out risk assessment, develop and validate predictive microbial models, and identify where interventions are most critically needed. This information will assist in the implementation of HACCP programs by the Food Safety and Inspection Service (FSIS) for regulated industries. Two ARS proposed research areas -- validation of tests in food matrices and PCR-based tests for pathogens -- directly support and address the needs of FSIS. The validation of these tests will enable quick identification of pathogens and contaminants.

The proposed research will result in early recognition of epizootic pathogens and toxins in food producing animals, grains, treenuts, fruits and vegetables, and aquaculture products, which provides an opportunity for interventions prior to their intended use as human food. CAHFSE (Collaboration on Animal Health and Food Safety Epidemiology) will enable USDA to identify and implement mitigation strategies for animal health and food safety issues in a timely manner, thereby averting adverse economic, animal well-being, and public health consequences. Effective handling practices and target treatments for fresh and minimally processed foods will not only result in fewer pathogens, but will also maintain the beneficial attributes of foods essential for consumer acceptance and good health. Research will provide more secure and competitive food production systems and scientific information on which to base guidance and/or HACCP programs for effectively controlling the presence of pathogens and toxic chemicals in foods to meet domestic and foreign regulatory requirements. Society will benefit from decreased risk of foodborne illnesses and deaths, which will enhance public confidence in the food supply. Greater consumer confidence will also substantially

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benefit producers by minimizing disruptions in normal, healthy eating patterns caused by food safety scares.

The proposed research supports Performance Measure 3.1.1: Develop new on-farm preharvest systems, practices, and products to reduce pathogen and toxin contamination of animal- and plant-derived foods; and Performance Measure 3.1.2: Develop and transfer to USDA agencies and the private sector systems that rapidly and accurately detect, identify, and differentiate the most critical and economically important foodborne microbial pathogens.

Means to Achieve Change

- **Develop Food Animal Surveillance and Epidemiology Programs, together with Other USDA Agencies, to Assure the Early Detection of Epizootic Pathogens and Antibiotic Resistance** ($4,000,000). ARS will:
  - Develop coordinated food animal surveillance and epidemiology programs which incorporate early warning systems of changes in biological indices of food animals and their pathogens.
  - Sample and analyze on a scheduled recurring basis appropriate biological samples from food animals, particularly swine and dairy cattle.
  - Correlate laboratory data with herd information and relevant production practices.

- **Use Meta-Genomics to Elucidate the Means for Improved Control of Food Pathogens in the Preharvest Stage** ($2,000,000). ARS will:
  - Initiate whole genome sequencing of pooled DNA gut contents of specific segments of the gastrointestinal tract of cattle, swine, and poultry.
  - Assess species diversity and identify novel genes (recently termed "meta-genomics") in order to more fully understand the dynamics of the rumen and other gut microbial environments.
  - Use genomic information to identify interventions for controlling pathogens.

- **Use Fungal Genomics to Identify Improved Control Strategies for Mycotoxins During Crop Production** ($2,000,000). ARS will:
  - Use functional genomics with promising fungal genetic material under various crop growing, nutrient balance, and stress conditions to determine the effect of plant factors and metabolites on the growth and sporulation of fungi.
  - Achieve an understanding of the dynamics of the fungal-crop relationship which initiates the production of toxin formation, that is, aflatoxin, fumonisin, and vomitoxin.
  - Identify improved control strategies for mycotoxins during crop production.

- **Develop Sampling Systems and Protocols for Various Food Systems to Maximize the Probability of Detecting Intentional Contamination** ($1,000,000). ARS will:
  - Use modeling systems to develop the best sampling collection protocols for various food systems.
  - Develop mathematical algorithms to maximize the probability of detecting intentional contamination.
  - Develop innovative approaches to sample processing (e.g., universal separation and concentration steps). Automated systems for high-throughput will also be developed.

- **Develop Rapid Systems for Target Amplification to Maximize Detection Potential of Pathogens in Foods** ($1,000,000). ARS will:
  - Develop rapid systems for target amplification (i.e., genotypic/phenotypic) to maximize detection potential. Utilize all available approaches and new technologies to develop

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single and multiple platform systems to be combined with single and multiple target assays (i.e., multi-platform devices for universal contaminant detection).

- **Develop Detection and Processing Intervention Systems for Chemical or Biological Contamination of Liquid Egg Products** ($1,500,000). ARS will:
  - Develop systems to detect potential chemical or biological contamination of liquid egg products.
  - Develop innovative processing intervention strategies to assure safety and maintain quality.

- **Develop Models to Provide Simulations of the Distribution of Biosecurity Agents in Foods.** ($1,000,000). ARS will:
  - Develop models to provide simulations of the distribution of contaminated foods.
  - Identify, develop, and validate novel decontamination systems for various food commodities with particular reference to quantity, level, and type of contamination.
  - Develop simulation models for containment, decontamination, and disposal of affected foods, production and processing facilities, and the distribution system.
  - Develop and validate model systems to determine the environmental fate, persistence, and impact of the biosecurity agent.
  - Develop risk communication systems.

- **Identify Chemical Contaminants** ($1,000,000). ARS will:
  - Develop methods that can be used in foods that will enable the rapid detection of chemical contamination.

- **Conduct Research on Biological Toxins** ($1,300,000). ARS will:
  - Conduct research to detect bacterial toxins in foods.
  - Develop processing intervention strategies to eliminate toxins.
  - Determine the relationship between toxin production and virulence using genomics and proteomics.

- **Develop Innovative Biosecure Foods through the Manipulation of Probiotic Bacteria Which Possess Increased Bioactive Capabilities** ($500,000). ARS will:
  - Develop probiotic strains to produce innovative foods with increased bioactive capabilities. (A joint program in genomics and proteomics to develop useful strains would be appropriate to assist in an innovative approach to enhance biosecurity efforts.)

c) A decrease of $5,941,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

AZ, Phoenix, Aflatoxin in Cotton
IA, Ames, Johne's Disease (Bovine Paratuberculosis)

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LA, New Orleans, Phytoestrogen Research
MD, Beltsville, Johne's Disease (Bovine Paratuberculosis)
MS, Mississippi State, Corn Resistance to Aflatoxin
PA, Wyndmoor, Food Safety and Engineering
PA, Wyndmoor, Salmonella, Listeria, E. Coli, and Other Food Pathogens
UT, Logan, Poisonous Plant Research Laboratory
Various Locations, Food Safety for Listeria and E.coli
Headquarters, Johne's Disease (Bovine Paratuberculosis)

d) A decrease of $5,230,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

LA, New Orleans, Hyperspectral Imaging
LA, New Orleans, Phytoestrogen
PA, Wyndmoor, Food Safety for Listeria and E. Coli
TX, College Station, Center for Food Safety and Postharvest Technology
UT, Logan, Poisonous Plant Research (Locoweed)
Headquarters, Food Safety for Listeria and E. Coli
Headquarters, Preharvest Control of Aflatoxin

Livestock Protection

a) An increase of $678,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $6,992,000 for research on **Controlling Exotic/Emerging Diseases of Animals in support of Homeland Security**.

Need for Change

The threat of new diseases is an urgent and growing challenge to American livestock producers. In some cases, diseases that are already present have suddenly become major problems because of changes in pathogen virulence, land use, or environment. Bovine Viral Diarrhea (BVD) in cattle, Porcine Reproductive Respiratory Syndrome (PRRS) in swine, and virulent forms of Marek's disease virus in chickens are notably ominous current examples. Others include zoonotic diseases that can harm people, like: Brucellosis, Leptospirosis, and West Nile Virus. Some other diseases have been

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introduced from foreign countries, such as Avian Influenza, Exotic Newcastle Disease, and Monkeypox, all of which were brought into the United States in the last two years.

In the 21st century changes influencing diseases can occur within hours, whereas fifty years ago decades were required. The U.S. food animal population is genetically fragile to new disease agents because of many years of selection for growth and feed conversion and shielding provided by clean production systems (i.e., non-barnyard environments). Factors associated with immunologically robust animals need to be identified and incorporated into a health management strategy. ARS research for controlling exotic and emerging diseases will integrate pathology and veterinary sciences with molecular biology and genomic approaches.

ARS will develop knowledge, models, systems, processes, and vaccines for rapid response, control, and eradication of biological threat agents. Genes and gene products will be identified and characterized that relate to immunity, disease resistance, stress, and other important characteristics that can affect the biosecurity of food animal populations. ARS will strengthen collaborative partnerships at the national and international levels in order to obtain access to agents and data needed to conduct the proposed research. Specific examples of outcomes for the proposed research are: models for predicting epidemics of mosquito borne viruses, vaccines that aid in the control and eradication of biological threat agents, and discovery of a genomic basis for increasing the biosecurity of food animal populations.

The proposed research supports Performance Measure 3.2.1: Provide scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that impact animal and human health; and Performance Measure 3.2.3: Develop and transfer tools to the agricultural community, commercial partners, and Federal agencies to control or eradicate domestic and exotic diseases that impact animal and human health.

Means to Achieve Change

- **Develop Systems for Rapid Response to Bioterror Agents** ($1,000,000). ARS will:
  - Design and test models for flexible surveillance systems that will maximize rapid detection and response to exotic vector borne zoonotic pathogens (e.g., Rift Valley Fever virus) that could severely disrupt agricultural trade.
  - Develop models for predicting epidemics of mosquito borne viruses (e.g., West Nile virus) using geographic information systems, remote sensing of environmental factors, and methods for rapidly analyzing data.

- **Implement a Technology Driven Vaccinology Research Program for the Control and Eradication of Biological Threat Agents** ($3,000,000). ARS will:
  - Identify interrelationships between innate immunity and adaptive immunity in cattle, swine, and poultry, and research how innate immunity can impact host adaptive immune responses to vaccination or natural infection.
  - Develop antigen delivery systems (i.e., expression vectors for various host animal species to be used for emerging diseases) that target immune system compartments (i.e., mucosal, peripheral, reproductive tract, and other sites).
  - Develop allied testing methods to distinguish between vaccinated and naturally infected animals.
  - Delineate the specific conditions required for several different broad-based protein or nucleic acid delivery systems, such as needleless systems, microgels, biodegradable depot systems, and *in ovo* injector systems.

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- Develop effective strategies to evaluate the innate immune response in livestock and poultry, including neonatal and embryonic immunity, innate immune cell function, and accessory cell function.

- **Discover Species Specific Immune Modulators to Advance Intervention Strategies for Emerging Diseases of Livestock and Poultry** ($2,200,000). ARS will:
  - Clone, express in native form, characterize, and develop antibodies, acute phase proteins, complementary proteins, cytokines, antibody isotypes, innate immune system receptors (i.e., TLRs and others), effector molecules (e.g., perforin, granzyme, etc.), adhesion molecules, and cell surface markers of lymphocyte subsets for livestock and poultry.
  - Improve production and reduce the cost of protein or nucleic acid substrates to make intervention strategies viable in animal production systems through high efficiency, scalable fermentation, or synthesis processes that will produce native proteins.

- **Vaccines for the Department of Defense** ($792,000).

c) An increase of $7,500,000 for Bovine Spongiform Encephalopathy (BSE) Research.

Need for Change

The first case of Bovine Spongiform Encephalopathy (BSE), identified in the U.S. on December 23, 2003, has brought to the forefront the significant gaps in scientific knowledge that will be critical to control and eradicate this animal and human health threat. Although a significant amount of research has been conducted in the last decade in laboratories worldwide, we still have not discovered the cause of this disease, nor do we totally understand pathogenesis, tissue distribution, and host range specificity. Also, we have not developed the tools to make a definitive diagnosis in a live animal. These gaps underscore the need for USDA to accelerate its research to protect the U.S. food animal industry and human health, and the Nation's domestic and export trade.

A key goal for ARS will be to deliver scientific information that will enable action and allow regulatory agencies to develop policies and control programs based on the best available science. Since ARS has had significant experience working with transmissible spongiform encephalopathies (TSE), it will be able to integrate its large animal containment facilities and TSE scientists into a national coordinated research program in pathogenesis, diagnostic discovery, and intervention. A critical step will involve establishing collaborations with European scientists that already have ongoing BSE research programs in order to prevent duplication of efforts, maximize the efficiency of the U.S. research program, and look for opportunities to accelerate the research where feasible.

ARS will deliver scientific information to action and regulatory agencies on infectivity and tissue tropism, determinants of host specificity, mechanisms of prion replication, and strain characterization and associated virulence characteristics. ARS will also discover post- and ante-mortem diagnostics and cost-effective methods of prion inactivation. Together, the fundamental and applied components of ARS' BSE research program will enable action and regulatory agencies to develop effective control programs and highly effective tools that are based on the best available science.

The proposed research supports Performance Measure 3.2.1: Provide scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that impact animal and human health; and Performance Measure 3.2.3: Develop and transfer tools to the agricultural community, commercial partners, and Federal agencies to control or eradicate domestic and exotic diseases that impact animal and human health.

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Means to Achieve Change

- **Implement an Integrated Emerging Zoonotic Research Program (BSE) in Pathogenesis, Diagnostics, and Intervention** ($7,500,000). ARS will:
  - -- Provide data for science-based risk assessment of BSE specific risk material categorization.
  - -- Define species susceptibility, host range, and phenotype of BSE and the potential risks of cross-species transmissions.
  - -- Characterize the molecular mechanism of prion replication to provide fundamental iological information on the pathophysiology of BSE and support the development of diagnostic platforms.
  - -- Characterize differences in BSE global isolates to determine the existence of different BSE strains and their virulence characteristics.
  - -- Provide improved methods of prion detection to identify preclinical infections in live animals.
  - -- Develop and evaluate processes for prion destruction in meat and bone meal and evaluate the properties of the treated material and its potential for value added applications.
  - -- Evaluate natural products to find a method that can inactivate BSE in the carcass, rendered products, and the environment without the use of harsh chemicals.

d) An increase of $1,600,000 for research in support of **Controlling Invasive Species Affecting Animals**.

Need for Change

The security and economy of the U.S. livestock and poultry industries are clearly threatened by the emergence, by accidental or intentional introduction, of animal parasites. Of particular concern is the lack of baseline identification systems, and the worldwide emergence of drug resistant nematodes and protozoa. Rapid identification is paramount to control and eradicate potential exotic introductions (e.g., *Nematodirus battus, Ashworthius patriciapilittae, Mecistocirrus digitatus.)* The worldwide dependence on the limited number of existing anti-parasitic drugs has resulted in the genetically transmitted loss of drug effectiveness in parasite populations previously thought to be sensitive to anthelmintics; ivermectins, duramectins, macrociclic lactones, benzimidazole, and levamisole.

An important goal for ARS will be to generate baseline data on the diversity of North American parasitic pathogens in relevant host animals, which is critical to recognizing introductions of exotic parasites, and understanding the ecological issues linked to dissemination and emergence. ARS' research will focus on economically important parasite groups that occur on a global scale. This will require extensive long-term basic research in taxonomy, systematics, and the application of molecular level methods for more refined studies of species and populations of parasites. It will provide the scientific community with state-of-the-art database development, and the transition of this and other specimens-based collections from repositories to biodiversity information systems. ARS will provide systematic support to enable accurate identification and assessment of the stability of host and geographic associations. Molecular tools will be developed to make it possible to understand the precise mechanisms for resistance and rapid identification of drug resistant nematodes and protozoa. ARS will also develop alternative control methods for emerging drug resistant nematodes and protozoa.

This research will provide the knowledge needed to develop molecular detection tools and mitigate drug resistant nematodes and protozoa. By developing new technologies for rapid identification of invasive parasitic species that threaten U.S. agriculture, the country will be able to respond rapidly to

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the accidental or intentional introduction of exotic helminthes and protozoa. These technologies will expedite the movement of commodities of agricultural products through ports, reduce the risk of new harmful species being inadvertently introduced into the U.S., and facilitate trade of U.S. commodities. The ability to detect and identify native and non-native species will be greatly enhanced, resulting in elevating the health of U.S. livestock and poultry. Rapid and accurate identification systems will enable assessment of the stability of host and geographic associations. Molecular detection tools will make it possible to understand the precise mechanisms for resistance and rapid identification of drug resistant nematodes and protozoa.

The proposed research supports Performance Measure 3.2.1: Provide scientific information to protect animals from pests, infectious diseases, and other disease-causing entities that impact animal and human health; and Performance Measure 3.2.3: Develop and transfer tools to the agricultural community, commercial partners, and Federal agencies to control or eradicate domestic and exotic diseases that impact animal and human health.

Means to Achieve Change

- **Develop Control Programs for Invasive Drug Resistant Nematodes and Protozoa of Livestock and Poultry** ($1,000,000). ARS will:
  - Construct new molecular tools and add digitizing capabilities to traditional approaches to support urgent interceptions of potential invasive species at U.S. ports and borders, including protozoa (i.e., tissue cyst-forming coccidia including *Sarcocystis*, *Toxoplasma*, *Neospora*, and *Besnoitia*; enteric coccidian such as *Cryptosporidium*; and enteric protozoa such as *Giardia*) and helminths (i.e., nematodes, including Strongylida, Trichostrongyloidea, and Protostrongylidae).
  - Improve the ability of regulatory agencies, homeland security, and trade partners to detect, exclude, and mitigate nematodes and animal parasites that threaten livestock and human health.
  - Develop rapid molecular methods for identifying cyst nematodes that threaten agricultural productivity and U.S. exports if they are introduced into the country.

- **Identify the Genes in the Red Invasive Fire Ant and Use Them to Develop More Effective Baits** ($600,000). ARS will:
  - Construct gene libraries for use in studying the functional genomics of ants.
  - Identify the genes responsible for ant attraction to control baits.
  - Construct microarrays for identifying viruses and other potential control agents.

e) A decrease of $8,719,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

FL, Gainesville, Mosquito Trapping Research/West Nile Virus
FL, Gainesville, Vector-Borne Diseases

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GA, Athens, Asian Bird Influenza
GA, Athens, Avian Pneumovirus
GA, Athens, Poult Enteritis-Mortality Syndrome
GA, Athens, Poultry Disease
IA, Ames, Transmissible Spongiform Encephalopathies
IL, Peoria, Animal Health Consortium (Base)
MD, Beltsville, Poultry Disease (Avian Coccidiosis)
MI, East Lansing, Poultry Disease (Avian Leukosis-J Virus)
MS, Stoneville, Red Imported Fire Ants
NY, Greenport, Advanced Animal Vaccines
TX, Kerrville, Microbial Genomics
WA, Pullman, Malignant Catarrhal Fever Virus
WA, Pullman, Microbial Genomics
Headquarters, Advanced Animal Vaccines

f) A decrease of $1,702,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

MD, Beltsville, Lyme Disease 4 Poster Project
MS, Stoneville, Red Imported Fire Ants
NY, Orient Point, Animal Vaccines

Crop Protection

a) An increase of $1,587,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $12,500,000 for research on **Controlling Exotic/Emerging Diseases of Crops in support of Homeland Security**.

Need for Change

Exotic and emerging plant diseases pose severe problems throughout the U.S., whether they are the result of bioterrorism or result from naturally occurring epidemics. The increasing importance of exotic and emerging plant diseases may be attributed to the introduction of pathogens into new geographic regions; modification of the environments that favor diseases; changes in crop management

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practices; genetic shifts in the pathogen populations; and other processes that may give them an advantage.

It is important to identify new or unknown pathogens, determine their geographic origin, and biologically characterize them. Accurate taxonomic identification, including classification of such pathogens, is essential to protect homeland security. Pathogenicity studies and molecular markers are needed to discriminate isolates and determine host range. Infectious pathogens from intentional or malicious introduction needs to be rapidly identified and controlled. Continued development of pathogen detection, exclusion, and quarantine treatment technologies is important, both for keeping new diseases from becoming established in the U.S., and for producing crops and commodities that can be shipped and sold in markets around the world.

Research and development of new disease management technologies, particularly biologically-based ones, such as host-plant resistance, biological control, cultural control, and others must be expanded. Research on integration of different control technologies into effective, economical, and sustainable integrated disease management systems should be conducted so that practical solutions can be transferred to agricultural producers, processors, and land managers.

The proposed research on emerging and exotic diseases of plants will minimize or prevent the establishment of pathogens in the U.S. and protect homeland security. Commodities and crops produced in the U.S. will be of higher quality for domestic consumption and more marketable internationally. New, more rapid, and accurate detection and identification of unknown pathogens will provide short-term solutions. Long-term solutions will be made available through integrated control strategies and pathogenicity studies to determine host range and virulence. Development of resistance germplasm and more sustainable, environmentally friendly control strategies will be conducted to provide practical solutions for U.S. farmers and producers.

ARS research in these areas supports Performance Measures 3.2.4: Develop and release to potential users varieties and/or germplasm of agriculturally important plants that are new or provide significantly improved (either through traditional breeding or biotechnology) characteristics enhancing pest or disease resistance; Performance Measure 3.2.5: Provide fundamental and applied scientific information and technology to protect agriculturally important plants from pests and diseases; and Performance Measure 3.2.6: Provide needed scientific information and technology to producers of agriculturally important plants in support of exclusion, detection, and early eradication, control and monitoring in invasive insects, weeds, and pathogens, and restoration of affected areas. Conduct biologically-based integrated and areawide management of key invasive species.

Means to Achieve Change

- **Develop Diagnostics for Rapid, Practical, and Specific Identification of Pathogens** ($2,850,000). ARS will:
  - Conduct genetic characterization of pathogens for strain fingerprinting and forensic applications.
  - Develop rapid, high-throughput diagnostic protocols for priority pathogens that incorporate protein-based (ELISA) or DNA-based (RT-PCR) technologies.

- **Develop Statistically Sound Pathogen Survey and Detection Methods** ($1,000,000). ARS will:
  - Develop accurate and rapid means for surveying crop genetic uniformity, crop ecogeographical distribution (contiguous or scattered), and crop rotation patterns.

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- -- Formulate and implement sound statistical sampling models for rapidly detecting disease pathogens, estimating their prevalence and the potential for an epidemic, determining food security implications, and gauging potential economic impacts of an epidemic.
- -- Develop advanced GIS epidemiological mapping capabilities that can rapidly characterize the severity of an epidemic and help to pinpoint its possible ecogeographical origin.

- **Develop the Taxonomy, Biology, and Genetics of Pathogens** ($2,850,000). ARS will:
  - -- Evaluate genetic diversity of pathogens to assess genetic variability among pathogen isolates and the potential evolution of new virulent strains.
  - -- Expand research on pathogen biology and host/pathogen interactions which can be easily accessed by action and regulatory agencies.

- **Develop Accurate, Science-Based Forecasting Systems for Each Pathogen/Crop Combination** ($1,000,000). ARS will:
  - -- Monitor and map disease incidents to develop predictive models for probable routes of pathogen entry into the U.S.
  - -- Coordinate planning among Federal and State agencies and the preparation of resources by documenting, monitoring, and indexing agricultural diseases and sources of genetic resistance.
  - -- Maintain databases of known host-plant genetic resistance factors for priority pathogens.

- **Develop Integrated Disease Management Strategies and Tools (Resistant/Tolerant Varieties, and Cultural, Biological, and Chemical Control)** ($4,800,000). ARS will:
  - -- Evaluate domestic crop breeding stocks and international sources for resistance to diseases.
  - -- Develop genetic markers for disease resistance and initiate genomic and proteomic research to discover the biochemical genetic mechanisms that govern resistance.
  - -- Develop genetic marker assisted breeding programs and micro-arrays to expedite breeding of agronomic genotypes with multiple genes for resistance.
  - -- Ensure that disease resistant varieties of plants are continuously developed and made available to customers.
  - -- Implement Integrated Pest Management (IPM) approaches to control disease outbreaks, including cultural, biological, and chemical treatments.
  - -- Determine critical crop development stages for chemical and biological treatments and maintain databases of effective control strategies.
  - -- Evaluate seed handling/storage techniques and possible seed treatments with fungicides and bactericides.
  - -- Develop efficacy data required to register fungicides for use on susceptible crops.

c) An increase of $5,200,000 for research and information in support of **Controlling Invasive Species Affecting Plants.**

Need for Change

Invasive species of pests have steadily increased with the growing movement of people and items of trade around the world. Currently, invasive weeds, insects, pathogens and other pest species cost the U.S. in excess of $137 billion per year, causing agricultural losses as well as negatively impacting the environment and biological diversity. Research and information is needed to enhance education and public awareness, strengthen prevention techniques, aid in the detection and identification of pests, increase control through management and eradication tactics, and restore habitats. Priorities to address

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these needs have been developed in cooperation with other agencies and departments, coordinated by the National Invasive Species Council.

Adequate taxonomic information is essential to provide accurate identification of invasive species, and access associated biological information. Sudden Oak Death caused by a fungal-like pathogen that affects many species, has had devastating effects on California's ecosystems and plant nurseries. It has spread to many other States either naturally or by plant shipments. Salt Cedar (Tamarisk) and Yellow Starthistle are invasive weeds which have caused severe agricultural and environmental damage in several western States. Lobate Lac Scale, Asian Longhorned Beetle, and Emerald Ash Borer are invasive insects that are spreading in varying stages of infestation, causing damage to a wide range of plant species.

The proposed research will augment taxonomic knowledge to identify quickly and accurately invasive species and provide information on their biology. Research on Sudden Oak Death will develop methods for detecting and monitoring, as well as characterizing the physiology, phenology, ecology, and genetics to identify vulnerabilities that can be used in control methodologies. Research on Yellow Star Thistle and Salt Cedar will develop detection, integrated pest management, and restoration technologies. Increased support for research on Lobate Lac Scale, Asian Longhorned Beetle and Emerald Ashborer will result in enhanced technologies to support field efforts in the detection, eradication, monitoring, control, and management of these invasive insects.

The proposed research support the Performance Measure 3.2.5: Provide fundamental and applied scientific information and technology to protect agriculturally important plants from pests and diseases; and Performance Measure 3.2.6: Provide needed scientific information and technology to producers of agriculturally important plants in support of exclusion, detection, and early eradication, control and monitoring in invasive insects, weeds, and pathogens, and restoration of affected areas. Conduct biologically-based integrated and areawide management of key invasive species.

Means to Achieve Change

- **Conduct Research to Control Sudden Oak Death, Tamarisk (Salt Cedar), Emerald Ash Borer, Yellow Starthistle, Asian Longhorned Beetle, and Lobate Lac Scale** ($3,800,000). ARS will conduct research on:

  Sudden Oak Death
  - Determine the molecular characterization of the pathogen to improve early detection/rapid response capabilities.
  - Identify the genes associated with pathogenicity in order to develop potential control methodologies.

  Tamarisk (Salt Cedar)
  - Provide and assess data on vegetation in specific landscapes through the use of remote sensed hyperspectral imagery and the use of computer processed, aggregated data systems.
  - Conduct foreign exploration, domestic quarantine operations, field introduction, and assessment activities to address Salt Cedar biological control on a regional scale.
  - Investigate revegetation technologies on a region by region basis to ensure that information exists to improve treated habitats before exerting control measures.

  Emerald Ash Borer
  - Initiate overseas investigations for natural enemies and compile a list of parasitoids, predators, and diseases associated with the pest in the Far East.

  Yellow Starthistle
  - Develop an areawide integrated management program, determining biological control agents and their interaction with the target weed.

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Asian Longhorned Beetle
-- Develop biological controls and lures, and integrate them with chemicals into an overall management program to impact infestation levels.

Lobate Lac Scale
-- Determine potential biological control agents and levels of injury caused by the lobate lac scale to native and economic plants.

Other Activities
-- Develop IPM components and systems for invasive insect species, and noxious and invasive weeds in cropping systems, rangelands, and natural areas.

- **Improve Taxonomic Knowledge of Invasive Species** ($1,400,000). ARS will:
  -- Detect, identify, and classify invasive arthropods, and place the information on the web.
  -- Increase knowledge of vascular plants and fungi, and place the information on the web.
  -- Characterize and analyze new and previously described species of parasitic worms and nematodes. Detection of new and emerging disease agents and crop pests will be improved. Species which have a high potential for invasion, and those which may be used for pest control will be identified.
  -- Improve the infrastructure of collections through preservation and upgrades of existing collections, improved access to collection information, and preservation of historically important specimens and data.

d) An increase of $4,214,000 for a **National Plant Disease Recovery System in support of Homeland Security**.

Need for Change

The emergence or spread of a number of plant diseases in this country, such as soybean rust, citrus variegated chlorosis, and bacterial wilt, would devastate American agriculture. These diseases, the result of bioterrorism or one of the hundreds of naturally occurring emerging or reemerging plant diseases, must be quickly identified and contained. Additional research must be conducted to minimize the risk of crop diseases, contamination, and/or willful destruction of crops to ensure that the safety of the food supply is not compromised.

Recovery from a catastrophic disease outbreak depends on a national system to manage host/pathogen interactions with a systematic centralized approach to deploy resistant plant resources with cultural/biological/chemical control strategies. In case of a national emergency, a National Plant Disease Recovery System (NPDRS) within ARS will provide for the recovery from a catastrophic disease outbreak.

A NPDRS will minimize the impacts of crop diseases while maintaining healthy crops and safe commodities that can be shipped and sold in markets around the world. ARS will conduct research to discover and exploit naturally occurring and engineered genetic mechanisms for plant pathogen control, develop agronomic germplasm with durable defensive traits, and transfer genetic resources for commercial use in the event of a devastating disease outbreak.

ARS will develop and release varieties and/or germplasm with significantly improved characteristics enhancing disease resistance. Advances in genomics and biotechnology provide genetic tools that facilitate the selection and development of desirable traits in crop species. Key partnerships have already been developed within USDA, State agencies, commodity groups, and industry.

ARS will develop and maintain both collections and databases of pathogens and genetic resistance factors that can be accessed by the agency and cooperating Federal and State partners. Cultural,

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biological, and chemical control strategies will be implemented to control disease outbreaks. Prioritized attention will be given to crop pathogens on the 2002 Agricultural Bioterrorism Protection Act's listing of select biological agents and toxins determined to have the potential to pose a severe threat to plant health (e.g., soybean rust, citrus variegated chlorosis, and bacterial wilt).

ARS research in these areas supports Performance Measure 3.2.4: Develop and release to potential users varieties and/or germplasm of agriculturally important plants that are new or provide significantly improved (either through traditional breeding or biotechnology) characteristics enhancing pest or disease resistance; and Performance Measure 3.2.5: Provide functional and applied scientific information and technology to protect agriculturally important plants from pests and diseases.

Means to Achieve Change

- **Evaluate Domestic Crop Breeding Stocks and International Sources for Resistance to Diseases.**
  - Develop genetic markers for disease resistance and initiate genomic and proteomic research to discover the biochemical genetic mechanisms that influence control.
  - Develop a gene marker assisted breeding program and develop micro-arrays to expedite the breeding of agronomic genotypes with multiple genes for resistance.

- **Conduct Genetic Characterization of Pathogens for Fingerprinting and Forensics and Assess Genetic Variability Among Pathogen Isolates.**
  - Assess genetic diversity of pathogens to assess potential evolution of new races.
  - Monitor and map disease incidents to develop predictive models for probable routes of entry into the U.S.

- **Coordinate Planning Among Federal and State Agencies and the Preparation of Resources by Documenting, Monitoring, and Indexing Agricultural Diseases and Sources of Genetic Resistance.**
  - Ensure that disease resistant varieties of plants are continuously developed and made available to customers.
  - Identify and maintain databases of genetic resistance factors.

- **Implement Integrated Pest Management (IPM) Approaches to Control Disease Outbreaks, Including Cultural, Biological, and Chemical Treatments.**
  - Determine critical crop development stages for chemical and biological treatments and maintain databases of effective control strategies.
  - Evaluate seed handling/storage techniques and possible seed treatments with fungicides/ bactericides.
  - Develop efficacy data required to register fungicides for use on susceptible crops.
  - Expand research on pathogen biology and host/pathogen interactions that can be easily accessible by action and regulatory agencies.

e) A decrease of $29,964,000 from unrequested projects appropriated in fiscal years 2001- 2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To

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meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

AK, Fairbanks, IPM for Northern Climate Crops
AK, Fairbanks, Virus Free Potato Germplasm
CA, Albany, Broomweed Biological Controls
CA, Davis, Pierce's Disease
CA, Davis, Sudden Oak Disease
CA, Davis, Sustainable Vineyard/Viticulture Practices
CA, Parlier, Olive Fruit Fly
CA, Parlier, Pierce's Disease
CA, Salinas, Lettuce Geneticist/Breeder
CA, Salinas, Postharvest and Controlled Atmosphere Chamber (Lettuce)
CA, Salinas, Verticillium Wilt
FL, Ft. Lauderdale, Invasive Aquatic Weeds
FL, Ft. Pierce, Citrus & Horticultural Research
FL, Ft. Pierce, Pierce's Disease
FL, Gainesville, Biological Controls & Ag Research
FL, Miami, Coffee and Cocoa Research
GA, Byron, Southeastern Fruit and Tree Nut Research
GA, Tifton, Nematology Research
IA, Ames, Corn Rootworm (Risk Assessment for Bt. Corn)
IN, West Lafayette, Oat Virus
KS, Manhattan, Wheat & Barley Scab Initiative
LA, Houma (Worksite: New Orleans), Residue Management in Sugarcane
LA, New Orleans, Formosan Subterranean Termites
ME, Orono, Late Blight Fungus
MD, Beltsville, Biomedical Materials in Plants
MD, Beltsville, Biomineral Soil Amendments for Control of Nematodes
MD, Beltsville, Coffee and Cocoa Research
MD, Beltsville, Weed Management Research
MD, Frederick, Sudden Oak Disease
MN, St. Paul, Cereal Disease Research
MS, Stoneville, Resistance Management and Risk Assessment in Bt Cotton and Other Plant Incorporated Protectants
MS, Stoneville, Soybean Cyst Nematode
MS, Stoneville, Sweet Potato Research
NC, Raleigh, Wheat and Barley Scab Initiative
ND, Fargo, Canada Thistle
ND, Fargo, National Sclerotinia Initiative
ND, Fargo, Wheat and Barley Scab Initiative
NY, Ithaca, Golden Nematode
OK, Stillwater, Invasive Aphid Research
OR, Corvallis, NW Small Fruits Research
SC, Charleston, U.S. Vegetable Lab/Staffing
WA, Pullman, Root Diseases in Wheat and Barley
WA, Wapato, Temperate Fruit Flies
WA, Wapato, Virus Free Fruit Tree Cultivars
WI, Madison, Potato Storage
France, Montpellier, Olive Fruit Fly
Various Locations, Minor Use Pesticide (IR-4)

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Headquarters, Binational Agricultural Research and Development Program
Headquarters, Coffee and Cocoa Research
Headquarters, Floriculture and Nursery Crops
Headquarters, NW Small Fruits Research
Headquarters, Wheat & Barley Scab Initiative

f) A decrease of $7,838,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

CA, Albany, Broomweed Biological Controls
FL, Ft. Lauderdale, Invasive Aquatic Weeds
FL, Ft. Pierce, FAMU Science Ctr.
FL, Gainesville, Termite Species in Hawaii
HI, Hilo, Pineapple Nematode Research
LA, New Orleans, Formosan Subterranean Termites
MD, Beltsville, Potato Disease Management
MD, Beltsville, Potato Disease
MD, Beltsville, Coffee and Cocoa
MD, Beltsville, Biomedical Materials in Plants (Biotech Foundation)
MD, Ft. Detrick, Plum Pox
NY, Ithaca, Golden Nematode
OR, Corvallis, NW Small Fruits
OR, Corvallis, NW Small Fruits/Eastern Filbert Blight
TX, College Station, Sorghum Ergot
Headquarters, Control of Perennial and Annual Weeds
Headquarters, Potato Research
Headquarters, NW Small Fruits and Nursery Crops

Information Technology

(Note: The proposed increases for Information Technology (IT) generally support all of the agency's programs and operations. However, rather than spreading the proposed IT increases among all of ARS' goals and performance measures, they have been placed here.)

a) **An increase of $3,600,000 for ARS' Cybersecurity Program and Critical Infrastructure Protection in Support of Homeland Security**.

Cybersecurity Program ($1,500,000)

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Need for Change

ARS' Information Technology (IT) systems and networks, which are now exposed to an unprecedented level of risk, are essential to the agency and are important to homeland security. Of particular importance is the safeguard of pathogenic, genomic, and other sensitive research information from being acquired or destroyed by unauthorized intruders through unprotected/undetected cyber links.

As technology has enhanced the ability to share information instantaneously, it has also made ARS more vulnerable to cybersecurity attacks. ARS strives to meet cybersecurity challenges by enhancing the confidentiality, integrity, and availability of its critical information. Agencywide centralized security measures are needed to counter immediate security threats and build effective security management strategies and procedures.

The request for funding to establish and maintain an agency cybersecurity program meets and supports the regulatory requirements prescribed in the Federal Information Security Management Act of 2002, Government Information Security Reform Act of 2000, OMB Circular A-130 (Appendix III), Clinger Cohen Act of 1996, Computer Security Act of 1987, Paperwork Reduction Act of 1995 (as amended), and Government Paperwork Elimination Act of 1998. The requested changes address the pressing and continuing issues of cybersecurity in support of homeland security and the e-Government initiative.

ARS will deliver and implement a centralized and strategically managed program to build a secure infrastructure that will address information management, information technology, and cybersecurity issues in a systematic and preventive manner. The outcomes will provide more secure and available electronic delivery of research and program findings and services to national, State, local and international customers, stakeholders, and partners. More specifically, the outcomes will include:

- A maximized ARS IT secure environment to protect critical and sensitive agency research data from falling into unauthorized hands.

- Measures that offer a secure IT delivery platform, in line with a streamlined enterprise architecture, for supporting the President's Management Agenda of an electronic government (eGovernment) that collaborates with Federal agencies, research communities, and the public.

- A response to the recommendations for strengthening ARS cybersecurity based on vulnerabilities identified previously by OIG audits, USDA reviews, and ARS self-assessments.

Means to Achieve Change

- **Increase the Number of Cybersecurity Officers.** ARS will:
  - Provide 10 new cybersecurity engineers or information security managers at strategic locations nationwide.

- **Enhance Cybersecurity Tools and their Usage.** ARS will:
  - Equip ARS system administrators and users with vulnerability scanning software, intrusion detection systems, firewalls, virtual private networks, and virus protection tools.
  - Establish relevant policies/procedures to enforce and monitor the use and reporting of the tools.

- **Plan and Implement Cybersecurity Management Plans/Strategies.** ARS will:

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- -- Update and implement cybersecurity plans.
- -- Prepare and implement risk assessments, contingency/disaster recovery plans, configuration management plans, and certification/accreditation processes.
- -- Periodically test and evaluate the effectiveness of information security policies, procedures, and practices.

- **Provide Cybersecurity Training.** ARS will:
  - -- Conduct annual cybersecurity awareness training programs to inform personnel (including cybersecurity staff, agency system administrators, contractors, and other users of ARS information systems that support the operations and assets of the agency) of the information security risks associated with their activities and their responsibilities in complying with agency policies and procedures designed to reduce these risks.

Critical Infrastructure Protection ($2,100,000)

Need for Change

ARS maintains and supports a complex, state-of-the-art information technology (IT) infrastructure comprised of network hardware and software, desktop computers and software, printers and other peripherals, and other technologies. These systems and technologies support the day-to-day work of all ARS employees in providing program delivery and administrative support services to agency customers. Information technology advances rapidly to provide new or enhanced capabilities for users, improve performance and security, and provide other advancements.

Maintaining an up-to-date agency IT infrastructure is also an important component of homeland security. IT manufacturers constantly update their hardware and software products to resolve the latest security vulnerabilities. Maintaining current IT technology helps minimize the risks of security attacks.

Computers, network hardware, other technologies must be upgraded or replaced at regular intervals to continue to obtain manufacturer support, remain compatible with other technologies within and outside of the agency, and continue to operate effectively. Similarly, software licenses must also be renewed annually to adhere to manufacturer licensing agreements, obtain technical support, and receive periodic patches and upgrades to resolve security vulnerabilities and provide other improvements.

ARS maintains an information technology infrastructure that is reliable, secure, high performing, and enhances compatibility between users throughout the organization.

Means to Achieve Change

- **Maintain Microsoft enterprise agreement that provides Microsoft Word, Exchange, and other desktop applications for users.**

- **Maintain network operating system and utilities, business software licenses, software development tools and systems, and vendor technical support.**

- **Replace desktop computers on a three-year life cycle basis for headquarters employees (235 PCs per year).**

- **Replace network file servers as they become outdated and purchase new network resources as needed.**

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- **Replace network printers on a five-year life cycle basis (30 per year).**

- **Provide ongoing training for IT staff on new technologies.**

b) An increase of $550,000 to support and maintain the **Agricultural Research Information System (ARIS).**

Need for Change

The ARS Agricultural Research Information System (ARIS) provides key research and program management information for management and staff throughout the agency. ARIS must be maintained and supported on an on-going basis to maintain system reliability, availability, and performance. System upgrades and enhancements are also developed as needed to improve system functionally and provide new or enhanced services or capabilities for its users.

Establishing funding in the base budget for the on-going maintenance and support for ARIS will facilitate better overall system operation for its users and improve long-term planning for future system enhancements and modernization.

Means to Achieve Change

- **Enhance system functionally based on new requirements and expand the data warehouse to provide the ARS user community with a one-stop source of information.**

- **Provide for documentation of research projects, analysis of current projects, budget reporting capability and what-if analysis functionally using the latest technology tools.**

- **Conversion of existing "stovepipe" applications into ARIS.**

Human Nutrition

a) An increase of $315,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $6,800,000 for **Nutrition Survey Research**.

Need for Change

The deterioration of American dietary habits has occurred with increased consumer demand for low-cost, convenient, fast and prepared foods that are typically nutrient diluted. It is in the Nation's interest to find ways to provide healthy nutrient dense foods by shifting the consumer food environment in ways that are beneficial to both consumers (by promoting healthy eating) and producers (by enhancing the health values of commodities and food products).

In dealing effectively with the obesity problem, there is a need to understand what and how much people are eating and why they make the food choices that they do. Effects of gender, ethnicity, meal patterns, and body weight responses to different food constituents and dietary patterns are still poorly

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understood. Also, unknown is which dietary components and food choices do or do not lead to excess body weight and why some individuals can maintain a healthy weight while others cannot. The long-term consequences of changing the ratio of fat, protein, and/or carbohydrates in diets, or consuming low intakes of vitamins and minerals is unclear. In addition, the consequences of recommending changes in portion size, energy density, added sugar and fat, dietary variety and volume, intake of energy in liquids, and fast foods is also unclear. Factors underlying food behaviors and motivation to control weight are not sufficiently understood to design effective programs at the community level or to guide national food and nutrition policy.

By understanding the dynamics of the changes that are taking place in people's food choices, it is possible to begin understanding the factors that influence food selection and develop effective educational and intervention strategies that will prevent the onset of obesity.

Heightened understanding of food consumption trends by the public and definition of the factors that influence dietary choices are essential for developing effective strategies for preventing obesity. The proposed research will answer fundamental questions about the American diet. It will provide food assistance and science-based information to prevent obesity, while meeting nutrient needs.

The proposed research will provide diverse population-based data to determine whether those who consume healthy foods with a presumably healthy lifestyle are more healthy. Such data are currently lacking but are necessary to convince the U.S. population about the benefits of current dietary recommendations endorsed by the USDA. Development and understanding of successful behavioral strategies that promote the selection of healthy foods will encourage beneficial and prudent developments in the production and distribution of such foods, will provide value added benefits to farmers and producers, as well as will provide significant benefits to consumers.

Findings from the proposed research will make a unique contribution to the formulation of national nutrition policy, research, and education. The research also will significantly enhance our understanding of health disparities, at-risk population groups, and appropriate intervention strategies. This is critical to reinforcing the link between food, agriculture, behavior, and health, and in strengthening the position of USDA as a positive force for improving the well-being of people throughout the United States.

The proposed research supports Performance Measure 4.1.2: Define functions, bioavailability, interactions, and human requirements (including effects such as genetic, health status, and environmental factors) for known, emerging, and new classes of nutrients. Determine the abundance of known, emerging, and new classes of nutrients in the food supply and provide that information in databases; and Performance Measure 4.1.3: Determine food consumption patterns of Americans, including those of different ages, ethnicities, regions, and income levels. Provide sound scientific analyses of the U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.

Means to Achieve Change

- **Increase the Accuracy and Ethnic Representation of the "What We Eat in America Survey" by Increasing the Sample Size** ($6,000,000). ARS will:
  - Increase the number of participants in this important nationwide nutritional assessment in order to obtain more statistically relevant data needed to draw conclusions about what Americans of all ages, races, ethnic backgrounds, and lifestyles are eating.
- **Determine the Energy and Nutrient Content of Foods Consumed by U.S. Minority Populations** ($800,000).

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-- Increase in minority populations has markedly changed typical food consumption patterns. Foods commonly consumed by Hispanic-, Asian-, and African-Americans are often missing from the National Nutrient Database. New information will provide accurate determination of calories and nutrients consumed by minority populations who have higher rates of obesity and related diseases.

c) An increase of $1,500,000 for research to address the **Obesity Epidemic and Promote a Healthier Lifestyle**.

Need for Change

Obesity is the Nation's fastest growing public health problem that is affecting every segment of the American population. A diet rich in fresh fruits, vegetables, and a variety of other foods is known to be a key component of a healthy lifestyle.

"Health sells" in the marketplace, as evidenced by the appearance of many convenience and "functional" food products with enhanced levels of bioactive components in response to strong consumer demand. Controlled scientific studies have not been conducted to validate the health benefits of such foods.

The relationship of nutrition to social, cultural, genetic, and other factors is very complex. Research will investigate the long-term health benefits of choosing a "healthy diet" and the consequences of choosing an "unhealthy" one.

A portfolio of targeted interventions will be conducted to focus on obesity prevention Native Americans, children, and middle-aged adults. Another study will focus on the role that carbohydrates, whole grains, and added sweeteners play in weight maintenance.

Production of healthy foods will successfully address the obesity problem only if consumers choose to consume them. Cultural and age relevant behavioral strategies must be developed that promote the selection of healthy foods which will lead to healthy body weight, optimal function, and health. Developing and understanding successful, culturally relevant, behavioral strategies that promote the selection of healthy foods will allow choices in the production and distribution of such foods.

Improving the understanding of bioactive components of plant and animal food commodities, developing innovative technologies for the development of healthful, convenient, and affordable foods, and scientific evaluation to give assurance that such foods are truly efficacious in promoting positive health effects will produce the following outcomes: consumers will enjoy convenient, appetizing foods that will have been shown to reduce their risk to overweight/obesity and related illnesses; enormous savings in health care related costs will be realized; enhanced value and increased demand will be created for agricultural commodities to strengthen farm product prices and raise farm incomes; new opportunities for business development and employment growth in rural America will be realized; new, convenient, and healthful foods that appeal to children will become available for the School Lunch Program, as well as the national/international retail market; and the abilities of U.S. farmers to compete in global markets will be strengthened.

Results of these research studies will enable the food industry to better target foods to segments of the population attempting to achieve a healthy body weight. It has become clear that a single message on how to avoid obesity has not been successful, so more focused approaches are needed.

Research in these areas supports Performance Measure 4.1.1: Scientifically assess the efficacy of enhancements to the nutritional value of our food supply and identify, conduct, and support intramural

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and extramural research to develop, test, and evaluate effective clinical and community dietary intervention strategies and programs for modifying diet, eating behavior, and food choices to improve the nutritional status of targeted populations. A special emphasis focuses on preventing obesity and promoting healthy dietary behaviors.

Means to Achieve Change

- **Develop Dietary and Physical Activity Strategies to Prevent the Onset of Obesity in Middle-Aged Adults** ($500,000).
- **Conduct Research on the Determinants of Food Selection and Develop Strategies to Encourage Healthy Food Choices by Children** ($500,000).
- **Conduct Research on Dietary Strategies to Promote Healthy Body Weight in Native Americans** ($250,000).
- **Investigate the Relationships between Dietary Carbohydrate Sources, Such As Added Sugars and Whole Grains, and Satiety** ($250,000).

d) A decrease of $6,940,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

AR, Little Rock, Arkansas Children's Nutrition Center
AR, Little Rock, Delta Nutrition Intervention Initiative
AR, Little Rock, Diet and Immune Function
LA, New Orleans, Diet Nutrition and Obesity Research (Pennington Biomedical Research Center)
MA, Boston, Human Nutrition Research Center on Aging
MA, Boston, Obesity Research
MD, Beltsville, Barley Food Health Benefits
MD, Beltsville, National Nutrition Monitoring System
MD, Beltsville, Nutrition Interventions
ND, Grand Forks, Grand Forks Human Nutrition Laboratory
TX, Houston, Chronic Diseases of Children (Baylor University - Peanut Institute)
TX, Houston, Nutritional Requirements
TX, Houston, Obesity Research

e) A decrease of $3,710,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

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The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

AR, Little Rock, Delta Nutrition Intervention Initiative
MA, Boston, Geisinger Rural Aging Study

Environmental Stewardship

a) An increase of $2,142,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) An increase of $900,000 in support of improving Agricultural Air Quality.

Need for Change

Although air quality has improved significantly in the last 30 years, millions of people are still exposed to air pollution levels that exceed air quality standards. Numerous studies have shown significant effects of air pollution on human health, animal health, and ecosystems. Agriculture produces particulate matter (PM) and gases that affect air quality, while atmospheric gases such as ozone damage crops and lower crop yields. The EPA has established National Ambient Air Quality Standards (NAAQS) for emissions of PM and gases that can be partially attributed to agricultural activities.

Animal production operations are a source of emissions such as ammonia, PM, volatile organic compounds (VOCs) associated with odor and/or ozone production, hydrogen sulfide, greenhouse gases, and airborne pathogens. These emissions are released from production facilities, manure storage areas, and manure field application sites. A report by the National Research Council on "Air Emissions from Animal Feeding Operations: Current Knowledge, Future Needs" concluded that scientifically sound estimates of air emissions from animal feeding operations were not available for use in regulatory and abatement programs. Research is needed to develop management practices, control technologies, and decision tools that will enable producers, communities, and State and Federal agencies to assess, control, and regulate air quality threats associated with animal production operations.

The research will result in methodologies and practices that accurately measure particulate matter and gaseous emissions from animal production operations; management practices and control technologies that reduce emissions; and tools that predict emission and dispersion of PM and gases. Measurement and prediction of emissions from animal production operations will provide the scientific basis for State and Federal regulatory and management decisions.

The proposed research supports Performance Measure 5.2.3: Develop approaches that mitigate the impact of poor air quality on crop and animal production and provide scientific information and technology to maintain or enhance crop and animal production, while controlling emissions that reduce air quality or destroy the ozone layer; and Performance Measure 5.2.5: Develop management practices, treatment technologies, and decision tools for effective use of animal manure and selected

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industrial and municipal byproducts to improve soil properties and enhance crop production while protecting the environment.

Means to Achieve Change

- **Reduce Gaseous and Particulate Matter Emissions from Animal Feeding Operations** ($900,000). ARS will:
  - Develop and evaluate methodologies, practices, and tools to measure, predict, and control gaseous and particulate matter emissions from animal feeding operations.

c) An increase of $900,000 for research in support of **Water Protection and Management**.

Need for Change

The "Congressional Conference Managers Report" accompanying the 2002 Farm Bill states that USDA is to provide a comprehensive and quantitative assessment of the impact of Farm Bill conservation programs on the Nation's natural resources. In addition, the Office of Management and Budget provided direction on the scope of this activity to USDA's Natural Resources Conservation Service (NRCS), and requested that it document the environmental benefits of conservation programs. To maintain a viable, sustainable U.S. agricultural economy, systems or multiples of practices individually called "Best Management Practices" (BMPs), must be shown to be economical and effective at the individual field and farm/ranch level, and must provide environmental benefits at the watershed scale.

Some of the earliest attempts to resolve environmental and water resource problems at the watershed scale involved the construction of earth fill dams in rural areas where they were designed for a life of 50 years. Many of the more than 11,000 small watershed dams that USDA helped local sponsors build throughout the United States no longer meet current safety standards and need to be upgraded to current standards. Today, not only are many of the dams reaching the end of their design life, but also many are no longer in rural areas, so that original design parameters are now invalid. Aging structures pose hazards to human life as well as to downstream environments in terms of the quantity of water and characteristics of sediments retained behind the structure. The Congress in Public Law 106-472, "The Small Watershed Dam Rehabilitation Program," identified this serious national infrastructure issue. Scientific information needs to be developed for making decisions regarding such issues as how to economically upgrade existing structures or decommission them; what to do with old, retained sediments stored in the reservoirs; and how to manage sediments from urban areas now entering some of the reservoirs.

Research will be conducted to quantify the on- and off-site environmental and economic benefits of conservation practices, and the net results of conservation and turf management practices to achieve targeted reductions of pollutants at the watershed and river basin scale. This proposed research will provide the tools and techniques necessary for USDA action agencies to assess quantitatively water quality and quantity benefits derived from implementing conservation practices funded by the 2002 Farm Bill. USDA action agencies and managers of agricultural resources will then have appropriate technologies, information, and decision support systems to assess and manage risks arising from the environment, and from the use of their own inputs to meet regulatory and program demands.

The projected research will provide the science, tools, techniques, and decision support systems necessary to evaluate the performance of existing hydrologic structures in extreme events, predict environmental impacts of dam failures or dam removals, determine the water quality and environmental impact of releasing stored sediments from the structures, and update technical guidance manuals for operation and maintenance requirements of these structures for use by local sponsors.

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The proposed research supports Performance Measure 5.2.1: Develop the tools and techniques required to maintain and restore the physical, chemical, and biological integrity of the Nation's watersheds and its surface and groundwater resources.

Means to Achieve Change

- **Improve Water Quality and Environmental Benefits through Agricultural Systems Research** ($450,000). ARS will:
  - -- Develop methodologies to provide assessments of individual conservation practices to quantify on- and off-site environmental benefits.

- **Develop Technology to Rehabilitate Aging Watershed Structures** ($450,000). ARS will:
  - -- Develop risk assessment tools for predicting the performance of watershed flood control structures, and criteria to upgrade economically structures to meet modern safety and performance standards for structure installation, modification, or decommissioning.
  - -- Develop tools and techniques to evaluate upstream and downstream changes to stream channel systems that would result from either dam construction/modification or from the decommissioning process as USDA small watershed dams are upgraded to meet current safety standards.

d) An increase of $3,200,000 for research in support of the President's Climate Change Research Initiative.

Need for Change

Climate change encompasses global and regional changes in the earth's atmospheric, hydrological, and biological systems. Agriculture is vulnerable to these environmental changes, regardless of their causes. Successfully identifying the benefits and risks to agriculture, quantifying the likelihood and consequences of effects, managing agricultural systems to take advantage of environmental changes, and mitigating the causes and adverse consequences of climate change depend upon an ability to predict the ways that agricultural systems respond to rising atmospheric carbon dioxide and ozone concentrations, increased weather variability, and many other interacting environmental factors.

Agricultural soils can sequester carbon to offset greenhouse gases released into the atmosphere. However, management practices that increase soil carbon may inadvertently cause emissions of methane and nitrous oxide. Research to quantify the amounts of greenhouse gases being exchanged between the soil and atmosphere under various land uses and land management systems, including lands in conservation programs and in the production of biomass crops, will identify practices for food and fiber production that maintain the productive use of the land, while maximizing soil carbon storage and minimizing net greenhouse gas emissions. This information will enable planning and management of carbon storage in soils from small-scale individual farms to large-scale regional areas.

Agriculture offers other ways to mitigate greenhouse gases, in addition to carbon sequestration in soils. In the U.S., agriculture is responsible for about one-fourth of the nation's methane emissions (mostly from ruminant animals and their manures) and three-fourths of the nitrous oxide emissions (arising primarily from soils to which nitrogen fertilizers have been applied). These gases have a greater effect on global warming than carbon dioxide, so small reductions in the concentrations of methane and nitrous oxide in the atmosphere have the same impact as larger reductions in carbon dioxide. Thus, identification and management of significant agricultural sinks for methane and nitrous oxide, as well as the development of technologies that will minimize agriculture's emissions of these two gases, will

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make substantial contributions to reducing agricultural greenhouse gas intensity (i.e., net emissions per unit of commodity produced).

ARS global change research is coordinated with that of other Federal agencies through the Climate Change Science Program (CCSP). As an interagency response to the strategic plan being developed for the President's Climate Change Research Initiative, ecosystems research will be coordinated to build the scientific foundation and enhanced capability for forecasting responses of ecosystems to multiple environmental changes (such as climate, atmospheric chemistry, and land use and management) and for developing products that can be used to support decision-making. Investigations will emphasize changes in ecosystem structure, functioning, and the frequency and intensity of disturbance processes anticipated to have significant consequences for society within the next 50 years, including changes in biodiversity and species invasions (i.e., weeds, arthropod pests, and pathogens), altered productivity, and changes in the carbon, nitrogen, and water cycles. In FY 2005, ARS proposes to address this interagency priority with new research on forecasting and managing risks to agricultural systems arising from multiple, interacting changes in the agricultural environment. Although much research has demonstrated the "CO_2 fertilization effect" that stimulates crop growth and yield, many other biological and non-biological factors in the environment that also respond to CO_2, and climate may create unexpected stresses that offset anticipated gains in crop yield and quality. Combined impacts of increasing atmospheric CO_2, increasing weather variability, pests that are exposed to climate change, and other agroecosystem characteristics, such as soil conditions and ground level ozone that is toxic to crops, must be quantified and factored into agricultural management strategies for a changing environment. Such new information will result in reliable forecasts and informed management decisions for sustaining food security, market competitiveness, and removal of carbon from the atmosphere by crops, forages, and plants grown as feedstocks for bioenergy.

The research on carbon sequestration and greenhouse gas exchange and mitigation is also coordinated with other Federal agencies participating in the North American Carbon Program, a prominent activity of the President's CCSP. It will provide critically needed information on the carbon cycle from agricultural crops, pastures, and rangelands which constitute the vast majority of land use in the U.S. USDA will lead in the preparation of two major reports included in the new CCSP Strategic Plan. These reports are due in 2006. Additional resources in FY 2005 will be required to ensure that the data analyses and reports are completed on schedule in 2006.

The proposed research will provide information on balancing carbon storage, emissions, and productivity of agricultural systems. This research will provide information on: how to manage livestock, manures, fertilizers, biological nitrogen fixation, and soils to minimize emissions and increase sinks for greenhouse gases; how growth, yield, and carbon storage by different crops and forages are altered by the interactions of increasing carbon dioxide concentrations, climate change, weather variability, and other environmental changes; and how management decisions can sustain production and market competitiveness in a changing environment. Accurate estimates of carbon stored in soils will be developed for different management systems at different temporal and spatial scales and geographic locations in support of market-based incentives for carbon storage. CCSP reports concerning climate change and ecosystems, including agroecosystems, will be prepared in support of science-based climate change policy development.

ARS research in these areas supports Performance Measure 5.2.4: Develop agricultural practices and decision support systems that enable producers to take advantage of beneficial effects and mitigate adverse impacts of global change.

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Means to Achieve Change

- **Manage Agricultural Systems to Mitigate and Adapt to Global Climate Change (in Response to the President's National Climate Change Research Initiative)** ($3,200,000). ARS will:
  - Conduct interdisciplinary research leading to production technologies and practices for sustaining or enhancing food and fiber production and carbon sequestration by agricultural systems exposed to multiple environmental and management conditions, including atmospheric carbon dioxide conditions, soil conditions, pest management, crop varietal selection, and tropospheric zones.
  - Expand the existing ARS network of sites conducting measurements of greenhouse gas fluxes between the atmosphere and the land to include a wider variety of crop and grazing systems.
  - Identify ways to decrease methane emissions associated with livestock by developing ways to measure and reduce emissions by ruminants in the field, and by developing handling and disposal systems that restrict losses of gases from manures. Research will improve nitrogen fertilizer use efficiency by reducing leaching and volatilization, and increasing the uses of biological nitrogen fixation and organic sources of nitrogen.
  - Lead Federal departments and agencies participating in the Administration's CCSP to produce two reports on the: 1) Relationship between observed ecosystem changes and climate change; and 2) Adaptation options for climate sensitive ecosystems and resources.

e) A decrease of $45,843,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

AL, Auburn, Improved Crop Production Practices
AL, Auburn, National Soil Dynamics Laboratory
AR, Booneville, Agroforestry Research
AR, Booneville, Endophyte Research
AR, Booneville, Small Farms
AZ, Tucson, Quantify Basin Water Budget Components in the Southwest
CA, Salinas, Organic Minor Crop Research
CA, Brawley, (Workstation: Riverside), Water Management Research Laboratory (Base)
CO, Akron, Central Great Plains Research Station/Dryland Production
CO, Ft. Collins, Soil Plant Nutrient Research
DC, Washington, Turfgrass Research
GA, Dawson, Water Use Reduction/Producer Enhancement Research
GA, Tifton, Water Resource/Water Use Management Technology
IA, Ames, Integrated Farming Systems
IA, Ames, Soil Tilth Research
IA, Ames, Air Quality Research (Utah State)

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ID, Bose, Great Basins Rangeland
ID, Kimberly, Sugarbeet Research
IN, West Lafayette, National Soil Erosion Laboratory
IN, West Lafayette, Source Water Protection
KY, Lexington, Improved Forage Livestock Production/Sustainable Grazing Livestock Systems
KY, Bowling Green, Waste Management Research (Western KY University)
ME, Orono, New England Plant, Soil, and Water Research
MS, Oxford, National Sedimentation Laboratory Acoustics/Flood Control Acoustic Technology/Seismic and Acoustic Technologies in Soils Sedimentation Lab
MS, Oxford, National Sedimentation Laboratory Yazoo Basin/TMDLs/Sedimentation Issues in Flood-Control Dam Rehabilitations
MS, Stoneville, Irrigated Cropping Systems in the Mid-South
MO, Columbia, Mid-West/Mid-South Irrigation
MO, Columbia, Watershed Research
MT, Miles City, Livestock and Range Research/Ft. Keogh
MT, Sidney, Northern Plains Agricultural Research Lab/Great Plains Ecosystems
NM, Las Cruces, Arid Lands Research/Jornada Experimental Range Research Station/Noxious Weeds in the Desert Southwest/Rangeland Resources Research
NV, Reno, (Workstation: Albany), Ecology of Tamarix
NV, Reno, (Workstation: Albany), Great Basins Rangeland
NV, Reno, (Workstation: Albany), Western Grazinglands
ND, Mandan, Northern Great Plains Research Laboratory
ND, Mandan, Precision Agriculture Research
OH, Columbus, Source Water Protection
OR, Burns, Great Basins Rangeland
OR, Burns, Western Grazinglands
OR, Pendleton, Conservation Research/Tillage
PA, University Park, Pasture Systems and Watershed Management
PA, Wyndmoor, Arbuscular Mycorrhizal Fungi, (Rodale Institute)
SC, Florence, Animal Waste Treatment/Emissions from Livestock Wastewater/Swine Lagoon Alternatives Research
SD, Brookings, Northern Grains Insect Laboratory
TX, Bushland, Ogallala Aquifer
TX, Temple, Grassland Soil and Water Research
TX, Weslaco, Sustainable Olive Production
UT, Logan, Forage and Range Research
UT, Logan, Plant Genetic Diversity and Gene Discovery Center, (Utah Ag Exp Station)
WA, Pullman, Air Quality (PM-10)
WV, Beaver, Appalachian Pasture Based Beef Systems
WV, Beaver, Medicinal Botanical Production and Processing
WV, Beaver, Turfgrass Research
WI, Madison, Dairy Forage/Integrated Farming Systems
WY, Cheyenne, Rangeland Resource Management
Headquarters, Air Quality Research

f) A decrease of $2,497,000 from ongoing research projects to support new national food and agriculture research initiatives.

The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

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Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

AR, Booneville, Agroforestry
AR, Booneville, Endophyte Research
MO, Columbia, Mid-West/Mid-South Irrigation
MS, Oxford, National Sedimentation Laboratory, Acoustics
WI, Madison, Dairy Forage
WV, Beaver, Appalachian Pasture Based Beef Systems (WV Univ/VA Tech)

Library and Information Services

a) An increase of $170,000 to fund pay costs.

Funding for pay costs is critical to support an effective and responsive USDA in-house research capability. Absorption of these costs reduces the number of scientists and support personnel essential for maintaining and conducting viable research programs, and funds available for operations. If funds for increased pay costs are not provided, ARS will be unable to fill some essential positions needed to carry out the agency's research programs.

b) **An increase of $1,600,000 in support of National Digital Library for Agriculture and Improved Agricultural Information Services.**

Need for Change

The funding increase requested for FY 2006 will support the continued revitalization of the National Agricultural Library (NAL, www.nal.usda.gov). The requested increase will enable the Library to meet its mandates to deliver relevant information products, satisfy increasingly complex customer demands for expert agricultural information services, and provide leadership as the premier agricultural information resource of the United States. With the requested increase, NAL will continue to provide leadership in the transformation of U.S. agricultural library products and services to the digital information age, through the development of a National Digital Library for Agriculture. The additional resources will enable the NAL to continue its grants program for the Agriculture Network Information Center (AgNIC). AgNIC (www.agnic.org) partner institutions that collaborate with NAL to create new digital content, as well as to continue the integration with the Library's AGRICOLA online catalog and indexing database of existing Web-based information resources created by AgNIC alliance members and NAL. Full integration of many kinds of digital information and fast, seamless navigation among them are essential for NAL to satisfy the increasingly complex interdisciplinary information needs of its large and diverse agricultural customer communities.

In 2001, NAL's programs and services were analyzed by a "Blue Ribbon Panel" which reported that this critical national library resource requires increased support to take advantage of technological innovations for timely information access and retrieval. The Panel's report was assessed in 2002 by the National Agricultural Research, Extension, Education, and Economics (NAREEE) Advisory Board. In considering the Panel's recommendations, together with additional public comments from NAL's broad user communities, the Advisory Board recommended to the Secretary that "...a revitalized NAL must have a major infusion of new resources if it is to meet its potential." Enhancement of the Library's collection, information technology infrastructure and staff expertise is

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essential for the revitalization of NAL. The additional appropriation requested will improve USDA communication with scientists and the public at large through revitalized NAL services.

The requested increase will enhance the ability of NAL, ARS, and USDA to offer integrated services for accessing, managing, and preserving agricultural information through the application of advanced information technologies. The volume, extent, and quality of information available to customers will be increased and enhanced, and NAL will continue to receive vital customer feedback data and user assessments needed to provide service improvements. Additional specialized programs, products, and services that satisfy the needs of customers requiring 24/7 information will improve the quality and timeliness of decisions, both for USDA and the general public. Increasing integrated access to digital content will produce savings for NAL and partner libraries due to economies of scale, by reducing the unit cost of information services. Additional funding is needed to enable NAL to provide information that is in direct support of USDA priorities in agriculture.

The proposed increase supports Performance Measure 6.1.1: Develop and deliver content for the National Digital Library for Agriculture (NDLA); and Performance Measure 6.1.2: Integrate the AGRICOLA database into the NDLA.

Means to Achieve Change

- **Develop and Deliver Content for the National Digital Library for Agriculture** ($1,000,000). ARS will:
  - Purchase and/or license access to ten percent more digital and printed journals, databases, and reference works identified as important to stakeholders and customers.
  - Extend AgNIC alliance partnerships to include at least two additional members from the Land Grant Universities (LGU), Historically Black Colleges and Universities (HBCU), Hispanic Association Colleges and Universities (HACU), or the Tribal Colleges and Universities (TCU) to enhance subject coverage and institutional representation in priority areas of agriculture.
  - Continue the AgNIC small grants program that supports collaborative creation of new digital agricultural information content and services.
  - Continue to implement enhanced Web searching and discovery capabilities for NAL's digital and electronic resources to increase NAL's customer satisfaction score as measured by the American Consumer Satisfaction Index.

- **Integrate the AGRICOLA Database into the National Digital Library for Agriculture** ($480,000). ARS will:
  - Continue to reduce the time required to add new content to the AGRICOLA database through the application of new technological solutions.
  - Continue to improve AGRICOLA search and discovery performance by enhancing software for accessing, navigating, analyzing, evaluating, and delivering AGRICOLA database services to customers and stakeholders.
  - Link 10 percent more AGRICOLA records to corresponding digital objects, including publications, images, and data.

- **Ensure Long-Term Access to the National Digital Library for Agriculture** ($120,000). ARS will:
  - Continue to implement an enhanced information technology infrastructure to preserve and provide access to non-digital publications in the NAL collection through digital reformatting of 15,000 core document images for public Web access.

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- Continue to formalize NAL's responsibility in the USDA strategy to ensure long-term preservation and access to USDA publications through Departmental policies and procedures for electronically produced information.
- Continue to collaborate with AgNIC partners and U.S. Agricultural Information Network (USAIN) libraries to further develop and implement the national program for preserving digital agricultural information.

c) An increase of $250,000 in support of Information Needed to Control Diseases of Crops.

Need for Change

Increased information is needed on controlling exotic and emerging diseases affecting crops. This information will be provided through the AgNIC Alliance and the expansion of NAL's AGRICOLA database and information collections.

More specialists and researchers combating exotic and emerging diseases affecting crops will be provided with rapid and pertinent information thus enabling rapid and expert responses and decision-making.

The proposed increase supports Performance Measure 6.1.2: Integrate the AGRICOLA database into the NDLA.

Means to Achieve Change

- **Provide Additional Information on Controlling Diseases of Crops ($250,000).** ARS will:
  - Fund collaborative agreements with AgNIC partners to develop critical Web-based information content about exotic and emerging diseases affecting crops.
  - Add new information, including digital texts, about exotic and emerging diseases affecting crops, to AGRICOLA and NAL collections.

d) A decrease of $610,000 from unrequested projects appropriated in fiscal years 2001-2005.

In times of limited overall resources and given the need to reduce the deficit, Federal agencies must make difficult decisions about the most effective uses of taxpayer dollars. As we have found out, as times change, we face new challenges which require that priorities change. These needs put a strain on existing resources. The FY 2006 budget reflects the need to reallocate programs within increasingly constrained resources in order to fund the highest priority needs. The budget includes increases of $88 million for national priority areas, such as homeland security (including food safety and emerging and exotic diseases), invasive species, BSE, and other programs to protect animal and plant resources. To meet these national priority needs within limited resources, some existing and lower priority programs can no longer be funded. Therefore, the budget recommends that the following lower priority programs not be proposed for continued funding in the FY 2006 budget.

MD, Beltsville, (NAL), Agricultural Law, Drake University
MD, Beltsville, (NAL), Animal Welfare Information Center

e) A decrease of $494,000 from ongoing research projects to support new national food and agriculture research initiatives.

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The Department is recommending the reduction/termination of unrequested research projects and the reallocation of resources to finance new national food and agriculture initiatives. These projects, which were added prior to fiscal year 2001, are predominantly extramural and cooperative in nature.

Research initiatives for Global Climate Change, Air and Water Quality, Invasive Species, Biobased Products/Bioenergy, and Genetics, etc., will be funded through these reprogrammings.

The following projects and resources have been in place for at least five years and have contributed to the stated objectives of the research project, and therefore are not recommended for inclusion in the President's Budget.

MD, NAL, National Center for Ag. Law

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004 Amount	2004 Staff Years	2005 Amount	2005 Staff Years	2006 Amount	2006 Staff Years
ALABAMA, Auburn	$7,927,978	61	$8,508,100	61	$5,058,800	51
ALASKA, Fairbanks	4,728,379	14	5,404,600	14	1,353,000	12
ARIZONA						
Phoenix	9,083,533	100	9,347,400	100	8,773,600	100
Tucson	3,908,964	49	3,843,600	49	3,447,900	49
Total	12,992,497	149	13,191,000	149	12,221,500	149
ARKANSAS						
Booneville	4,927,890	24	4,967,900	24	1,712,400	16
Fayetteville	1,667,121	17	1,577,600	17	1,847,600	20
Little Rock	9,479,338	11	9,583,800	11	4,864,700	10
Pine Bluff	948,405	7	943,900	7	878,000	6
Stuttgart	7,563,207	72	7,862,700	72	5,717,600	64
Total	24,585,961	131	24,935,900	131	15,020,300	116
CALIFORNIA						
Albany	35,663,609	267	36,951,500	272	39,229,000	296
Davis	10,148,807	70	10,210,400	72	9,538,900	69
Parlier	11,073,458	93	11,308,700	93	8,670,100	88
Riverside	5,546,408	47	5,638,500	47	5,120,800	46
Salinas	4,216,541	52	4,364,700	53	4,941,600	64
Shafter	1,321,223	14	1,427,400	14	1,098,500	14
Total	67,970,046	543	69,901,200	551	68,598,900	577
COLORADO						
Akron	1,835,897	22	1,991,700	22	1,292,700	20
Fort Collins	14,529,885	159	14,887,400	160	15,285,000	169
Total	16,365,782	181	16,879,100	182	16,577,700	189
DELAWARE						
Newark	2,241,614	16	1,920,800	16	2,168,300	21
DISTRICT OF COLUMBIA						
National Arboretum	9,826,821	97	10,839,300	97	9,001,100	94
Headquarters Federal Administration	67,488,247	549	64,574,900	549	64,574,900	549
Total	77,315,068	646	75,414,200	646	73,576,000	643
FLORIDA						
Brooksville	1,452,242	15	1,310,800	15	1,310,800	15
Canal Point	2,749,884	30	2,850,600	30	1,573,500	26
Fort Lauderdale	3,189,732	28	2,387,500	28	2,052,700	28
Fort Pierce	11,533,866	92	11,149,700	94	9,696,400	88
Gainesville	13,455,700	125	12,871,200	125	11,475,500	123
Miami	4,262,053	53	4,164,900	53	3,491,200	52
Winter Haven	2,344,186	20	2,483,000	20	1,778,000	19
Total	38,987,663	363	37,057,700	365	31,378,100	351

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004 Amount	2004 Staff Years	2005 Amount	2005 Staff Years	2006 Amount	2006 Staff Years
GEORGIA						
Athens	26,771,489	255	27,258,900	255	31,089,600	286
Byron	3,274,282	37	3,592,400	38	2,625,600	30
Dawson	3,921,417	40	4,304,000	40	3,903,600	40
Griffin	2,289,688	28	2,181,200	28	1,955,000	26
Tifton	9,431,938	94	9,280,900	94	8,604,200	87
Total	45,688,814	454	46,617,400	455	48,178,000	469
HAWAII, Hilo	12,647,207	87	10,894,600	87	7,051,000	86
IDAHO						
Aberdeen	5,222,730	42	5,426,100	42	3,439,900	40
Boise	2,110,568	24	2,075,700	24	1,899,400	24
Dubois	2,154,673	23	2,111,400	23	2,111,400	23
Kimberly	3,309,239	31	3,512,200	31	2,873,500	30
Total	12,797,210	120	13,125,400	120	10,324,200	117
ILLINOIS						
Peoria	36,428,668	280	37,841,500	280	34,716,800	280
Urbana	5,177,261	42	5,045,300	42	4,512,800	41
Total	41,605,929	322	42,886,800	322	39,228,800	321
INDIANA, W. Lafayette	7,559,577	72	7,496,100	72	6,548,400	70
IOWA, Ames	46,127,305	421	45,137,500	427	47,903,600	443
KANSAS, Manhattan	10,224,728	88	9,928,000	88	8,120,700	80
KENTUCKY						
Bowling Green	1,897,997	4	2,469,200	4	--	--
Lexington	2,325,567	8	2,511,400	8	--	--
Total	4,223,564	12	4,980,600	12	--	--
LOUISIANA						
Baton Rouge	2,881,060	33	2,712,400	33	2,807,700	34
New Orleans	31,016,297	262	31,450,700	262	25,928,900	258
Total	33,897,357	295	34,163,100	295	28,736,600	292
MAINE, Orono	2,772,453	28	2,540,800	28	1,342,300	20

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004 Amount	2004 Staff Years	2005 Amount	2005 Staff Years	2006 Amount	2006 Staff Years
MARYLAND						
Beltsville	139,858,831	1,235	138,243,800	1,241	147,221,000	1,319
Frederick	4,405,853	42	4,980,400	44	4,807,500	44
Total	144,264,684	1,277	143,224,200	1,285	152,028,500	1,363
MASSACHUSETTS, Boston	15,585,141	11	15,286,800	11	14,720,200	11
MICHIGAN, East Lansing	4,750,658	43	4,839,800	43	4,619,000	43
MINNESOTA						
Morris	2,845,022	28	2,755,300	28	3,047,800	33
St. Paul	6,328,364	62	6,105,800	62	6,247,900	65
Total	9,173,386	90	8,861,100	90	9,295,700	98
MISSISSIPPI						
Mississippi State	11,735,875	98	9,083,000	98	6,591,600	85
Oxford	13,499,961	100	13,499,800	100	7,858,500	96
Poplarville	4,584,599	38	4,873,100	38	1,614,480	31
Stoneville	33,014,736	303	35,562,100	303	24,896,100	272
Total	62,835,171	539	63,018,000	539	40,952,600	484
MISSOURI, Columbia	8,507,551	72	8,481,000	72	7,544,900	66
MONTANA						
Miles City	3,140,290	26	3,149,200	26	2,778,500	22
Sidney	4,790,504	51	4,897,900	51	3,406,600	49
Total	7,930,794	77	8,047,100	77	6,185,100	71
NEBRASKA						
Clay Center	19,107,940	146	19,109,500	146	21,713,500	169
Lincoln	5,893,064	67	5,788,800	67	6,103,800	74
Total	25,001,004	213	24,898,300	213	27,817,300	243
NEW MEXICO						
Las Cruces	5,858,214	50	5,820,000	50	2,493,800	36
NEW YORK						
Greenport	4,198,047	52	4,311,600	54	3,843,800	54
Ithaca	13,548,677	67	13,703,200	69	12,451,100	69
Total	17,746,724	119	18,014,800	123	16,294,900	123
NORTH CAROLINA						
Raleigh	7,951,729	62	8,165,200	63	7,942,200	62

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004 Amount	2004 Staff Years	2005 Amount	2005 Staff Years	2006 Amount	2006 Staff Years
NORTH DAKOTA						
Fargo	14,388,507	121	14,834,300	121	12,288,900	116
Grand Forks	9,059,563	62	9,025,900	62	8,858,900	62
Mandan	3,749,121	44	3,767,880	44	3,309,200	43
Total	27,197,191	227	27,628,080	227	24,457,000	221
OHIO						
Columbus	1,596,862	11	1,465,500	11	783,600	9
Coshocton	1,418,151	15	1,211,600	15	1,211,600	15
Wooster	4,895,802	37	4,939,100	37	3,157,000	34
Total	7,910,815	63	7,616,200	63	5,152,200	58
OKLAHOMA						
El Reno	5,188,642	58	5,135,200	58	5,427,700	61
Lane	2,075,702	25	2,051,300	25	1,811,700	25
Stillwater	3,852,496	38	3,314,700	38	3,253,600	35
Woodward	1,612,486	20	1,607,600	20	1,607,600	20
Total	12,729,326	141	12,108,800	141	12,100,600	141
OREGON						
Burns	2,313,690	19	2,379,700	19	1,200,300	16
Corvallis	12,528,715	118	11,055,100	118	8,752,100	114
Pendleton	2,006,656	21	1,915,800	21	1,540,100	21
Total	16,849,061	158	15,350,600	158	11,492,500	151
PENNSYLVANIA						
University Park	4,475,780	46	4,440,600	46	4,000,200	46
Wyndmoor	31,540,641	255	33,426,900	255	34,583,800	271
Total	36,016,421	301	37,867,500	301	38,584,000	317
SOUTH CAROLINA						
Charleston	3,805,307	38	4,261,100	39	3,935,700	38
Clemson	2,359,468	28	2,321,600	28	2,082,000	28
Florence	3,763,521	29	3,971,300	29	2,518,700	26
Total	9,928,296	95	10,554,000	96	8,536,400	92
SOUTH DAKOTA						
Brookings	3,842,140	35	3,984,700	35	1,837,200	32
TEXAS						
Beaumont	1,371,740	18	1,400,000	18	1,760,800	26
Bushland	4,811,146	39	5,967,200	39	3,618,500	33
College Station	16,821,330	167	16,757,400	167	16,825,400	168
Houston	13,804,545	8	13,791,800	8	12,485,100	8
Kerrville	4,250,408	44	4,494,200	44	4,282,600	44
Lubbock	8,584,952	95	8,751,600	95	6,287,700	87
Temple	3,456,754	39	3,493,800	39	3,294,100	39
Weslaco	8,985,753	98	8,901,000	98	8,292,800	96
Total	62,086,628	508	63,557,800	508	56,766,200	501

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004 Amount	2004 Staff Years	2005 Amount	2005 Staff Years	2006 Amount	2006 Staff Years
UTAH, Logan	7,720,012	68	8,113,000	69	5,395,000	65
WASHINGTON						
Prosser	3,431,784	37	3,224,200	37	3,795,000	50
Pullman	14,901,921	129	15,073,000	132	14,479,000	131
Wapato	4,285,790	61	4,341,500	61	3,990,300	60
Wenatchee	1,960,465	22	2,033,500	22	1,997,700	21
Total	24,579,960	249	24,672,200	252	24,262,000	262
WEST VIRGINIA						
Beaver	6,990,182	63	7,173,000	64	4,911,000	63
Kearneysville	6,554,100	79	6,840,100	79	6,304,700	78
Leetown	7,070,485	30	7,206,000	30	2,844,300	21
Total	20,614,775	172	21,219,100	173	14,060,000	162
WISCONSIN, Madison	12,977,917	88	13,253,200	89	8,421,100	77
WYOMING						
Cheyenne	2,288,955	26	2,257,500	26	2,396,100	29
Laramie	3,398,372	27	3,070,900	27	3,520,900	35
Total	5,687,327	53	5,328,400	53	5,917,000	64
PUERTO RICO						
Mayaguez	2,629,405	32	2,809,400	32	2,721,200	32
OTHER COUNTRIES						
Argentina, Buenos Aires	611,789	--	545,800	--	545,800	--
France, Montpellier	3,343,820	5	3,005,600	5	3,181,800	7
Panama, Panama City	1,476,579	5	909,000	5	909,800	5
Total	5,431,388	10	4,460,400	10	4,636,600	12
Extramural and Funds Administered from Headquarters-Held Funds	30,932,826	--	46,010,300	--	31,342,600	--
Repair & Maintenance of Facilities	17,924,261	--	17,828,000	--	17,828,000	--
Funds included for Homeland Security	(28,760,000)	--	(30,173,000)	--	(69,228,000)	--
Unobligated Balance	2,734,600	--	--	--	--	--
Subtotal, Available or Estimate	1,088,056,537	8,756	1,102,000,000	8,794	986,790,000	8,794

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AGRICULTURAL RESEARCH SERVICE
Geographic Breakdown of Obligations and Staff Years
2004 Actual and Estimated 2005 and 2006

Location	2004		2005		2006	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Transfer from Office of Congressional Relations	(129,000)	--	--	--	--	--
Transfer from Agency for Int'l. Development (AID)	(5,460,000)	--	--	--	--	--
Rescission	6,424,463	--	8,887,000	--	--	--
Pay Costs	--	--	--	--	9,317,000	--
TOTAL, Appropriation	1,988,892,000	8,756	1,118,887,000	8,794	996,187,000	8,794

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AGRICULTURAL RESEARCH SERVICE

Classification by Objects
Salaries and Expenses
2004 Actual and Estimated 2005 and 2006
(Dollars in thousands)

		2004	2005	2006
Personnel Compensation:				
Headquarters		$97,634	$99,736	$100,657
Field		401,320	418,541	430,150
11	Total personnel compensation	498,954	518,277	530,807
12	Personnel benefits	127,626	133,123	136,424
13	Benefits for former employees	394	--	--
	Total pers. comp. & benefits	626,974	651,400	667,231
Other Objects:				
21	Travel	20,096	20,186	19,000
22	Transportation of things	1,433	1,396	1,222
23.1	Rent to GSA	16	--	--
23.2	Rent paid to others	1,137	1,134	997
23.3	Communications, utilities and misc. charges	39,327	39,781	34,818
24	Printing and reproduction	1,833	1,800	1,586
25.1	Advisory and assistance services	1,297	1,253	1,099
25.2	Other services	5,560	9,319	4,204
25.3	Purchases of goods and services from Government Accounts	1,920	1,947	1,700
25.4	Operation and maintenance of facilities	37,153	33,149	29,021
25.5	Research and development contracts	186,734	166,962	83,948
25.6	Medical care	195	181	165
25.7	Operation and maintenance of equipment	8,045	8,111	7,098
25.8	Subsistence and support of persons	944	903	790
26	Supplies and materials	92,422	93,910	82,214
31	Equipment	49,676	50,939	44,595
32	Land and structures	6,269	6,541	5,419
41	Grants, subsidies, and contributions	17,876	17,088	11,000
	Total other objects	471,933	454,600	328,876
Total direct obligations		1,098,907	1,106,000	996,107
Position Data:				
Average Salary, ES positions		145,115	150,194	152,447
Average Salary, GS positions		62,570	64,760	65,731
Average Grade, GS positions		10.14	10.15	10.15
Average Salary of Ungraded positions		18,314	18,962	19,246

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AGRICULTURAL RESEARCH SERVICE

STATUS OF PROGRAM

ARS' major research programs address the Department's Strategic Plan Goals and Management Initiatives which include: Enhancing Economic Opportunities for Agricultural Producers; Enhancing Protection and Safety of the Nation's Agriculture and Food Supply; Improving the Nation's Nutrition and Health; Protecting and Enhancing the Nation's Natural Resource Base and Environment; and Providing Agricultural Library and Information Services to USDA and the Nation via the National Agricultural Library.

New Products/Product Quality/Value Added

Current Activities

New products, new uses, and value-added processes that appeal to consumers create additional demand-driven need for agricultural products, thus providing more opportunities for agricultural producers and businesses. Biobased technologies promise new opportunities for energy, industrial and pharmacological markets for U.S. farmers. New markets are emerging for technologies and products that mitigate environmental concerns. Specific efforts are directed toward:

1. Developing new and improved products and helping establish them in domestic and foreign markets.

2. Providing higher quality, healthy foods that satisfy consumer needs in the United States and abroad.

3. Improving the efficiency and reducing the cost for the conversion of agricultural products into biobased products and biofuels.

Selected Examples of Recent Progress:

Soy based hydrolic fluid. A soy oil-based elevator hydraulic fluid technology was developed by ARS scientists at Peoria, IL, in response to a request from the National Park Service. The fluid was independently evaluated by an industrial partner and scaled up and retrofitted in the Statue of Liberty elevator; it has been successfully operating for nearly two years. A leading lubrication company has applied for a product license for commercial production of the fluid. This work resulted in a 2004 "Excellence in Technology Transfer" award from the Federal Laboratory Consortium. Potential exists for expanded utilization of this biobased, biodegradable fluid in place of petroleum-based fluids.

Moisture and cotton quality. Moisture is typically added back to cotton during ginning and spinning but too much moisture can adversely affect fiber quality and processing. In trials on a commercial gin with a commercially available moisture restoration system, researchers in Clemson, SC, in partnership with researchers at Lubbock, TX, found that restored moisture above 8 percent resulted in deteriorating fiber quality and poor yarn properties. Based on these findings, the National Cotton Council established a level of 7.5 percent moisture as the highest level of restored moisture acceptable at ginning. In related research, engineers at Lubbock, TX, developed a low-cost microwave-based cotton bale moisture sensor with high accuracy and precision. Reliable moisture measurement will limit excessive moisture, which results in lint deterioration and lower cotton quality for the end user. A U.S. patent application has been initiated.

Biobased food packaging. New products can increase the consumption of fruits and vegetables to combat the rising obesity epidemic in the U.S. Researchers at Albany, CA, in cooperation with an industrial partner, developed and tested novel fruit- and vegetable-based films for use in wrapping food products. A patent was filed on the final products and processes. The cooperator is building a food manufacturing plant in a rural area of California and expects to begin commercial production in 2005. This research will create new jobs in an area of high unemployment and provide a new healthy food product for consumers.

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New apple cultivars. Researchers at Beltsville, MD, demonstrated that 'Goldrush' apples possessed better quality attributes for fresh cutting than traditional cultivars. This finding is important since repeat sales of fresh cut apple products are driven by consumer satisfaction with product taste, including texture, sweetness, acidity, and aroma. 'Goldrush' apples can be refrigerated for 12 months in air before processing and for three weeks as the cut product. As "Goldrush" becomes more commercially available, fresh cut processors will be able to provide a better testing product and increase their fresh cut apple sales.

Safer process developed to obtain corn oil. Currently, all corn oil is produced by extracting corn germ with hexane. Hexane is a flammable and toxic solvent; the safety and environmental issues associated with its industrial use are very expensive. ARS scientists with the Crop Conversion Science and Engineering Unit at the Eastern Regional Research Center in Wyndmoor, PA, developed an aqueous enzymatic process to extract corn oil from oven dried corn germ through wet milling. This process extracted greater than 90 percent of the oil in the germ and did so without use of hazardous or environmentally harmful materials.

Making barley a better feedstock for ethanol. The presence of beta-glucan in barley limits the use of barley for fuel ethanol production. ARS scientists with the Crop Conversion Science and Engineering Unit in Wyndmoor, PA, were able to select enzymes that convert over 70 percent of the beta-glucan into fermentable glucose sugars. In a commercial fuel ethanol plant this would increase ethanol production by up to 4 percent, enough to make the difference between economic failure and profitability.

More fuel ethanol from switchgrass than from corn. Economic production of biofuels requires production of feedstocks that produce large yields. ARS scientists at the Wheat, Sorghum and Forage Research Unit, Lincoln, NE, found that for marginal cropland in the Western Corn Belt, perennial biomass crops, such as switchgrass, have the potential to produce more ethanol per acre than corn while providing environmental benefits similar to those found in the Conservation Reserve Program. Four year average ethanol yields were 450 gallons per acre. These findings show that large quantities of ethanol producing crops can be grown while avoiding soil erosion and protecting soil quality.

Food Safety

Current Activities

For the Nation to have affordable and safe food, the food system must be protected at each step from production to consumption. The food production and distribution system in the United States is diverse, extensive, and easily accessible. This open system is vulnerable to the introduction of pathogens and toxins through natural processes and by intentional means. Thus, the food supply must be protected during production, processing, and preparation from pathogens, toxins, and chemical contamination that cause disease in humans. Specific efforts are directed toward:

> Conducting basic, applied, and developmental research and transferring the resulting technologies and management practices to users who are key to both preventing and detecting contamination of the food supply by microbial pathogens (i.e., bacteria, viruses, parasites), bacterial toxins, fungal toxins (mycotoxins), or chemical residues.

Selected Examples of Recent Progress:

Beef for school lunch program. The 2002 Farm Bill and the Richard B. Russell National School Lunch Act enable irradiated ground beef, on a voluntary basis, to be distributed in the National School Lunch Program (NSLP). However, there were consumer concerns from school district administrators and parents that irradiation might change the sensory quality of the product. ARS scientists at Wyndmoor, PA, examined frozen ground beef patties distributed as a part of the NSLP that had been irradiated under commercial conditions. The study showed that irradiated ground beef could not be distinguished from non-irradiated ground beef when tested for overall flavor, taste, texture or aftertaste. Further, irradiation did not affect palatability of frozen ground beef patties used in the NSLP. Information from this study was provided to USDA's Food and Nutrition Service, which was subsequently transmitted to schools as part of the USDA

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NSLP educational program on food irradiation. Orders for frozen irradiated ground beef patties have now been placed by school districts.

The microbiology and quality of shell eggs. Information on the effects of modern commercial washing and packing of shell eggs is not available. Various methods are currently used to assess microbial quality of shell eggs, but no single method has been shown to be superior to others under all circumstances. ARS scientists at Athens, GA, examined eggs collected from commercial plants from at various stages of processing and analyzed them for quality. A comparison of rinse and shell crush methods indicated that rinsing was a more effective means of microbial recovery for unwashed eggs, but crushing was superior for eggs that were partially or completely processed. Levels of bacteria, yeasts, and molds were reduced on the shells as eggs moved towards packaging, however, none of the microorganisms were completely eliminated. This research will benefit egg processors, regulators, and researchers by: demonstrating that crushing is the most effective technique for recovering small or fragile populations from washed or sanitized eggs, by validating current commercial practices, by providing evidence that a more effective sanitizer could further improve egg microbiology, and by indicating that sell-by dates may be adjusted to allow marketers to reach a broader customer base. This last benefit will be particularly helpful to producers of specialty eggs (i.e., reduced cholesterol, high omega fatty acid, cage-free, pasteurized, etc.) who are now limited to regional marketing due to concerns over additional transportation times cutting into sell-by times.

In-line detection technology for fecal contamination. The Food Safety and Inspection Service (FSIS) inspects carcasses for visible fecal contamination to determine compliance with their zero tolerance policy. Unfortunately, FSIS only inspects from 0.03 to 0.06 percent of processed carcasses. ARS scientists at Athens, GA, designed and constructed a second generation prototype in-line, real time, portable multispectral imaging system that can capture images of every carcass on the processing line and detect contamination at a rate greater than 140 birds per minute, with an accuracy of over 99 percent. In order to not create additional problems for FSIS inspectors and processing plants through false positives, a new method was developed to process the imagery that utilizes a 'decision tree.' Using this new approach, images are subjected to a series of conditional tests that separate individual picture elements, or pixels, and group them based on predetermined spectral characteristics. The decision tree has been incorporated into the in-line system software and has virtually eliminated false positives while retaining high fecal detection accuracy (99 percent). The next step is to integrate a new carcass washing system developed by the research team. Implementation of the entire system in processing plants would free inspectors to evaluate only contaminated carcasses and would allow for FSIS to redeploy inspectors to other safety tasks.

Identification of fungal genes and makers related to mycotoxin biosynthesis. To better understand the genetic pathways required for the formation of mycotoxins, such as aflatoxins and fumonisins, ARS scientists in Peoria, IL, and New Orleans, LA, have continued to expand the scope of their Expressed Sequence Tag (EST) libraries of fungal genes in collaboration with The Institute for Genomic Research (TIGR). The fumonisin library consists of 86,400 individual sequences that most likely correspond to approximately 11,000 unique genes. A 7,214 element aflatoxin EST gene microarray (a technique for measuring the expression of genes in mass numbers) has been constructed to significantly speed the detection of fungal genes governing aflatoxin formation. These rapid bioassays are helping identify markers and inhibitors related to reproduction/survival, virulence, and toxin formation for the fungi that produce these mycotoxins. Already ARS scientists at Albany, CA, have conclusive evidence that gallic acid levels in aflatoxin resistant tree nut varieties increases with maturity and is maintained throughout the growing season, rather than declining as in more susceptible varieties. This research at three ARS laboratories will identify those fungal genes that can be targeted for controlling mycotoxin contamination through genetic engineering or marker assisted breeding of susceptible commercial crops, thus further protecting the public health.

Prevention of *E. coli* O157:H7 in beef cattle and in beef for human consumption. Sodium chlorate and certain nitro compounds are very promising candidates to administer to beef cattle to kill the human pathogen, *E. coli* O157:H7 and significantly help prevent the contamination of beef. ARS scientists at Fargo, ND, used radio labeled compounds to demonstrate that a large proportion of chlorate residues are converted to a non-toxic metabolite (chloride ion), and are present as natural products in edible cattle tissues. In an earlier stage of product development, ARS scientists at College Station, TX, demonstrated

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that certain other chemicals called "nitro-compounds" also effectively kill pathogenic *E. coli*, and Salmonella. These two chemicals will provide the cattle and swine industries with practical intervention strategies that eliminate foodborne pathogens from food producing animals.

New strategies to control food safety pathogens in poultry. ARS scientists in College Station, TX, in collaboration with scientists from England, were able to stimulate certain cells in the chicken, called "heterophils," to kill enteropathogenic bacteria in the chicken's own gut. This is a potentially new method for increasing resistance of birds to colonization by important food poisoning microorganisms, such as Salmonella and Campylobacter. It also provides information essential for highly effective new vaccines. This same laboratory, with a broiler breeder industry partner, identified new immunologically efficient lines of chickens resistant to bacterial colonization by enteropathogenic bacteria. These birds, which possess their own genetic bacterial resistance, could provide a very efficient and cost-effective means of minimizing bird colonization by food poisoning bacteria.

Livestock Production

Current Activities

Intense competition in global markets emphasizes the need for American agriculture to produce and market higher value animal products. Research must respond to consumer demands for healthier and safer products to ensure a sustainable and profitable livestock production system that produces affordable value-added food, fiber, and industrial products. These superior technologies must effectively differentiate U.S. agricultural products from competing sources and provide customers with value-added processes that enhance product quality. Specific efforts are directed toward:

1. Developing needed information on the relationships between nutrients, reproduction, growth, and conversion to and marketability of animal products.

2. Identifying genes responsible for economically important traits, including animal product quality, efficiency of nutrient utilization, and environmental adaptability.

3. Maintaining, characterizing, and using genetic resources to optimize and safeguard genetic diversity and promote viable, vigorous animal production systems.

Selected Examples of Recent Progress:

Rapid expansion of national animal germplasm repository. Breeding populations of livestock have narrowed considerably in their genetic diversity over the past several decades prompting concerns regarding adequate levels of genetic variability and biosecurity. The National Animal Germplasm Program, located at Fort Collins, CO, was formally established in 1999 to better ensure the protection of American consumers and the U.S. livestock industry. In the past year, the number of germplasm and tissue samples in the collection was increased by 114 percent; the number of breeds represented was increased by 50 percent. Two breeds of dairy cattle, four lines of chickens, and one line of pigs were raised to a level considered as secure for the collection. Additionally, six important fish species were added to the collection for the first time. This progress provides increased security of farm animal genetic resources.

Genomics research identifies important genes affecting the reproductive capacity in swine and cattle. One of the primary selection criteria in genetic improvement programs in the livestock industry is the reproductive rate. By increasing the total production per female in the breeding herd, profitability is enhanced significantly for the individual producer through increased output over static fixed costs. Swine reproduction research over the past 20 years at the U.S. Meat Animal Research Center, Clay Center, NE, has focused on identification of physiological mechanisms contributing to increased male reproductive capacity, and on enhanced litter size and uterine capacity of sows. This past year, researchers have validated that a previously identified genetic marker for the pig erythropoietin receptor gene is associated with a two to three pig difference in litter size. The frequency of the favorable allele for this marker was also found to be low in the population, indicating that selection could be used to make genetic changes at

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this chromosomal location. The research team also identified, for the first time, two quantitative trait loci for male reproductive traits; one QTL for testes size (which is highly related to sperm production and age at puberty), and one QTL for follicle stimulating hormone. Further research is being conducted to fine map these genes.

Fish vaccines being commercialized. Vaccines against fish pathogens *F. columnare, E. tarda,* and *S. agalactiae* were developed. U.S. patent applications were filed by ARS scientists at Auburn, AL. Intervet, Inc., is currently licensing a previous developed *F. columnare* vaccine that may be used in 7 to 10 day old fry. Schering-Plough is licensing a previously patented *S. iniae* vaccine. The availability of these vaccines is expected to increase fish farming profits by $80 to $100 million annually.

Biosecure aquaculture production. Recirculating aquaculture systems offer higher biosecurity than other systems of production. Internal disinfection processes should control and reduce the risk of increasing pathogens and other microbial populations. Scientists at the Conservation Fund's Freshwater Institute in Shepherdstown, WV, are working to evaluate the applicability of advanced oxidation processes for controlling and mitigating microbial populations and water quality within intensive fish farming systems. Researchers have determined the ozone dose required to inactivate total heterotrophic and total coliform bacterial populations using a side stream of water flow from an operating high density aquaculture recirculating system. The research is significant in that it identifies conditions required to achieve nearly complete ozone disinfection of the recirculating flow, and is important for biosecure production and product quality.

Crop Production

Current Activities

ARS develops and disseminates science-based information to provide U.S. crop producers with increased flexibility to effectively manage unforeseen risks that impact profitability and product quality. U.S. agricultural production and marketability is constantly influenced by factors such as unpredictable weather, disease and pest outbreaks, and changing consumer demands. The use of genetically diverse germplasm resources and best management practices requires research that helps to improve production efficiency and productivity. Specific efforts are directed toward:

1. Improving the understanding of the biological mechanisms that influence plant growth, product quality, and marketability to enhance the competitive advantage of agricultural commodities.

2. Identifying genes responsible for plant product quality, productivity, and resistance to disease, pests, and weather losses.

3. Maintaining, characterizing, and using genetic resources to optimize, safeguard, and enhance genetic diversity and promote viable and vigorous plant production systems.

Selected Examples of Recent Progress:

Late blight resistant potato cultivar released. Late blight is the single most important potato foliar and tuber disease costing $100 million per year in the United States to control. Following 13 years of selection, ARS scientists at Prosser, WA, and Aberdeen, ID, in collaboration with scientists in Oregon, Idaho, and Washington released selection A90586-11, the 'Defender.' Defender, a high yielding cultivar, is notable for its resistance to late blight in the foliage and tubers. It is the first release in North America of a late blight resistant potato cultivar suitable for processing into potato products. This cultivar will completely eliminate the need for late blight fungicide applications in most situations. Growers can save 50 to 75 percent of the cost of fungicides, or up to $150 dollars per acre, thereby improving their profitability and reducing the impact of fungicides on the environment.

Crop genetic diversity conserved and distributed to researchers. The genebanks in the USDA/ARS National Plant Germplasm System now conserve 460,000 separate samples of over 10,700 plant species.

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Scientific interest in this germplasm has increased significantly, with more than 130,000 samples distributed worldwide last year. These materials are essential for continued progress in crop genetics and breeding.

A high density DNA linkage map of papaya produced. Few details are known about how sex chromosomes are involved in plant sex determination even though proper expression of plant sex is the most important contributor to yield for all fruit and seed producing crops. ARS scientists at Hilo, HI, in collaboration with researchers at the Hawaii Agriculture Research Center and the University of Georgia, produced a high density DNA linkage map of papaya. This map revealed a primitive sex chromosome having a very small male-specific region (MSR) of 4 to 5 megabase in size compared to the MSR in humans that is 10-fold larger. The incipient sex chromosome of papaya is postulated to resemble the ancestor of the human Y chromosome as it existed 240 to 320 million years ago. The sequencing of this chromosome may reveal genes and their regulatory elements that can be managed to attain proper sex expression for high yield stability in seed and fruit crops.

Two major genes control low phytate content. In Southern States, there are many large poultry and swine feeding facilities which are sources of phosphorus pollution from livestock waste. Soybeans that are naturally low in phytate (a major cause of phosphorus in the animal waste) provide an opportunity for reducing pollution. ARS scientists at Raleigh, NC, have led a cooperative project to develop high yielding soybeans with low phytate content. When plants were grown with excess phosphorus, seed phytate concentrations in normal soybeans doubled, whereas levels in the low phytate line remained constant. This result led to the discovery that two different genes control phytate concentration in soybeans. This new information makes it possible to devise efficient plant breeding methods to transfer the low phytate genes to soybean varieties.

New strategy to prevent spread of genes from genetically engineered crops. Scientists at ARS' Plant Gene Expression Center, Albany, CA, have developed a strategy that will help prevent gene spread from genetically engineered crops. The strategy incorporates three site-specific recombination systems, one to insert the DNA precisely into the plant genome, a second to remove selectable markers (such as antibiotic resistance genes), and a third to remove transgenic DNA from pollen. The three systems, when working together, will provide an unprecedented level of control over the potential environmental spread of transgenic DNA.

Novel weed control strategy for small fruit systems. As the number of herbicides available for use in small fruit production continues to decline, environmentally friendly alternatives are needed. ARS scientists with the Innovative Fruit Production, Improvement, and Protection Research Unit at the Appalachian Fruit Research Laboratory in Kearneysville, WV, demonstrated that post-plant application of a hydrophobic kaolin mulch provided excellent weed control during the establishment year of blackberries with no adverse effects. This research identified a new environmentally safe and economical weed management technique for small fruit and horticultural crops.

Livestock Protection

Current Activities

Economic sustainability of livestock production systems in both domestic and global markets is limited by the health status of the animals. Many factors affect the likelihood of diseases in livestock. These include globalization and international commerce, presence of pathogen vectors, industrialization of agriculture, availability of vaccines and protection systems, movements of animals during production, continued emergence of new diseases, genetic resistance, and the availability of trained animal health specialists. Livestock production systems are in transition from open and extensive systems to more closely monitored intensive management systems which remain vulnerable to accidental and intentional exposure to pathogens. Many of these pathogens are zoonotic and may impact public health. Specific efforts are directed toward:

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1. Identifying, developing, and releasing to the U.S. agricultural community genetic markers, genetic lines, breeds, or germplasm that result in food animals with improved (either through traditional breeding or biotechnology) pest and disease resistance traits.

2. Developing and transferring tools to the agricultural community, commercial partners, and Federal agencies to identify, control, or eradicate domestic and exotic diseases that impact animal and human health.

Selected Examples of Recent Progress:

Detecting and finding the source of the first Bovine Spongiform Encephalopathy (BSE) case in the United States (Washington State index case). The first BSE-infected cow in the U.S. had the potential to impact our economy significantly, undermine the confidence of our trade partners in our cattle industry, and curtail our export market of live cattle and meat products. ARS quickly conducted sophisticated confirmatory tests to inform the Animal and Plant Health Inspection Service (APHIS) that the samples they tested were indeed of bovine origin and BSE-positive. In addition, ARS conducted forensic genetic tests to inform APHIS that the Washington State index case came from Canada. This information enabled APHIS to move forward rapidly and execute an action plan to protect consumers and limit the damage to the Nation's livestock industries. ARS' Transmissible Spongiform Encephalopathy (TSE) research program underscored the value of having expert scientists readily available to support APHIS' diagnosticians and epidemiologists in times of crisis. This research program provides critical support to APHIS, FSIS, and Food and Drug Administration (FDA) as they tackle TSE-related issues, including the emerging Chronic Wasting Disease (CWD).

Defining the epidemiology of Severe Acute Respiratory Syndrome (SARS) and West Nile Virus. ARS has an interest in emerging zoonotic diseases that may impact human and poultry health. ARS was one of the first laboratories to conduct poultry related research for both the SARS virus and West Nile Virus in the U.S. The SARS virus emerged in Southeast Asia and infected over 8,400 humans and resulted in over 800 deaths. Early epidemiologic evidence suggested a zoonotic potential for the virus with animals in the live animal markets in China. The source of the virus causing SARS is still unknown, but animals may be the source or may be contributing to the spread of the virus. ARS scientists conducted a study to determine if chickens, turkeys, ducks, geese, and Japanese quail were susceptible to the SARS virus and could spread the virus to humans. The study failed to demonstrate that the SARS virus could grow in these birds. These data indicate that the common five domestic poultry species were not the reservoir and will not spread the SARS virus to humans. Similar research with West Nile Virus was conducted that showed the common poultry species could be infected with these viruses, but clinical disease seldom occurred, and with low levels of viremia, these species were unlikely to spread the virus.

Avian influenza virulence mechanism defined. Avian influenza presents a major disease threat to the U.S. poultry industry. Due to research on avian influenza viruses in recent years, we now know that some viruses can rapidly change from causing only mild disease to ones that cause a deadly disease in chickens. ARS scientists in collaboration with the National Veterinary Services Laboratories (Ames, IA), Central Veterinary Laboratory (Weybridge, England), and the Chilean Department of Agriculture (Santiago, Chile), have now described the first field case of recombination for an avian influenza virus that resulted in a low pathogenicity avian influenza virus mutating to a high pathogenicity form of the virus. The origins of how highly pathogenic avian influenza viruses arise from the mutation of low pathogenic viruses were determined. The understanding of this mechanism for increased virulence for avian influenza will improve our understanding of the pathogenesis of the virus and eventually may improve our ability to predict which low pathogenic viruses may become highly pathogenic.

A non-antibiotic treatment for mastitis. Mastitis is the most costly of all dairy cattle diseases, resulting in losses of over $2 billion annually. Surveys indicate that at least 5 percent of bulk milk shipments and 30 percent of milk sold to consumers contain detectable amounts of antibiotics and drugs. The antibiotics approved for treating mastitis are increasingly ineffective, largely due to the appearance of resistant strains. Researchers found that a non-antibiotic preventative of mastitis during the dry period of dairy cows was as effective as antibiotics. At dry off, mammary quarters of 40 cows were injected with antibiotics; another

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40 cows were injected with Poly-X. At the time of calving, cows treated with Poly-X had less mastitis than cows treated with antibiotics. A patent application has been filed. Dairymen will have available a non-antibiotic compound for use during the dry period for dairy cows.

Newcastle disease virulence determination. Newcastle Disease Virus (NDV) infects all known wild and domestic bird species. Different NDV strains vary in virulence from those that caused disease and mortality during the 2002-03 outbreak of exotic Newcastle disease in California to those of low virulence that cause mild respiratory infections with reduced flock productivity, the predominant form that occurs in the U.S. Currently, there is no method besides animal inoculation to determine the virulence of NDV. ARS scientists examined the embryonated chicken egg as a model system to evaluate virulence properties of NDV isolates. Embryos from eggs inoculated with NDV reference and mutated reference strains were collected, formalin fixed, sectioned, and stained with a gene probe and NDV antibodies to detect virus distribution in the tissues and membranes of the embryonated eggs. Low virulence strains were detected exclusively in the cells of the chorioallantoic membrane, whereas more virulent NDV isolates and mutated strains that had been demonstrated to have acquired virulence for chickens were widely disseminated in chicken embryo tissues. The results demonstrate the potential value of this as a model system for evaluating NDV virus virulence as an alternative to chicken inoculation.

New method for the control of ticks and other pests of cattle. Ticks and horn flies cause major economic losses to the cattle industry and can transmit serious disease. Scientists at the Knipling-Bushland U.S. Livestock Insects Research Laboratory, Kerrville, TX, have developed a new sustained release, injectable gel formulation of an ivermectin for their control. A single subcutaneous injection of specially formulated doramectin is rapidly absorbed and provides up to three months control of horn flies in the manure of treated animals and blood feeding ticks. Oral ivermectins have had extensive veterinary use for worm management and are safe to the animal. Although cattle fever has been eliminated from the U.S., it still occurs in Mexico, where its tick vector has become increasingly resistant to topical pesticides. This new method promises to revolutionize veterinary pest control.

First *in vitro* system for testing mosquito repellents. Better topical repellents are needed to prevent the transmission to humans of mosquito borne diseases, such as West Nile Virus for which no vaccines exist. Mosquito borne diseases are a great concern to the U.S. military. Scientists at the Chemicals Affecting Insect Behavior Laboratory, Beltsville, MD, have developed a collagen membrane blood well system for the rapid evaluation of candidate compounds without using human subjects. This new method of testing mosquito repellents will provide greater speed, consistency, and independence from the constraints imposed by using human or animal subjects.

Method for identifying vectors transmitting vesicular stomatitis virus. The epidemiology of Vesicular Stomatitis Virus (VSV), a serious disease of cattle that can be mistaken for foot and mouth disease, is poorly understood. Scientists at the Arthropod Borne Animal Diseases Laboratory, Laramie, WY, have developed antibodies specific for the virus to stain tissues of the biting midge, *Culicoides*. They have shown that the midge is not only capable of transmitting the virus by bite but also able to maintain the virus by passing it through its eggs, explaining how the virus survives the harsh winter months. VSV is a serious barrier to cattle exports. Since no vaccine exists, vector control is the best preventive measure. This knowledge allows for the development of more efficient control strategies.

Newly discovered virus kills mosquitoes. Mosquitoes, like those that transmit West Nile Virus, have been generally difficult targets for sustainable biological control methods. Scientists at the Mosquito and Fly Research Unit, Gainesville, FL, have isolated two previously unknown cytoplasmic polyhedrosis viruses from immature *Culex restuans*, a West Nile Virus vector. The genomes of the viruses have been sequenced and published. The ten segment genome is being studied to identify those genes responsible for lethality. Chemical control of mosquitoes is costly, inefficient, and often harmful to the environment. This research points the way toward cultivating and using self-sustaining biological control highly specific to the target insect species.

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Crop Protection

Current Activities

Economic sustainability of agricultural crop production in both domestic and global markets is limited by the presence of crop diseases. Many factors affect the likelihood of crop diseases, including globalization and international commerce, presence of pathogen vectors, availability of protection systems, continued emergence of new diseases, genetic resistance of crops, and the availability of trained plant health specialists. Crop systems are extensive and have limited diversity, increasing their vulnerability to intentional exposure to pathogens. Specific efforts are directed toward:

1. Providing fundamental and applied scientific information and technology to protect agriculturally important plants from pests and diseases.

2. Providing needed scientific information and technology to producers of agriculturally important plants in support of exclusion, detection and early eradication; control and monitoring of invasive insects, weeds and pathogens; and restoration of affected areas. Efforts also focus on conducting biologically-based integrated and areawide management of key invasive species.

Selected Examples of Recent Progress:

Resistance to soybean rust. Soybean rust was recently reported in several Southern States. It now represents a significant threat to the Nation's soybean industry. Determining sources of resistance to rust within soybean genotypes is a key priority so that resistance can be deployed in U.S. cultivars and damage limited as rust spreads within the United States. ARS scientists evaluated nearly 20,000 soybean accessions from the USDA soybean germplasm collection at Urbana, IL, in the Plant Pathogen Containment Facility at Fort Detrick, MD, for resistance to soybean rust. Approximately 300 to 400 lines which showed some resistance will be tested further with individual rust isolates. Identifying these sources of rust resistance is a critical step leading to the development of rust resistant commercial soybean cultivars that can be planted by growers.

New disease of pears identified. In 2001, 2002, and 2003, decay caused by an unknown pathogen was found on Ya-Li pears imported from China. Studies were conducted by ARS scientists in Wenatchee, WA, to identify the causal organisms. The results indicated the causal organisms were members of the Alternaria group of fungi not known to exist in the United States. This information has been used by APHIS as the basis for suspension of the Ya-Li pear importation program until further information can be developed to establish the risk to U.S. agriculture from further imports of this fruit, or until an importation protocol can be defined that prevents importation of infected fruit.

Better identification of a serious citrus disease. Citrus Tristeza Virus (CTV) is responsible for two field diseases of citrus, which have caused massive losses to citrus industries in Asia, South America, and Africa. ARS scientists at Fort Pierce, FL, demonstrated the utility of using genetic tests to identify viral genes in complex mixtures of CTV. This research enhances regulatory measures concerning identification and control of CTV. Research at Fort Pierce has also provided identification of aphid transmissible and non-transmissible CTV isolates as a baseline for studying viral genetic control of CTV transmission by aphids. These findings will greatly increase our ability to diagnose and identify this potentially serious disease and allow for more rapid control responses.

Sex pheromone of pink hibiscus mealybug identified, synthesized, and transferred to Federal and State Action Programs. The Pink Hibiscus Mealybug (PHM) can destroy more than 200 plant species by injecting them with toxic saliva while sucking their sap. The exotic insect pest recently invaded California and Florida and has proven difficult to track and monitor. ARS scientists in Beltsville, MD, have discovered two compounds that together make up the female PHM's sex pheromone. These compounds provide a timely method with which to monitor and ultimately reduce infestations. APHIS is using the new pheromone as a sex lure to survey the degree of mealybug pest infestations in Florida and California and track the effectiveness of biological control efforts against this pest. ARS has applied for patent protection

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for the invention and has already received requests to license the technology. The new blend of synthetic pheromones also could help crop producers manage the pests safely through either mass trapping or disruption of mating activity.

New listening/detection device for weevils in nursery crops can halt infestations early. The nursery industry is big business in the United States, especially in Oregon where it is worth more than $600 million annually. The black vine weevil continues to threaten many nursery crops. More than $3 million is spent each year to control this and other pests. Strict quarantine regulations require plant inspectors to reject shipments of nursery crops from other States if just one weevil is found. A new, lightweight device recently developed by ARS scientists in Corvallis, OR, and Gainesville, FL, in cooperation with Acoustic Emission Consulting of Fair Oaks, CA, can magnify the noises of tiny, black vine weevils which results in their detection. The new device will allow inspectors to search 15 to 25 plant pots an hour, compared to 5 to 8 pots without it.

Insect identification vital in effort to exclude invasive pests from United States. In FY 2004, scientists in Beltsville, MD, identified over 9,000 insects and mites (3,682 of urgent priority) including one species that was discovered to be a new "immigrant" to the United States. These identifications and reports have a direct impact on the movement of billions of dollars of cargo flowing into the U.S. and determine whether or not millions of dollars in quarantine treatments are needed to be applied to incoming goods. These identifications have also been vital in the continuing efforts to exclude new invasive pests into the U.S.

Foreign parasitoid found to control tarnished plant bug. The tarnished plant bug injures a large number of crops throughout the United States, including fruits, vegetables, forestry nurseries, fiber crops, and seed crops. ARS scientists in Newark, DE, have completed a long term study, documenting that a foreign parasitoid (*Persistenus digoneutis*) permanently controlled and reduced the tarnished plant bug. The research also demonstrated that a native parasite was not eliminated by this new introduction. These findings should increase confidence in the safety of classical biological control methods used against pest insects.

Successful biological control of melaleuca in South Florida. The Australian melaleuca tree (*Melaleuca quinquenervia*) is an extremely aggressive invasive plant that alters the drainage of South Florida, and affects natural areas, outcompeting valuable native species. Restricting the invasiveness of melaleuca requires reducing its ability to produce massive amounts of seeds. ARS scientists at the Invasive Plant Research Laboratory, Fort Lauderdale, FL, in collaboration with Florida Department of Environmental Protection, U.S. Army Engineers, and South Florida Water Management District personnel and other partners, released two biological control agents: a tip-feeding weevil (*Oxyops vitiosa*; 1997) and a sap-sucking psyllid bug (*Boreioglycaspis melaleucae*, 2002). Both species are contributing to the successful biological control of melaleuca. In particular, the psyllid has spread throughout the infestation of melaleuca. It is significantly affecting growth and survival of the weed; in fact, melaleuca is almost gone from public lands.

Human Nutrition

Current Activities

Improving the Nation's health requires enhancing the quality of the American diet. The United States is experiencing an obesity epidemic resulting from multifaceted causes, including a "more is better" mindset, a sedentary lifestyle, and the selection of readily available high calorie foods. In addition, four of the top ten causes of death in the U.S. – cardiovascular disease, cancer, stroke, and diabetes - are associated with the quality of our diets - diets too high in calories, total fat, saturated fat, cholesterol, or too low in fiber. Americans want fresh foods that taste good, are convenient to prepare and consume, as well as foods that offer nutrition and health benefits. Building a strong connection between agriculture and human health is an important step to providing a nutritionally enhanced food supply. Promoting healthier food choices and educating Americans to balance caloric intake with sufficient daily physical activity are vital steps to preventing obesity and decreasing the risk for chronic disease. Specific efforts are directed toward:

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1. Scientifically assessing the efficacy of enhancements to the nutritional value of our food supply and identifying, conducting, and supporting intramural and extramural research to develop, test, and evaluate effective clinical and community dietary intervention strategies and programs for modifying diet, eating behavior, and food choices to improve the nutritional status of targeted populations.

2. Defining functions, bioavailability, interactions, and human requirements (including effects such as genetic, health status, and environmental factors) for known, emerging, and new classes of nutrients; and determining their abundance in the food supply and providing that information in databases.

3. Determining food consumption patterns of Americans, including those of different ages, ethnicities, regions, and income levels. Provide sound scientific analyses of the U.S. food consumption information to enhance the effectiveness and management of the Nation's domestic food and nutrition assistance programs.

Selected Examples of Recent Progress:

School Lunch Program helps provide better nutrition. Children eat fewer fruits and vegetables and more fat and added sugars than recommended. Scientists at the ARS Children's Nutrition Research Center in Houston, TX, found that middle school students who consumed most of their calories from the National School Lunch Program had higher intake of most nutrients, milk, fruits, and vegetables and lower intake of sweetened beverages and candy. These data contradict the popularly held belief that school lunches are not nutritious and show that meals from the National School Lunch Program can contribute to controlling excess intake of foods with low nutrient density.

Men and women regulate weight differently. In a three year study, ARS scientists in Beltsville, MD, collected data on 556 volunteers and concluded that men regulate their weight primarily through changes in physical activity while women regulate weight primarily by changing their diet. This has profound implications for recommendations by public health policy-makers for strategies to maintain a healthy weight.

Diets containing unrefined whole grains increases satiety. ARS investigators in Davis, CA, found that short-term consumption of a diet containing whole grains, in contrast to one containing refined cereals and grains, elevated satiety and the rate of body fat usage while reducing blood insulin and triglyceride levels in women. The inclusion of whole grains in the diet appears to shift a person's metabolism from the usage of ingested fat to the utilization of deposited fat. If substantiated by a long-term feeding trial, this kind of diet could provide an important food-based strategy for reducing unhealthy weight gain in adults and children.

Dairy foods help reduce body fat while preserving bone. ARS scientists in Davis, CA, participated in a multi-site study showing that the inclusion of dairy foods, as part of an energy restricted diet, increases body fat loss and suppresses bone turnover in overweight adults. Because prior studies have shown that dieting is associated with bone loss, these findings provide a healthy approach for reducing body fat while maintaining bone health.

Vitamin E reduces upper respiratory infections. Scientists at the ARS Human Nutrition Center on Aging in Boston, MA, demonstrated that vitamin E reduces the incidence and number of colds in the elderly by giving supplements to 617 nursing home residents for one year. Because of the high rate and increased morbidity of common colds in this group, these findings have important implications for health maintenance of the elderly and reducing the economic burden associated with their health care.

High protein diet improves calcium status. It has long been thought that high protein diets, especially from meat, adversely affects calcium balance contributing to risk of osteoporosis and fractures. New data from ARS scientists in Grand Forks, ND, show that diets high in meat do not increase calcium loss or adversely affect bone strength in postmenopausal women who volunteered to reside long-term in a metabolic ward. In addition, high meat diets improved calcium retention in the women when their calcium intake was low.

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These findings will improve the quality and nature of dietary advice for Americans.

Heart disease predictor also a risk factor for bone fractures. Homocysteine is an amino acid that circulates in the blood and is associated with higher heart disease rates. Researchers in Boston, MA, found in 2,000 older adults that high homocysteine levels predicted a doubled risk of bone fractures in women and a quadrupled risk in men. Homocysteine can be lowered by consuming foods rich in B vitamins which may reduce rates of heart disease and osteoporotic fractures.

Major additions to nutrient database. In addition to a major update of the National Nutrient Database for Standard Reference, ARS scientists in Beltsville, MD, released databases for minor components of food that have important health benefits. These include carotenoids, isoflavones, proanthocyanidins, choline, and fluoride. This new information will be used to investigate the link between eating foods rich in these compounds and prevention of chronic disease. Recommended intakes of some of these compounds will be set by the National Academy of Sciences based on estimated intake levels from foods and beverages.

Accuracy of dietary survey methodology determined. ARS researchers in Beltsville, MD, found that the accuracy of vitamin and mineral intake is not always correlated with the accuracy of energy intake when food consumption is measured using a recall approach. This is very important because the standard practice in diet surveys is to adjust the intake of individual nutrients for total calorie consumption. These findings will impact the way nutrient data are collected and analyzed by researchers around the world. They will also have an effect on nutrient recommendations from the National Academy of Sciences.

Better predictor of heart disease identified. Blood cholesterol measured in a subject after fasting overnight has been considered one of the stronger predictors of future heart disease for decades. Scientists at the ARS Human Nutrition Center on Aging in Boston, MA, found triglycerides (another type of fat in the blood) after a meal are stronger indicators of risk assessment. A series of genetic markers associated with high triglycerides was also determined that identifies those in the population especially susceptible to diet-induced cardiovascular disease.

Analysis of B vitamin in food. Methods in common use for estimating niacin (one of the B vitamins) content in foods have relied on bacteria growth and were developed decades ago. A modern method has been developed by ARS scientists in Beltsville, MD, using sophisticated analytical instruments to directly measure both the naturally occurring vitamin, and to vitamin-fortified wheat flour and cereals. This new method assists the food industry in analyzing its products more accurately and is being used to assign values to a new multivitamin Standard Reference Material in joint development by the National Institute of Standards and Technology and the Office of Dietary Supplements of the National Institutes of Health.

Mild vitamin B12 deficiency may up the risk for cancer. Many elderly in America have inadequate vitamin B12 levels. Scientists at the ARS Human Nutrition Center in Boston, MA, induced mild vitamin B12 depletion in laboratory rats and found two abnormal modifications of DNA in cells that are implicated in the development of cancer. Changes in DNA like this are considered precursors to development of cancer. These results suggest recommending consumption of vitamin B12-rich foods and greater fortification of foods commonly eaten by the elderly.

Environmental Stewardship

Current Activities

Agriculture depends on a natural resource base whose sustainability relies on sound, science-based production practices. The management of our renewable natural resources often seems to be a continuous balancing of conflicting and competing goals and concerns. While this is often the case, long-term management strategies based on adequate knowledge of the complex natural systems can yield maximum sustainable benefits that can satisfy most competing concerns. The outcome will be technology and practices that will mitigate the adverse impacts of agriculture on the environment, moderate the build up of greenhouse gasses that may contribute to climate change, and remove the necessity of farming environmentally sensitive marginal lands. Specific efforts are directed toward:

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1. Developing ecologically-based information, technologies, germplasms, and management strategies that sustain agricultural production while conserving and enhancing the diverse natural resources found on rangelands and pasture lands.

2. Developing the tools and techniques required to maintain and restore the physical, chemical, and biological integrity of the Nation's watersheds and its surface and groundwater resources.

3. Developing agricultural practices that maintain or enhance soil resources, thus ensuring sustainable food, feed, and fiber production.

4. Developing approaches that mitigate the impact of poor air quality on crop production; and provide scientific information and technology to maintain or enhance crop and animal production while controlling emissions that reduce air quality or destroy the ozone layer.

5. Developing management practices, treatment technologies and decision tools for the effective use of animal manure and selected industrial and municipal byproducts to improve soil properties and enhance crop production while protecting the environment.

6. Developing agricultural systems and decision support systems that assist in increasing the efficiency of agricultural enterprises and achieving economic and environmental sustainability.

Selected Examples of Recent Progress:

Soil and Water Assessment Tool (SWAT) is being used worldwide to assess environmental benefits. SWAT was developed over the past 30 years by a team of ARS researchers at Temple, TX, in cooperation with other ARS scientists in Bushland, TX; El Reno, OK; Tucson, AZ; Ft. Collins, CO; Miami, FL; Ames, IA; and Tifton, GA. Over the past four years, the Environmental Protection Agency (EPA) and ARS have made SWAT available to State agencies and consultants throughout the Nation to evaluate and assess water quality impairments and to assist in developing watershed plans for addressing specific problems. The Natural Resources Conservation Service (NRCS) used the SWAT model in its 1997 Resource Conservation Appraisal in which the first national assessment of agricultural water use, tillage systems, and fertilizer management was made. In 2004, NRCS and ARS are again using SWAT to work together to quantify the environmental benefits of conservation practices at the national and watershed scale for the Conservation Effects Assessment Project. The newest version of SWAT has been distributed to hundreds of scientists and engineers at universities, government agencies, and consulting firms throughout the world. Several international training conferences have been held over the past two years.

Salinity assessment technology is widely adopted. Soil salinization is a major problem causing decreased crop production and water quality problems in irrigated lands of arid and semiarid regions of the world, including the Southwestern U.S. Over the past 15 years, ARS researchers at Riverside, CA, have developed technology for using electrical resistivity and electromagnetic induction sensors to measure soil salinity. Within the past four years, this technology was combined into a mobile platform (typically a modified spray tractor) with global positioning systems and a computer to rapidly and remotely collect soil data. In cooperation with the U.S. Bureau of Reclamation, a salinity assessment network has recently been deployed throughout the Lower Colorado Region. The primary end users of this technology include technical specialists from the Bureau of Reclamation and NRCS, along with water district personnel throughout the Western U.S., various university extension specialists, and research scientists in saline regions throughout the world.

"Fertigation" can be used efficiently for all irrigation methods. "Fertigation" brings both nutrients and water to plants and saves money by combining two tasks into an efficient system. ARS scientists at three locations have found different ways to improve the application of fertilizer and at the same time apply water more efficiently. Researchers from Phoenix, AZ, found that improved fertilizer mixing and injection procedures can be used to improve the uniformity of the fertilizer applications to within 10 to 15 percent variation for surface irrigation practices. Scientists at Lincoln, NE, working with industry cooperators,

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developed a new electronic sensor that can be placed at different spacing atop a center-pivot irrigation system to apply variable rate fertilizer and water applications for precision farming. This same sensor can be used on a high clearance sprayer or other types of farm implements to precisely and accurately apply variable rate fertilizer applications on both irrigated and nonirrigated (rain fed) croplands. Researchers at Parlier, CA, have demonstrated that applying both fertilizers and water on nearly a continuous basis through drip irrigations, which are buried underground, can prevent seepage of excess nutrients into ground waters. Current estimates predict that various "fertigation" techniques will be used on 50 percent of the irrigated lands in the U.S. by 2010, providing an increase in farm profits of at least $600 million dollars per year (based on conservative estimates) in fertilizer savings and in increased yields.

Grazing cattle on lands where the groundwater was once polluted. ARS scientists in Coshocton, OH, recently concluded that cattle can be grazed on pastures that overlie contaminated aquifers without fear of additional contamination from the nitrogen in cattle waste. The approach is to minimize or eliminate nitrogen fertilization on the pastures for several years before resuming cattle grazing to allow the system to return to an equilibrium. After two years without grazing, ARS scientists found that the nitrate-nitrogen in groundwater was brought down from a high of 26 parts per million (ppm) to 2 to 4 ppm without any impact on livestock health or performance. The lack of fertilizer caused only a slight decrease in grass production. The EPA guidelines for human drinking water stipulate 10 ppm as the maximum allowable safe level for nitrate-nitrogen. ARS research demonstrates that farmers do not have to remove cattle from problem fields as long as they first lower the nitrogen levels in the soil and then stop fertilizing the pastures once the cattle are again allowed on the land.

Sediment is the Nation's number one pollutant in streams. ARS scientists in Oxford, MS, have developed a low cost means of reducing gully and stream bank erosion, major causes of soil loss and sedimentation within our Nation's streams. Traditional measures for controlling this type of erosion require costly stone, or concrete structures. The large woody debris structures being studied by ARS scientists, provide shelter for fish and insects, restore riparian habitats, and cost less than traditional methods. The structures consist of uprooted trees stacked in crossing layers that are anchored with steel cables to the streambed. The structures reduce sediment transport, triggering natural deposits to restore channels enlarged by years of erosion. The structures cost about $25 per foot of treated bank, or 20 to 50 percent of the cost of recent stone bank stabilization projects.

Climatic factors have a major influence on ammonia emissions from swine lagoons. Methods and practices are needed to measure and control ammonia losses from swine wastewater lagoons. ARS scientists from Watkinsville, GA, and their cooperators have shown that there are four important physical and chemical parameters that must be carefully observed and considered in the measurement process. These factors include the ammonium concentration of the aqueous solution, the temperature of the solution, the pH of the solution, and the turbulence of the air creating the transport of ammonia. The studies have shown that the climatic effect of turbulence is the strongest factor effecting emissions on a short-term basis (two to three weeks). The climatic affect of turbulence accounts for about 70 percent of the transport influence. On a long-term (six to 12 months) basis, aqueous temperature is the next most dominant effect, influencing partial pressure of ammonia in aqueous solution. At about 3°C, ammonia emissions cease regardless of turbulence or its chemical factors. The solution concentration and pH both influence the partial pressure of ammonia in solution, but most studies show that these factors are relatively constant in steady-state waste processing lagoons. Initial design features for the waste management system usually determine these concentrations. These studies suggest that ammonia emissions from lagoons can be reduced by management practices that reduce turbulence, decrease pH, and manage temperature.

Dust particles from beef cattle feedlots generally have a diameter greater than PM10. ARS scientists from Bushland, TX, collected dust particles over eight day periods in both summer and winter from upwind and downwind locations at four large beef cattle feed yards in Texas. Average (mean) dust concentrations of Particulate Matter (PM) 10 or larger were significantly greater at positions downwind from the feedlot, while concentrations of PM2.5 size dust particles were the same at upwind and downwind locations. The average upwind PM10 collection was 1.5 mg per 24 hour period compared to 3.3 mg per 24 hour period downwind. The mean PM2.5 collection was 0.4 mg per 24 hour period at both upwind and downwind

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locations. These results suggest that feedyards are not significant generators of PM2.5 dust particles that are respirable that can negatively impact animal and human health, but they are sources for larger PM10 particles.

Controlling ammonia emissions from land applied manures. There is a scarcity of U.S. data on field ammonia volatilization despite EPA guidelines to develop ammonia control strategies for confined animal feeding operations. ARS scientists from Beltsville, MD, studied ammonia volatilization from land application of manures using micro-meteorology and wind tunnel techniques. Results showed that dairy slurries lose 40 to 80 percent of nitrogen in ammonia within 24 to 48 hours after surface application. Solid manures, such as poultry litter, had smaller losses of 10 to 30 percent over approximately one week. Research showed that, compared to unincorporated surface applications, chisel plowing reduces ammonia losses about 80 percent and a tandom disk reduces losses about 90 percent. Moldboard plowing was shown to virtually eliminate all ammonia losses but leaves the soil surface vulnerable to erosion due to lack of surface residues. Data resulting from these studies has contributed to the development of an ammonia volatilization decision support system that has already been used to update ammonia loss estimates in Maryland's Nutrient Management Program. These results will be useful to NRCS and private consultants as they develop nutrient management plans.

Carbon sequestration can be enhanced by grazing land management. Sequestering carbon from the atmosphere into soil offsets emissions of greenhouse gases implicated in global climate change. ARS scientists at Watkinsville, GA, determined that soil carbon sequestration during the first five years of bermudagrass pasture management was two to three times greater under grazed pastures than under hayed or unharvested management pastures. ARS scientists at Cheyenne, WY, found that managing the mixture of plant species in rangelands also can increase sequestration. Legumes are a minor component of Great Plains native rangeland ecosystems and interseeding the native plants with yellow flowering alfalfa increased soil organic carbon by 17 percent after 36 years. Furthermore, emission of nitrous oxide, a very potent greenhouse gas, was not increased by introducing the nitrogen fixing alfalfa into the native system. Results of these studies show that certain management practices for forage and livestock can maintain a productive agricultural system even while enhancing the removal of greenhouse gases from the atmosphere.

Irrigating arid zone lands can increase carbon sequestration. Carbon sequestration may exceed native amounts in irrigated arid zone soils. The goal for carbon sequestration in dryland agricultural soils is to return the soils to pre-management levels of organic matter. ARS researchers in Kimberly, ID, and Ft. Collins, CO, demonstrated this can be done by a combination of irrigation and conservation tillage practices in soils supporting pastures or crops. Thus, choosing the right combination of management options can benefit not just yield and soil productivity but also carbon sequestration, which removes carbon dioxide from the atmosphere and slows global climate change.

Improved management of fires on Western lands. Public and private land managers need improved information on how wild and prescribed fires impact water and soil resources critical to the ecological and economic well-being on rangelands. ARS scientists at Boise, ID, working with the Forest Service and NRCS have collected data on fire sites in Colorado, Idaho, Montana, and Nevada. This data was used to develop and validate hydrology and erosion models that are now being used by Federal land management agencies to improve wildfire risk assessment, prescribed fire planning, and post-fire mitigation.

Rising carbon dioxide levels may reduce forage quality. ARS scientists at Cheyenne, WY, working with Colorado State University have completed a five year study of how increasing carbon dioxide levels affects plant species composition and forage production on the shortgrass prairie ecosystem of the Great Plains. Changes in the plant mix and a reduction in nitrogen concentrations within the plants significantly reduce the digestibility of the forages for livestock. As global carbon dioxide levels continue to rise, livestock producers may reach a point where supplementation of livestock will have to be increased to maintain production. Increased supplementation will reduce profitability for the thousands of livestock producers who depend on the grasslands of the Great Plains.

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Increasing profitability in Eastern pasture-livestock systems. Establishing and managing pastures for multiple plant species has been considered an alternative to using expensive cultural practices, such as herbicides and fertilizers to maintain forage productivity in pastures with only one or two forage species. ARS scientists at University Park, PA, conducted dairy grazing studies with lactating Holstein cows on pastures with various combinations of forage plants. Complex mixtures with high species diversity produced more forage and had fewer weeds than the pastures with only one or two forage species. The level of plant diversity did not affect livestock dry matter intake or milk production. These results indicate that producers can maintain productivity while reducing inputs and thereby increase profitability.

The phosphorus index provides financial and environmental benefits. ARS scientists from University Park, PA, university cooperators, and NRCS developed and refined a tool, the "P" index, to identify areas on a farm or in a watershed that are susceptible to phosphorus losses to surface water. The "P" index accounts for and ranks the phosphorus source (soil, fertilizer, and manure phosphorus management) and transport factors for (erosion, surface runoff, leaching, and distance of a field from a stream) controlling phosphorus loss in overland and subsurface flow, and identifies sites where the greatest risk of phosphorus movement exists. The overall significance of implementing the "P" index is clearly seen in terms of its impact on the Concentrated Animal Feeding Operations (CAFO) industry. By better targeting resources to the largest operations and areas at greatest risk of water quality impairment, comprehensive nutrient management plan strategies that include the "P" index approach will likely cost the CAFO industry $355 million rather than $980 million per year, according to the EPA. It is also estimated that this approach will lead to a reduction of 56 million pounds of phosphorus and over 2.1 billion pounds of sediment released from CAFOs to the environment. Economic benefits of using this approach are estimated at $204 to $355 million and include increased recreational use of waters, better shellfish harvests, fewer fish kills, lower drinking water treatment costs, and reduced losses of livestock to disease.

A comprehensive manure treatment system has been developed. Treatment technologies are needed that capture nutrients, reduce emissions of ammonia and nuisance odors, and kill harmful pathogens. These individual technologies must then be linked together into a practical system if they are going to be adopted. ARS scientists from Florence, SC, have taken this approach to develop a system that greatly increases the efficiency of liquid-solid separation by injection of a polymer to increase solids flocculation. Nitrogen management to reduce ammonia emissions is accomplished by passing the liquid through a module where immobilized bacteria transform nitrogen. Subsequent alkaline treatment of the wastewater in a phosphorus module precipitates recoverable phosphorus and kills pathogens. A marketable calcium phosphate fertilizer is produced. Treated wastewater can be recycled to clean hog houses or be used for crop irrigation. The system has been pilot tested and demonstrated as part of the Smithfield Foods-Premium Standard Farms/North Carolina Attorney General agreement to replace current lagoons with environmentally superior technology. A full scale demonstration facility was installed in Goshen Ridge, a 4,400-head finishing farm in Duplin County, NC. Treatment performance exceeded design expectations; it separated 97 percent of suspended solids, 99.9 percent of biological oxygen demand, 98.9 percent of total Kjeldahl nitrogen, and 94.8 percent of total phosphorus. Odorous compounds in the waste were reduced more than 99 percent by treatment, and pathogens were not detected in the final compost product. Beneficiaries of this research are pork and dairy producers, environmental and health regulators, NRCS, and the general public.

A low cost feedlot runoff control and treatment system has been developed. Small beef cattle feeding operations need a cost-effective solution for managing feedlot runoff. ARS scientists from Clay Center, NE, developed and evaluated a passive runoff control and treatment system designed to reduce the volume of long-term liquid storage, provide adequate solids separation, and evenly distribute basin discharge water for grass hay production. The system consisted of a grass approach, a terrace with a debris basin, and a vegetative filter strip. The system effectively reduced the cumulative mass of total and volatile suspended solids and reduced chemical oxygen demand by 80 percent, 67 percent, and 59 percent, respectively. No water was measured exiting the vegetative filter strip during the three year period of this study. Therefore, the discharge water was effectively contained and used for hay crop production. Estimated total nitrogen load in the discharge water entering the vegetative filter strip was equivalent to or less than the total nitrogen removed by the crop. This system will provide smaller beef cattle feeding operations with a robust, cost-effective system to meet requirements of EPA's Permit Regulations and Effluent Guidelines for

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CAFOs. The regulations require use of the best practical control technology currently available to contain all runoff from a 24 hour rainfall event.

Starch and protein control odor formation in manure. As manure ages, a variety of malodorous products (alcohols, volatile fatty acids, and aromatic-ring containing compounds) accumulate and may be emitted. The biochemical origins of odor compounds, however, are not well understood. ARS scientists from Clay Center, NE, determined that the primary substrates for odor formation in swine and cattle fecal slurries in cattle feedlot manure and soil pan incubations were starch and protein. There was no evidence that cellulose served as a source for production of odorous compounds. The relative contribution of fecal starch and protein differed between feedlot cattle and swine with most odor compound production in cattle feces coming from starch fermentation, while odor compound production in swine feces came from equal parts protein and starch. These insights into odor compound production will ultimately allow development of diet formulations that minimize the problem.

Pathogen re-growth potential of compost teas depend on amendments used in making the teas. Compost teas amended with molasses are gaining popularity among organic growers largely because of their plant disease suppressive activity when applied to crops. The re-growth potential of human pathogens of manure origin is unknown. The re-growth potential of outbreak strains of human pathogenic bacteria (*Salmonella enterica* serovar Thompson and *E. coli* O157:H7) marked with green fluorescent protein was monitored in compost teas amended with molasses. ARS scientists from Beltsville, MD, found that molasses favors re-growth of human pathogens in compost teas, raising public health concerns about the potential contamination of treated crops, particularly produce intended for fresh consumption. This information on pathogen re-growth is critical to organic farmers and home gardeners using foliar or soil applications of compost teas as alternatives for agrochemicals for plant disease suppressive activity and plant nutritional improvement.

Wetland design and management helps control ammonia emissions. ARS scientists from Florence, SC, determined that ammonia volatilization from emergent marsh areas of constructed wetlands was not the primary loss mechanism; it accounted for less than 16 percent of the nitrogen load. However, ammonia volatilization from the pond areas of the marsh-pond-marsh constructed wetlands accounted for greater than 40 percent of the nitrogen load when the ammonia concentration of the wastewater was greater than 25mg of nitrogen per liter. Ammonia volatilization can be reduced by lowering the ammonia concentration of the wastewater by nitrification conversion of the ammonia to nitrate prior to wetland application. Partial nitrification of the wastewater prior to wetland application also improved the efficiency of the wetlands to remove nitrogen via denitrification. These results will be useful for farmers who are looking for cost-effective nitrogen removal alternatives/supplements to land application, for regulators who want to ensure that agricultural waste management practices do not degrade both air and water quality, and for NRCS personnel who are looking for wetland design modifications that will maximize nutrient removal potential.

A technically feasible alternative to methyl bromide validated in commercial tomato and pepper fields. Scientists in Fort Pierce, FL, have addressed the need to enhance the effectiveness of existing chemical fumigants while minimizing impacts to the environment. Trials were conducted using broadcast applications of Telone C-35 in combination with the herbicides Devrinol and Treflan, and an additional application of chloropicrin in the beds. In a 50 acre trial that was conducted four consecutive years in the same fields, yields in the fourth year under the alternative were higher than in adjacent fields fumigated with methyl bromide. The incidence of soilborne diseases was lower than in adjacent fields fumigated with methyl bromide. Additional large-scale field trials were conducted with Telone C-35 applied under a virtually impermeable film using an Under Bed Fumigator. Yields in those trials were higher than adjacent areas fumigated with methyl bromide, and the incidence of soilborne diseases was lower. However, weed pressure was higher in the Telone C-35 treated areas.

Use of low glucosinolate rapeseed meal as an orchard mulch could be a viable, organic alternative to pre-plant fumigation with methyl bromide for control of apple replant disease. Apple replant disease is a significant factor limiting the production and profitability of orchards rejuvenated with new trees. Studies were conducted by ARS scientists in Wenatchee, WA, to assess the ability of soybean meal and a low glucosinolate rapeseed seed meal to provide control of *Rhizoctonia solani* AG-5, which causes root rot of

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apple trees and contributes to the development of apple replant disease. Rapeseed, seed meal amendment suppressed infection of the apple roots by this fungal pathogen. Disease control was associated with an increase in populations of *Streptomyces* spp. bacteria naturally resident to orchard soils, specifically those *Streptomyces* spp. that possess the capacity to produce nitric oxide, a chemical known to induce plant defense responses. This research provides further evidence that sustainable, environmentally friendly systems can reduce apple replant disease.

Biocontrol agent identified to help in the control of olive fly. Olive fruit fly, an exotic pest that was recently found in California, is a serious pest of olive production. Control measures were developed in Parlier, CA, in cooperation with the California Olive Commission. Recently ARS scientists, in cooperation with researchers and officials of APHIS, Guatemala, and the California Department of Food and Agriculture, successfully conducted tests with a biological control agent that culminated with a regional release program for that agent. A successful biological control program for olive fruit fly in California would help protect the $68 million canned olive industry in California.

Library and Information Services

Current Activities

Timely, relevant information is an essential raw material for the research process, as well as for effective policy development and decision-making. Targeted information services are also required to support specialized USDA audiences such as inspectors, regulators, nutritionists, and others, as well as their peers, customers and stakeholders nationwide. The general public requires information on a very broad set of agriculture-related topics, ranging from small business development to gardening to nutrition to food safety to farming to textiles to statistics and beyond. The permanent preservation of USDA's and the Nation's agricultural intellectual heritage is a key national responsibility. The National Agricultural Library (NAL) is mandated to fulfill these roles and is a national resource for all users of agricultural information. NAL's work in collecting, preserving and ensuring access to agricultural information is fundamental to the continued well-being and growth of U.S. agriculture, and to the development of food supplies for the Nation and world. Specific efforts are directed toward:

1. Developing and delivering content for the NAL National Digital Library for Agriculture (NDLA).
2. Integrating the NAL AGRICOLA database into the NDLA.
3. Ensuring long-term access to the resources of the NAL NDLA.

Selected Examples of Recent Progress:

Increased and enhanced customer services. NAL's direct customer service volume exceeded 66 million transactions in fiscal year 2004, a more than 25 percent increase from the previous year. NAL began using a survey instrument based on the American Customer Satisfaction Index (ACSI) to measure customer satisfaction with Web-based services. In the first six months, NALs overall customer satisfaction score was in the high 60s, on a scale of 0 to 100. Federal sites had an overall satisfaction score of 71.2 in the ACSI report for the third quarter of 2004 and private sector sites, a 74.4. NAL's score is expected to improve in 2005 following a major site redesign. NAL maintained a two day turnaround time for document delivery and interlibrary loan requests; 83 percent of journal articles supplied by NAL were delivered electronically.

New electronic library management system implementation completed. Implementation of the Voyager electronic library management system was completed in 2004 after a multi-year system replacement project. Voyager supports new and improved customer services, such as a new Web version of AGRICOLA, and has made it easier for NAL to manage many facets of its operations. Additional improvements will be realized with the implementation of a new document delivery service by the end of 2004. Customers will be able to submit document delivery searches while searching AGRICOLA; the processing of document delivery requests will be streamlined.

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DigiTop and Mississippi State University (MSU) DigiTop PLUS pilot demonstration project. The Digital Desktop Library (DigiTop) service for USDA expanded in its second year. USDA agencies increased financial support for DigiTop to renew USDA staff access to online journals, databases, and reference works, and enhanced search and discovery tools. Usage grew at an annual rate of over 60 percent and the Web interface was enhanced. NAL and other ARS staff worked with the MSU libraries to launch the MSU DigiTop PLUS pilot demonstration project, which demonstrated the feasibility of providing land grant university institutions with enhanced digital access to critically needed published scientific research through a Federal/State partnership arrangement. The project used AGRICOLA for accessing MSU DigiTop PLUS services.

AgNIC expands, launches portal, and begins grants program. The Agriculture Network Information Center (AgNIC) Alliance - www.agnic.org - welcomed ten new member institutions. The AgNIC Web portal, launched in 2004, supports new technologies that will allow far greater participation in AgNIC by Historically Black Colleges and Universities and Tribal institutions, as well as the Hispanic Serving Institutions and institutions located in Spanish-speaking countries. Small AgNIC cooperative agreements totaling $63,000 were awarded to nine institutions to build additional full text content, covering topics such as agricultural law, range research, experiment station literature, invasive species, farm land protection, 4-H education, water quantity and quality, and organic agriculture.

Enhanced Web sites and information center services. NAL assumed responsibility for revitalizing the USDA www.nutrition.gov Web site, whose soft launch occurred in November 2004; usability testing is planned for the first quarter of fiscal year 2005 with a formal launch schedule for later in the year. Invasivespecies.gov--usage grew to over two million hits in fiscal year 2004. Content enhancements were made and the program continues to plan for change. Technology Transfer Information Center (TTIC) staff produced a Web-based Bioenergy and Biofuels bibliography for the USDA Homepage. The TTIC MTACRADA with Artifex Equipment, Inc., advanced with formal testing of its super absorbent polymer product, Dri-Gel. Food and Nutrition Information Center; WIC Learning Online was approved by the Commission on Dietetic Registration, ADA, as a level 1 self study course. This approval allows Registered Dietitians to take the course and use it for Continuing Professional Education hours. The Alternative Farming Systems Information Center developed a comprehensive guide on marketing and trade resources for organic agricultural products in support of the USDA National Organic Program, and developed a database of historic USDA publications related to organic agriculture still relevant for today's agriculture. Water Quality Information Center (WQIC) staff produced a comprehensive series of bibliographies in support of the USDA Conservation Effects Assessment Project (CEAP). The WQIC Enviro-News listserv continues to be a significant channel of communication for the water quality community. Food Safety Research Information Office (FSRIO) staff collaborated with the American Meat Institute Foundation (AMIF) by including food safety research projects funded by AMIF in the FSRIO database. FSRIO also produced resource lists and fact sheets on topics, such as Predictive Microbiology, Hepatitis A, Pesticides, and BSE. Animal Welfare Information Center (AWIC) staff conducted specialized on-site and external workshops on searching for information about alternatives to using animals in painful/distressful procedures, and produced Web and CD information products on farm animal welfare and on key topics for those regulated under the Animal Welfare Act. Rural Information Center (RIC) staff developed a database of Federal funding sources for rural areas. FirstGov now links to RIC in several areas: economic and rural development resources; volunteer and nonprofit FAQ; and the RIC home page.

AGRICOLA enhanced. NAL increased the number of AGRICOLA records linked to online publications. AGRICOLA grew more than 33 percent in FY 2004 to 14,683 records. Links from AGRICOLA to publisher and journal Web sites increased from 32,569 in fiscal year 2003 to 41,278 records by November 2004. To identify new USDA digital publications and recently released journal issues, NAL implemented the use of an Internet notification service that scans key Web sites for new content and issues an email notification. This innovation enables NAL to create more bibliographic records for new digital publications in less time while creating accurate links from AGRICOLA directly to online texts. With NAL's new electronic library management system, indexing work-flows were reengineered to increase the speed with which articles are indexed. Citation records (without subject terms) are available to customers almost immediately after a journal issue is received by NAL. Programming to import article level bibliographic data from publishers into AGRICOLA has been completed, and some publishers have begun

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sending article level bibliographic data that they create. Once this program is in full operation, customers will have much more timely access to agricultural literature, and fewer records will be keyed by NAL staff or contractors. NAL has also been piloting machine aided indexing software to determine if it can be used to assist indexers in increasing productivity and provide subject indexing without indexer intervention.

National Agricultural Library Thesaurus work supports AGRICOLA and USDA E-Gov. The 2004 edition of the NAL Agricultural Thesaurus was published at http://agclass.nal.usda.gov/agt/agt.htm on January 1, 2004. Vocabulary about ornamental horticulture was expanded in this new edition through a cooperative effort with AgNIC partner Michigan State University. The thesaurus was made available as a Web service (i.e., XML application) to outside organizations in March, 2004. The 2004 edition was implemented for AGRICOLA in the Voyager library management system. NAL staff also led a group of USDA agency representatives in the creation of the USDA Taxonomy and metadata model, based on the Library's thesaurus work. The 2005 edition of the NAL Agricultural Thesaurus was published on January 1, 2005, and included more vocabulary about invasive species.

Most important U.S. government agricultural documents identified for digitization. NAL worked with the Government Printing Office (GPO) and the Association for Research Libraries to nominate, set priorities, and coordinate the digitizing of U.S. government documents according to the needs of various types of libraries, including agricultural libraries. The goal of the project is widely accessible public domain publications digitized to acceptable standards.

NAL participates in the Lots of Copies Keep Stuff Safe (LOCKSS) initiative. NAL has stayed current with the latest versions of the software for the Lots of Copies Keep Stuff Safe (LOCKSS), a collaborative digital preservation demonstration project led by Stanford University. NAL also began participation in the LOCKSS program as part of the LOCKSS/Documents program, working collaboratively with the GPO, Stanford University, and other universities in an effort to provide long term access to government documents. To that end, GPO staff visited NAL and performed a system security scan of the NAL LOCKSS hardware/software system. NALs participation in the LOCKSS demonstration program is important in exploring options for providing citizens access to digital government information over time. This effort marks pioneering efforts to address the issues of long-term storage, authenticity, and access for digital information.

NAL improves its facilities. A major factor in the preservation of library collections and the successful operation of library programs and services is the condition of their physical environment. In 2004, facility improvements were undertaken for both of the Library's physical facilities. The Library's D.C. Reference Center moved to swing space during renovation of Wing 4 of the USDA South Building and is expected to return to its central and strategic location in March 2005. The construction of a state-of-the-art storage space for NALs Special Collections on the 5th Floor of the Abraham Lincoln Building was completed in May 2003. One-third of the shelving for the 5th Floor rare book storage was purchased and installed in 2004. Planning for purchasing the remaining shelving and moving all of the volumes into the new areas have been completed.

PART Assessments

A PART analysis of ARS' research program under USDA Strategic Plan Goal 1, to "Enhance Economic Opportunities for Agricultural Producers," was conducted by ARS and submitted to OMB as part of the 2006 budget process. The review covered research in the areas of New Products/Product Quality/Value Added, Livestock Production, and Crop Production. OMB classified these programs as "Moderately Effective," rating them a score of 74. OMB identified several issues that ARS will work on addressing in subsequent PART analyses, including the needs to: 1) ensure that funding is targeted to the highest priority initiatives and projects, and 2) complete the development of the annual measures.

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AGRICULTURAL RESEARCH SERVICE

Proposed Language Changes

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Buildings and Facilities:

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, [$187,838,000] $64,800,000 to remain available until expended.

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AGRICULTURAL RESEARCH SERVICE

Lead-Off Tabular Statement

BUILDINGS AND FACILITIES - CURRENT LAW

Appropriations Act, 2005		$187,838,000
Budget Estimate, 2006		64,800,000
Decrease in Appropriations		-123,038,000
Adjustments in 2005:		
Appropriations Act, 2005	$187,838,000	
Rescission under P.L. 108-447 a/	-1,503,000	
Adjusted Base for 2005		$186,335,000
Budget Estimate, 2006		64,800,000
Decrease from Adjusted 2005		-121,535,000

a/ The amount is rescinded pursuant to Division J, Title I, Section 122 (a) of P.L. 108-447.

Summary of Increases and Decreases - Current Law
(On basis of adjusted appropriation)

Facilities:	2005 Estimated	Changes	2006 Estimated
California: Grape Genomics Research Center, Davis	$2,976,000	-$2,976,000	--
U.S. Agricultural Research Station, Salinas	2,976,000	-2,976,000	--
Hawaii: U.S. Pacific Basin Agricultural Research Center, Hilo	2,976,000	-2,976,000	--
Idaho: Aquaculture Facility, Aberdeen/Billingsley Creek	992,000	-992,000	--
Illinois: National Center for Agricultural Utilization Research, Peoria	2,976,000	-2,976,000	--
Iowa: National Animal Disease Center, Ames	121,024,000	-62,224,000	$58,800,000
Kentucky: Animal Waste Management Research Laboratory, Bowling Green	2,281,000	-2,281,000	--
Forage-Animal Research Laboratory, Lexington	2,976,000	-2,976,000	--
Louisiana: ARS Sugarcane Research Laboratory, Houma	2,976,000	-2,976,000	--
Maine: Northeast Marine Cold Water Aquaculture Research Center, Orono	2,976,000	-2,976,000	--
Maryland: Beltsville Agricultural Research Center, Beltsville	2,976,000	-2,976,000	--
National Agricultural Library, Beltsville	--	+3,000,000	3,000,000
Foreign Disease-Weed Science Laboratory, Frederick	--	+3,000,000	3,000,000
Mississippi: Jamie Whitten Delta States Research Center, Stoneville	2,976,000	-2,976,000	--
Poultry Science Research Facility, Starkville	2,976,000	-2,976,000	--
Missouri: National Plant and Genetics Security Center, Columbia	4,960,000	-4,960,000	--
Montana: Animal Bioscience Facility, Bozeman	1,984,000	-1,984,000	--
New York: Center for Grape Genetics, Geneva	2,976,000	-2,976,000	--
Center for Crop-based Health Genomics, Ithaca	2,976,000	-2,976,000	--
Ohio: University of Toledo, Toledo	1,984,000	-1,984,000	--
Oklahoma: Southern Plains Research Station, Woodward	2,976,000	-2,976,000	--
South Carolina: U.S. Vegetable Laboratory, Charleston	2,976,000	-2,976,000	--
Washington: ARS Research Laboratory, Pullman	2,976,000	-2,976,000	--
West Virginia: Appalachian Fruit Laboratory, Kearneysville	3,609,000	-3,609,000	--
Wisconsin: Nutrient Management Research Laboratory, Marshfield	4,861,000	-4,861,000	--
Total Available	186,335,000	-121,535,000	64,800,000

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AGRICULTURAL RESEARCH SERVICE

Project Statement - Current Law
(On basis of adjusted appropriations)

	2004 Actual AMOUNT	2005 Estimated AMOUNT	Increase or Decrease	2006 Estimated AMOUNT
Total Obligations	$160,541,752	$180,000,000	+$20,000,000	$200,000,000
Unobligated Balances:				
Available Start of Year	-403,265,057	-306,157,000	-6,335,000	-312,492,000
Available End of Year	306,156,826	312,492,000	-135,200,000	177,292,000
Total Available or Estimate	63,433,521	186,335,000	-121,535,000	64,800,000
Rescission	376,479	+1,503,000		
Total Available or Estimate	63,810,000	187,838,000		

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Management Initiative: Provide adequate Federal facilities required to support the research mission of ARS. An increase of $64,800,000 for:

Buildings and Facilities

a) An increase of $58,800,000 for the National Centers for Animal Health, Ames, Iowa.

Need for Change

Congress has appropriated $403.5 million to date for the modernization of the National Centers for Animal Health (NCAH). In FY 2005, Congress appropriated $121 million to complete construction of the Consolidated Laboratory Facility. In FY 2006, ARS is requesting $58.8 million which will bring the funding for this project to $462 million, the total amount required to complete modernization of the Centers.

The final installment of $58.8 million will provide funding for construction of a new dairy facility and Low Containment Large Animal Facility (LCLAF) to meet additional capacity requirements. The current LCLAF will be renovated and modernized along with critical infrastructure and miscellaneous small buildings.

The proposed increase supports Performance Measure 6.2.1: Complete priority buildings and facilities projects on schedule and within budget.

b) An increase of $3,000,000 for the planning and design of the Foreign Disease Weed Science Research Laboratory, Frederick, Maryland.

Need for Change

The Foreign Disease Weed Science Research Laboratory is located at Ft. Detrick. ARS' scientists research foreign plant pathogens (that pose a potential threat to American agriculture) which are not yet established in the United States and must be kept under containment.

A facility condition study of ARS' facilities at Ft. Detrick completed in FY 2002 identified a number of deficiencies in the BSL-3 containment facility (Building 374), the greenhouse complex, and other ARS laboratories and offices. The facility study recommended enlarging the capacity of the BSL-3 containment facility to accommodate bio-security research. The determination was made that a new containment replacement facility costing $30 million should be built to comply with security requirements and Ft. Detrick's facility master plan. Until a new replacement facility is provided, ARS plans to continue to fund repairs and maintain Building 374.

In FY 2006, ARS requests $3 million for the planning and design of the Foreign Disease Weed Science Research Laboratory.

The proposed increase supports Performance Measure 6.2.1: Complete priority buildings and facilities projects on schedule and within budget.

c) An increase of $3,000,000 for repairs to the National Agricultural Library, Beltsville, Maryland.

Need for Change

NAL is the most comprehensive agricultural library in the world and one of only four U.S. national libraries. For more than 30 years, NAL has led in developing electronic information services for its

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customers. In addition to an extensive information technology infrastructure and space for customers and about 250 staff members, cooperators, and contractors, the library houses a collection of more than 3.5 million items in 70 different languages accumulated from all parts of the world. The collection includes many priceless and valuable items dating from the 16th century to the present time, as well as the national collection of USDA printed publications.

The National Agricultural Library (NAL) is located in the Abraham Lincoln Building in Beltsville, Maryland, approximately 15 miles northeast of Washington, D.C. The building constructed in 1968 has two principal components totaling over 315,000 g.s.f.: A tower consisting of 14 floors connected to an expansive two-story wing, and a basement containing mechanical equipment located below grade that covers the entire building footprint.

The Abraham Lincoln building has undergone several modifications in the past 35 years. Since 1992, new transformers and chillers were installed, the elevators renovated, a fire protection system installed in parts of the building, mechanical equipment replaced, and a new roof membrane installed. However, the systems which now exceed their 20 to 25 year life expectancy and are becoming unreliable and require replacement.

In 1991, NAL completed a comprehensive facility condition study that identified numerous code, mechanical, electrical, and architectural deficiencies. The total cost to correct these deficiencies was estimated at nearly $18 million. However, escalating costs and inconsistent funding levels have increased the costs to correct the deficiencies to $50 million.

In FY 1998, $2.5 million was received for the First Floor renovation. In FY 1999, $1.2 million was received for the Phase 1 air handling unit replacement. In FY 2001, $1.77 million was received for Fifth Floor renovations and mechanical, electrical, plumbing, and life safety renovations. ARS received $1.8 million in FY 2002 to continue addressing major electrical distribution and plumbing deficiencies. NAL used part of the FY 2002 funds for repair of the electrical vault roof. In FY 2003, $1.49 million was appropriated for initial planning, design, and construction for repairs to the brick veneer outer building wall.

In FY 2004, ARS received $900,000 to continue the brick repairs. In FY 2004, utilizing repair and maintenance funding, NAL began a design to replace the exterior windows. Air and water leaks around the windows are causing major humidity fluctuations within the building, creating adverse environmental conditions for the employees and collections, as well as accelerating the deterioration of the building. In FY 2005, utilizing repair and maintenance funding ($1.8 million), NAL will replace the Chiller Plant.

In FY 2006, ARS is requesting $3 million to fund the replacement of the windows ($1.8 million) and to complete the repairs to the brick veneer ($1.2 million).

The proposed increase supports Performance Measure 6.2.1: Complete priority buildings and facilities projects on schedule and within budget.

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AGRICULTURAL RESEARCH SERVICE

Classification by Objects
Buildings & Facilities
2004 Actual and Estimated 2005 and 2006
(Dollars in thousands)

		2004	2005	2006
Other Objects:				
25.2	Other services	155,409	159,400	148,100
31	Equipment	1,034	1,100	2,300
32	Land and structures	4,099	19,500	49,600
Total B & F obligations		160,542	180,000	200,000

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Agricultural Research Service
Status of Construction Projects as of December, 2004

Status of research facilities authorized or funded in prior years and reported as uncompleted in the 2005 Explanatory Notes, is as follows:

NOTE: Design criteria, provided by ARS, specifies the program requirements for the facility and forms the basis for negotiation of architect engineer contracts. Diagrammatic drawings or concept drawings provide the basis for the 1st review of the architect's design. Tentative drawings or the architect's design are provided by the architect for firming up cost estimates and basis for developing the completed, final work drawings.

Location and Purpose	Year	Amount of Funds Provided	Description
Arizona, Maricopa	1995 Planning	$396,000	Construction is fully funded and is scheduled for completion in
U.S. Water Conservation	1999 Planning	500,000	the 4th Quarter, FY 2005.
Research and Western Cotton	2000 Planning and Design	1,400,000	
Research Laboratory	2001 Construction	4,989,000	
	2002 Design & Construction	8,400,000	
	2003 Construction	12,220,050	
	Total	27,905,050	
California, Albany	2000 Planning and Design	$2,600,000	Modernization of the Research and Development facility is in
Western Regional	2001 Construction	4,889,220	progress. Construction for Phases 1 and 2 and design of
Research Center	2002 Construction	3,800,000	Phase 3 is complete. Designs for Phases 4, and 5 are
(R&D Facility)	Total	11,289,220	scheduled for completion in the 2nd Quarter, FY 2005.
California, Davis	2004 Planning and Design	$2,684,070	Pre-design is scheduled for award in the 2nd Quarter,
Center for Advanced	2005 Construction	2,976,000	FY 2005. Lease agreement with University is in progress.
Viticulture and Tree Crop Research	Total	5,660,070	
California, Davis	1998 Planning and Design	$1,700,000	Planning, design, and construction is fully funded. Construction
Western Human Nutrition	1998 Construction	3,500,000	contract for the 49,000 GSF replacement facility is scheduled
Research Center	1999 Construction	6,150,000	for completion in the 2nd Quarter, FY 2006.
	2000 Construction	9,000,000	
	2002 Design & Construction	5,000,000	
	Total	25,350,000	

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Location and Purpose	Year	Amount of Funds Provided	Description
California, Salinas Agricultural Research Station	2004 Planning and Design 2005 Planning and Design Total	$4,473,450 2,976,000 7,449,450	Pre-design was awarded in the 4th Quarter, FY 2004. Design award is anticipated by the 4th Quarter, FY 2005.
District of Columbia U.S. National Arboretum	2000 Planning and Design 2001 Design & Construction 2002 Design & Construction 2003 Design & Construction Total	$500,000 3,322,674 4,600,000 1,688,950 10,111,624	The continuing renovation at the Arboretum involves various facilities, including: design for the renovation of the Administration Building, which is scheduled for completion in the 3rd Quarter, FY 2005; extension of irrigation system lateral lines into the collections and research plots, including installation of an automated controls system which is complete; construction of the headhouse/greenhouse facility which is scheduled for award in the 2nd Quarter, FY 2005; and the Lab/Office addition pre-design which is complete.
Hawaii, Hilo U.S. Pacific Basin Agricultural Research Center	1999 Planning and Design 2000 Construction 2001 Construction 2002 Construction 2003 Design & Construction 2004 Construction 2005 Construction Total	$4,500,000 4,500,000 4,989,000 3,000,000 2,980,500 4,831,326 2,976,000 27,776,826	Design of Phases 1 and 2 of the 5-phased construction project is complete. Construction of Phase 1 will be awarded in the 4th Quarter, FY 2005 for completion in the 2nd Quarter, FY 2007.
Idaho, Aberdeen Advanced Genetics Laboratory	2002 Planning and Design 2003 Construction Total	$500,000 4,570,100 5,070,100	Design was completed in the 1st Quarter, FY 2005. Construction award is anticipated in the 2nd Quarter, FY 2005.
Idaho Billingsley Creek	2005 Planning and Design	$992,000	Design is scheduled for award in the 3rd Quarter, FY 2005.
Illinois, Peoria National Center for Agricultural Utilization Research (Central Wing)	2000 Construction Design 2002 Construction 2004 Construction 2005 Construction Total	$1,800,000 6,500,000 2,684,070 2,976,000 13,960,070	The modernization of the Central Wing is in progress. Construction is being accomplished in 4 phases. Construction of Phase 1 is complete. Construction of Phase 2A is scheduled for completion in the 3rd Quarter, FY 2005.
Illinois, Urbana Plant Physiology and Genetic Research Laboratory	2000 Planning and Design 2001 Construction Total	$400,000 3,592,080 3,992,080	Construction of the new greenhouse complex is scheduled for completion in the 2nd Quarter, FY 2005.

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Location and Purpose	Year	Amount of Funds Provided	Description
Iowa, Ames National Centers for Animal Diseases	2001 Design & Construction 2002 Design & Construction 2002 Construction (Supplemental) 2002 APHIS Transfers (Supplemental) (Other Transfers) 2002 Construction (Supplemental) 2003 Construction 2003 Construction (Supplemental) 2005 Construction Total	$8,980,200 40,000,000 50,000,000 15,753,000 (14,081,000) (1,672,000) 25,000,000 32,785,500 110,000,000 121,024,000 403,542,700	The accelerated plan for completion of the modernization of ARS/APHIS animal facilities is in progress. The status of major aspects for modernization are as follows: -Large Animal BSL-3Ag facilities construction is scheduled for completion in the 1st Quarter, FY 2007. -Central Utility Plant & Infrastructure, Phase 1 construction is scheduled for completion in the 4th Quarter, FY 2005. Phase 2 construction will be awarded in the 3rd Quarter, FY 2005. -Lab/Office, caged Animal, gnotobotics, and surgery facilities design are scheduled for completion in the 2nd Quarter, FY 2006. Construction is scheduled to start in the 4th Quarter of FY2005. -Miscellaneous Animal housing facilities design is complete. -Phase 1 Lab/Office construction was completed in the 4th Quarter, FY 2004. -Low Containment Large Animal Facility design will start in the 2nd Quarter, FY 2005. -Training facility construction is scheduled for completion in the 2nd Quarter, FY 2005. -Waste Water Pre-Treatment Plant design is scheduled for completion in the 3rd Quarter, FY 2005. Construction will be awarded in the 3rd Quarter, FY 2005.
Kansas, Manhattan Grain Marketing and Production Research Center	1995 Planning and Design 1996 Construction 1997 Construction 1999 Construction 2000 Planning and Design 2001 Construction 2002 Construction 2003 Construction Total	$950,000 1,000,000 500,000 1,400,000 100,000 3,492,300 3,000,000 4,252,180 14,694,480	Construction of Phases 1 and 2 of the 4-phase project is complete. The Construction of Phases 3 and 4 was awarded in the 1st Quarter, FY 2005 and is scheduled for completion in the 1st Quarter, FY 2007.

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Location and Purpose	Year	Amount of Funds Provided	Description
Kentucky, Bowling Green Animal Waste Management Research Laboratory	2005 Planning and Design	$2,281,800	Pre-design is scheduled for award in the 3rd Quarter, FY 2005.
Kentucky, Lexington Forage Animal Research Laboratory	2005 Planning and Design	$2,976,000	Pre-design is scheduled for award in the 3rd Quarter, FY 2005.
Louisiana, Houma Sugarcane Research	2004 Planning and Design 2005 Construction Total	$1,342,035 2,976,000 4,318,035	Pre-design is scheduled for completion in the 2nd Quarter, FY 2005. Lease agreement with Sugar Cane League is in progress. Design is scheduled for award in the 3rd Quarter, FY 2005.
Louisiana, New Orleans Southern Regional Research Center (Industrial Wing)	1998 Planning and Design 1999 Modernization 2000 Modernization Total	$1,100,000 6,000,000 5,500,000 12,600,000	Modernization of the Industrial Wing is in progress. Construction of Phases 1 and 2A of the 9-Phase modernization are complete.
Maine, Orono/Franklin National Cold Water Marine Aquaculture Center	2001 Planning and Design 2002 Construction 2003 Construction 2004 Design & Construction 2005 Design & Construction Total	$2,494,500 3,000,000 9,090,525 2,684,070 2,976,000 20,245,095	Pre-design for the new facility at Franklin, ME is complete. Construction of Phase 1 (Pump House and Storage Tanks) is scheduled for completion in the 3rd Quarter, FY 2005. Design of Phase 2 (Lab/Office/Tank Bldg.) is scheduled for award in the 2nd Quarter, FY 2005.

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Location and Purpose	Year	Amount of Funds Provided	Description
Maryland, Beltsville	1988 Design & Construction	$5,750,000	2001 Funds:
Beltsville Agricultural	1989 Design & Construction	6,100,000	-Construction of the Beltsville Human Nutrition Research
Research Center	1990 Design & Construction	9,860,000	Center was completed in the 1st Quarter, FY 2004.
(BARC)	1991 Design & Construction	15,999,792	-Design of Building 307 was completed in the 1st Quarter,
	1992 Design & Construction	16,000,000	FY 2005.
	1993 Design & Construction	13,547,000	2002/2003 Funds:
	1994 Design & Construction	19,700,000 **	-Design of tornado damage repairs was completed in the 4th
	1995 Design & Construction	3,960,000	Quarter, FY 2004. Construction was awarded in the 4th
	1996 Design & Construction	8,000,000	Quarter, FY 2004 with completion scheduled for the
	1997 Design & Construction	4,500,000	4th Quarter, FY 2005.
	1998 Design & Construction	3,200,000	2004 Funds:
	1999 Design & Construction	2,500,000	-Design for the new Poultry Production Facility is complete.
	2000 Design & Construction	13,000,000	Construction is scheduled for award in the 3rd quarter,
	2001 Design & Construction	13,270,740	FY 2005.
	2002 Design & Construction	3,000,000	2005 Funds:
	2003 Design & Construction	4,152,830	-Design for a new veterinary hospital is scheduled for award in
	2004 Design & Construction	2,684,070	the 4th Quarter, FY 2005.
	2005 Design & Construction	2,976,000	
	Total	148,200,432	
Maryland, Beltsville	1998 Design & Construction	$2,500,000	The continuing renovation of the NAL building is in progress,
National Agricultural	1999 Design & Construction	1,200,000	including: renovation of the 5th floor and electrical upgrades for
Library	2001 Design & Construction	1,766,106	the entire building is complete, and construction of the brick
	2002 Construction	1,800,000	veneer repair work scheduled for completion in the 2nd Quarter,
	2003 Design & Construction	1,490,250	FY 2006.
	2004 Design & Construction	894,690	
	Total	9,651,046	

**Appropriated under USDA Rental Payments Account

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Location and Purpose	Year	Amount of Funds Provided	Description
Michigan, East Lansing Avian Disease and Oncology Laboratory	1992 Planning 1993 Planning 1998 Planning and Design Total	$250,000 212,000 1,800,000 2,262,000	Design for this multi-phase facility modernization was completed in FY 2004.
Minnesota, St. Paul Cereal Disease Laboratory	2002 Planning and Design 2003 Construction Total	$300,000 3,179,200 3,479,200	Construction was awarded in the 1st Quarter, FY 2005 for completion in the 2nd Quarter, FY 2006.
Mississippi, Oxford Plant Propagation Greenhouse	2003 Design and Construction	$1,987,000	Construction is scheduled for award in the 2nd Quarter, FY 2005 for completion in the 2nd Quarter, FY 2006.
Mississippi, Starkville Poultry Science Research Facility	2005 Planning and Design	$2,976,000	Pre-design is scheduled for award in the 3rd Quarter, FY 2005. Lease with Mississippi State University for the new facility site is in progress.
Mississippi, Stoneville National Biological Control Laboratory	1998 Planning and Design 1999 Planning and Design 2000 Construction 2001 Construction 2002 Construction Total	$900,000 200,000 2,000,000 4,989,000 8,400,000 16,489,000	Construction is scheduled for completion in the 2nd Quarter, FY 2005.
Jamie Whitten Delta States Research Center	2004 Construction 2005 Construction Total	$4,831,326 2,976,000 7,807,326	Design is complete. Construction of Phase 1 of the multi-phased center modernization is scheduled for award in the 2nd Quarter, FY 2005 for completion in the 4th Quarter, FY 2006.
Mississippi, Poplarville Horticultural Laboratory for the Gulf Coast	2002 Planning and Design 2003 Construction Total	$800,000 9,140,200 9,940,200	Construction is scheduled for completion in the 2nd Quarter, FY 2005.

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Location and Purpose	Year	Amount of Funds Provided	Description
Missouri, Columbia National Plant and Genetics Security	2004 Planning and Design 2005 Construction Total	$2,415,663 4,960,000 7,375,663	Pre-design was awarded in the 4th Quarter, FY 2004 with completion scheduled in the 2nd Quarter, FY 2005. Lease agreement with University of Missouri is in progress.
Montana, Bozeman Animal Bio Science Facility	2005 Planning and Design	$1,984,000	Pre-design is scheduled for award in the 3rd Quarter, FY 2005. Lease with the University of Montana for the new facility site is in progress.
Montana, Sidney Northern Plains Agricultural Research Laboratory	1998 Planning and Design 1999 Construction 2004 Planning, Design and Construction Total	$606,000 7,300,000 2,505,132 10,411,132	Construction of Phase 1 (Lab/Office Building) of the 2-Phase project is complete. Construction of Phase 2 (Quarantine Lab) is scheduled for award in the 2nd Quarter, FY 2005 for completion by the 3rd Quarter, FY 2006.
New York, Geneva Grape Genetics	2004 Planning and Design 2005 Construction Total	$2,415,256 2,976,000 5,391,256	Pre-design was awarded in the 4th Quarter, FY 2004 with completion scheduled in the 2nd Quarter, FY 2005. Land acquisition or lease agreement with University is in progress.
New York, Ithaca Crop-based Health Genomics	2004 Planning and Design 2005 Construction Total	$3,847,167 2,976,000 6,823,167	Pre-design was awarded in the 4th Quarter, FY 2004 with completion scheduled in the 2nd Quarter, FY 2005.
Ohio, Toledo University of Toledo	2005 Planning and Design	$1,984,000	Pre-design is scheduled for award in the 3rd Quarter, FY 2005. Lease with University of Toledo for the new facility site is in progress.
Oklahoma, Ft. Reno Grazinglands Research Lab	2004 Construction	$2,147,256	Update of 2001 design is scheduled for completion in the 2nd Quarter, FY 2005. Construction is scheduled for award in the 2nd Quarter, FY 2005 for completion in the 4th Quarter, FY 2006.
Oklahoma, Woodward Southern Plains Range Research Station	2002 Planning and Design 2003 Construction 2005 Construction Total	$1,500,000 7,498,000 2,976,000 11,974,000	Design is complete for all phases. Phase 1 construction is scheduled for completion in the 3rd Quarter, FY 2005.

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Location and Purpose	Year	Amount of Funds Provided	Description
Pennsylvania, Wyndmoor Eastern Regional	1997 Construction	$4,000,000	Modernization of the Center is being accomplished in nine phases, with construction of Phases 1 through 7 already completed. Design for Phases 8 and 9 was completed in the 3rd Quarter, FY 2004.
	1998 Construction	5,000,000	
	1999 Construction	3,300,000	
	2000 Construction	4,400,000	
	2002 Design & Construction	5,000,000	
	Total	21,700,000	
South Carolina, Charleston U.S. Vegetable Laboratory	1988 Feasibility Study	$50,000	Construction of Phase 1 Lab/Office is complete. Construction of Phase 1 headhouse is scheduled for completion in the 4th Quarter, FY 2005. Construction of Phase 2 headhouse is scheduled for award in the 2nd Quarter, FY 2005 for completion in the 3rd Quarter, FY 2006.
	1990 Planning and Construction	1,135,000	
	1994 Construction	909,000	
	1995 Construction	5,544,000	
	1996 Construction	3,000,000	
	1997 Construction	3,000,000	
	1998 Construction	4,824,000	
	2000 Construction	1,000,000 ***	
	2002 Construction	4,500,000	
	2003 Design	1,390,000	
	2004 Construction	3,131,415	
	2005 Construction	2,976,000	
	Total	31,459,415	
South Dakota, Brookings Northern Grain Insects Research Laboratory	2002 Planning and Design	$850,000	Construction scheduled for completion in the 1st Quarter, FY 2006.
	2003 Design & Construction	8,544,100	
	Total	9,394,100	
Utah, Logan Poisonous Plant Laboratory	1998 Planning and Design	$600,000	Construction for the Lab/Office building was completed in the 1st Quarter of FY 2005. Construction of Phase 2 (Out Buildings) is scheduled for award in the 3rd Quarter, FY 2005 for completion by the 4th Quarter, FY 2006.
	1999 Planning and Design	30,000	
	2000 Planning and Design	270,000	
	2001 Construction	4,969,000	
	2002 Construction	5,600,000	
	2003 Construction	1,485,282	
	Total	12,974,282	
Washington, Pullman ARS Research Lab	2004 Planning and Design	$3,936,636	Pre-design was awarded in the 4th Quarter, FY 2004 and is scheduled for completion in the 3rd Quarter, FY 2005. Lease agreement with University is in progress.
	2005 Construction	2,976,000	
	Total	6,912,636	

***Reprogrammed from Horticultural Crop and Water Management Research Laboratory, Parlier, CA

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Location and Purpose	Year	Amount of Funds Provided	Description
West Virginia, Kearneysville Appalachian Fruit Lab	2003 Planning and Design	$471,913	Construction of Phases 1 and 2 are scheduled for award in the 2nd and 3rd Quarter, FY 2005, respectively.
	2004 Construction	1,789,380	
	2005 Construction	3,608,896	
	Total	5,870,189	
West Virginia, Leetown National Center for Cool and Cold Water Aquaculture (Broodstock Facility)	2002 Design & Construction	$2,200,000	Construction is scheduled for award in the 3rd Quarter, FY 2005 for completion in the 4th Quarter, FY 2006.
Wisconsin, Madison Cereal Crops Research	2002 Planning, Design	$3,000,000	Construction was awarded in the 1st Quarter, FY 2005 with completion scheduled in the 3rd Quarter, FY 2007.
	2003 Construction	8,345,400	
	Total	11,345,400	
Wisconsin, Marshfield Nutrient Management Laboratory	2003 Planning, Design and Construction	$2,980,120	Design of Phase 1 was awarded in the 1st Quarter, FY 2005 with completion scheduled in the 4th Quarter, FY 2005.
	2004 Construction	3,668,229	
	2005 Construction	4,860,800	
	Total	11,509,149	

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
FISCAL YEAR 2006 EXPLANATORY NOTES
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11-1

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Purpose Statement

The Cooperative State Research, Education, and Extension Service (CSREES) was created by the Department Reorganization Act of 1994 which merged the former Cooperative State Research Service and the former Extension Service into a single agency. The mission of CSREES is to advance knowledge for agriculture, the environment, human health and well-being, and communities.

Research and Education Activities

Research and Education programs administered by the Cooperative State Research, Education, and Extension Service are the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research and education programs as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a-361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a-7); Public Law 89-106, Section (2), as amended (7 U.S.C 450i); the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.); the Equity in Educational Land-Grant Status Act of 1994, (7 U.S.C. 301); the Agricultural Research, Extension, and Education Reform Act of 1998; and the Farm Security and Rural Investment Act of 2002. Through these authorities, the U.S. Department of Agriculture participates with State and other cooperators to encourage and assist the State institutions in the conduct of agricultural research and education through the State Agricultural Experiment Stations (SAES) of the 50 States and the territories; by approved Schools of Forestry; by the 1890 Land-Grant Institutions and Tuskegee University and West Virginia State University; by 1994 Land-Grant Institutions; by Colleges of Veterinary Medicine; and by other eligible institutions. The appropriated funds provide Federal support for research and education programs at these institutions.

The State institutions conduct research on the problems continuously encountered in the development of a permanent and sustainable agriculture and forestry system, and in the improvement of the economic and social welfare of rural and urban families. Because of differences in climate, soil, market outlets, and other local conditions, each State has distinct problems in the production and marketing of crops and livestock. Farmers, foresters, and rural people in the individual States naturally look to their State Agricultural Experiment Stations, universities, and colleges for solutions to the State and local problems and request services to help meet changing conditions.

The Department's higher education mission is carried out in strong alliance with States, universities, and the private sector. Recognizing the significance of this alliance, the Food and Agriculture Act of 1977 designated USDA as the lead Federal agency for higher education in the food and agricultural sciences. Through the CSREES Office of Higher Education Programs, USDA has implemented that charge with a broad array of initiatives to link teaching, research, and extension; to improve the training of food and agricultural scientists and professionals; and to strengthen the quality of education programs throughout the nation.

Appropriations for research and education activities are authorized under the following Acts:

1. Payments to agricultural experiment stations under the Hatch Act Agricultural Experiment Stations Act of August 11, 1955, Hatch Act of 1887 as amended - 7 U.S.C. 361a-361i, Public Law 92-318; Public Law 93-471; Public Law 95-113, as amended; Public Law 95-134; Public Law 96-205; Public Law 96-374; Public Law 96-597; Public Law 97-98; Public Law 98-213; Public Law 98-454; Public Law 99-198; Public Law 99-396; Public Law 101-624; Public Law 104-127; Public Law 105-185; and Public Law 107-171.

Funds under the Hatch Act are allocated to the State Agricultural Experiment Stations of the 50 States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, American Samoa, and the Northern Mariana Islands for research to promote sound and prosperous agriculture and rural life.

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In accordance with the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, eligible State institutions are required to submit a five-year Plan of Work to CSREES for approval before Hatch Act funds are distributed. The Hatch Act provides that the distribution of Federal payments to States for fiscal year 1955 shall become a fixed base, and that any sums appropriated in excess of the 1955 level shall be distributed in the following manner:

- 20 percent shall be allotted equally to each State.
- not less than 52 percent shall be allotted to the States as follows: one-half in an amount proportionate to the relative rural population of each State to the total rural population of all States, and one-half in an amount proportionate to the relative farm population of each State to the total farm population of all States.
- not less than 25 percent shall be used for multi-State, multi-disciplinary, multi-institutional research activities to solve problems concerning more than one state.
- 3 percent shall be available to the Secretary of Agriculture for the administration of this Act.

Federal funds provided under the Hatch Act to State institutions must be matched with non-Federal funding on a dollar-for-dollar basis. Matching requirements for the insular areas of the Commonwealth of Puerto Rico, the Virgin Islands, and Guam are subject to the matching requirements of an amount equal to not less than 50 percent of the formula funds distributed to each insular area as stated in Section 7213 of the Farm Security and Rural Investment Act of 2002. These provisions also state that the Secretary may waive the matching funds requirement of an insular area for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.

Section 7202 of the Farm Security and Rural Investment Act of 2002 allows the carryover of the balance of any remaining unexpended funds at the end of the fiscal year to be carried over for use during the following fiscal year.

In accordance with provisions of the Agricultural Research, Extension, and Education Reform Act of 1998, at least 25 percent of available Hatch Act funds must be used to support multistate research; States also must use up to 25 percent of Hatch Act funds for activities that integrate cooperative research and extension.

The three percent of funds appropriated under the Hatch Act for administration includes the disbursement of funds and a continuous review and evaluation of the research programs of the SAES supported wholly or in part from Hatch funds. CSREES encourages and assists in the establishment of cooperation within and between the States, and also actively participates in the planning and coordination of research programs between the States and the Department at the regional and national levels.

2. Cooperative Forestry Research - (McIntire-Stennis) - The Cooperative Forestry Research Act of October 10, 1962, 16 U.S.C. 582a-7; Public Law 96-374; Public Law 97-98; Public Law 99-198; Public Law 101-624; and Public Law 104-127.

The Act authorizes funding of research in State institutions certified by a State representative designated by the governor of each State. The Act provides that appropriated funds be apportioned among States as determined by the Secretary after consultation with the legislatively mandated Forestry Research Advisory Council. The Council consists of not fewer than sixteen members representing Federal and State agencies concerned with developing and utilizing the Nation's forest resources, the forest industries, the forestry schools of the State-certified eligible institutions, SAES, and volunteer public groups concerned with forests and related natural resources. Determination of apportionments follows consideration of pertinent factors including areas of non-Federal commercial forest land, volume of timber cut from growing stock, and the non-Federal dollars expended on forestry research in the State. The Act also provides that payments must be matched by funds made available and budgeted from non-Federal sources by the certified institutions for expenditure on forestry research. Three percent of funds appropriated under this Act is set-aside for Federal administration.

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3. Payments to 1890 Colleges and Tuskegee University and West Virginia State University - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1445, Public Law 95-113; Public Law 95-547; Public Law 97-98; Public Law 99-198; Public Law 101-624; Public Law 104-127; Public Law 105-185; and Public Law 107-171. Public Law 95-113, as amended, provides for support of continuing agricultural research at colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University. The general provisions section 753 of Public Law 107-76 makes West Virginia State University eligible to receive funds under this program. In accordance with the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, eligible State institutions are required to submit a Plan of Work to CSREES for approval before these formula funds are distributed. The agricultural research programs at the 1890 Land-Grant Colleges and Universities are designed to generate new knowledge which will assist rural underprivileged people and small farmers to obtain a higher standard of living. Therefore, there is a high concentration of research effort in the areas of small farms, sustainable agriculture, rural economic development, human nutrition, rural health, and youth and elderly. Beginning with fiscal year 1979, there shall be appropriated funds for each fiscal year, an amount not less than 15 percent of the total for such year under Section 3 of the Act of March 2, 1887. Distribution of payments made available under section 2 of the Act of August 4, 1965, for fiscal year 1978 are a fixed base and sums in excess of the 1978 level shall be distributed as follows:

- 3 percent shall be available to the Secretary of Agriculture for administrative costs.
- Payments to States in fiscal year 1978 are a fixed base. Of funds in excess of this amount:
- 20 percent shall be allotted equally to each state.
- 40 percent shall be allotted in an amount proportionate to the rural population of the State in which the eligible institution is located to the total rural population of all States in which eligible institutions are located.
- 40 percent shall be allotted in an amount proportionate to the farm population of the State in which the eligible institution is located to the total farm population of all the States in which eligible institutions are located.

Section 7203(b) of the Farm Security and Rural Investment Act of 2002 requires that beginning in fiscal year 2003, funds appropriated for this program be not less than 25 percent of the Hatch Act appropriation.

Section 7204 of the Farm Security and Rural Investment Act of 2002 allows the carryover of the balance of any remaining unexpended funds at the end of the fiscal year to be carried over for use during the following fiscal year.

In accordance with Section 7212(c) of the Farm Security and Rural Investment Act of 2002, Federal funds provided under Payments to 1890 Colleges and Tuskegee University and West Virginia State University must be matched by the State from non-Federal sources as follows:

- For fiscal year 2003, not less than 60 percent of formula funds to be distributed must be matched.
- For fiscal year 2004, not less than 70 percent of formula funds to be distributed must be matched.
- For fiscal year 2005, not less than 80 percent of formula funds to be distributed must be matched.
- For fiscal year 2006, not less than 90 percent of formula funds to be distributed must be matched.
- For fiscal year 2007 and each fiscal year thereafter, not less than 100 percent of formula funds to be distributed must be matched.

Section 7212(d) of the Farm Security and Rural Investment Act of 2002, provides that the Secretary of Agriculture may waive the matching funds requirement above the 50 percent level for any fiscal year for an eligible institution of a State if the Secretary determines the State will be unlikely to satisfy the matching requirement.

Allotments to Tuskegee University and Alabama A&M University shall be determined as if each institution were in a separate State. Three percent of the funds appropriated under this Act is set-aside for Federal administration.

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4. Special Research Grants - Section 2(c), Act of August 4, 1965, 7 U.S.C. 450i(c), as amended by Public Law 95-113; Public Law 97-98; Public Law 98-284; Public Law 99-198; Public Law 101-624; Public Law 104-127; and Public Law 105-185.

Section 2(c) of the Act of August 4, 1965, as amended, authorizes Special Research Grants for periods not to exceed three years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals. Previously, grants were made available for the purpose of conducting research to facilitate or expand promising breakthroughs in areas of the food and agricultural sciences. However, the Agricultural Research, Extension, and Education Reform Act of 1998 expanded the purposes under this authority to include extension or education activities. Grants funded in this account are only for research projects. Special Research Grants are awarded on a discretionary basis, as well as through the use of competitive scientific peer and merit review processes. Four percent of funds appropriated for this program is set-aside for Federal Administration.

Research grants are also awarded under the Critical Agricultural Materials Act, Public Law 98-284, as amended. Grants are awarded to aquaculture centers under section 1475(d) of Public Law 95-113, as amended. Grants for supplemental and alternative crops are awarded under section 1473D of Public Law 95-113, as amended. Grants for sustainable agriculture research and education are awarded under section 1621 of Public Law 101-624. In accordance with Section 7209 of the Farm Security and Rural Investment Act of 2002 grants for the Joe Skeen Institute for Rangeland Restoration are awarded under Section 1480 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977. Four percent of funds appropriated for these programs is set-aside for Federal administration.

5. National Research Initiative Competitive Grants - Section 2(b), Act of August 4, 1965, 7 U.S.C. 450i(b), as amended by Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624; Public Law 104-127; and Public Law 107-171.

Section 2(b) of the Act of August 4, 1965, as amended, authorizes Competitive Research Grants for periods not to exceed five years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals to further the programs of the Department of Agriculture. The purpose of the National Research Initiative Competitive Grants Program (NRICGP) is to support research with the greatest potential of expanding the knowledge base needed to solve current problems, as well as to meet unforeseen issues that will face the future agricultural and forestry enterprise. The NRICGP also was established to increase the proportion of research funds that the USDA distributes through competitive peer review, and to offer funding for fundamental and mission-oriented research in biological, physical, and social science areas that have national impact and are unlikely to be funded at the local or regional level. By obtaining the participation of outstanding researchers in the entire U.S. scientific community, emphasis will be placed on research in the areas of natural resources and the environment; nutrition, food safety, and health; plants; animals; markets, trade and rural development; and processing for adding value or developing new products. At least 10 percent of the funds appropriated for the NRICGP are used for strengthening the U.S. agricultural research system. These funds are used to support postdoctoral fellows, new investigators, scientists at small or mid-sized institutions, and faculty at institutions in the Experimental Program for Stimulating Competitive Research (EPSCoR) states (states that historically have not been competitive for research funds.) Section 775 of Public Law 107-76 codified the EPSCoR within the NRICGP. Since FY 2003, Appropriations Language allows the use of up to 20 percent of the funds appropriated for the NRICGP to support grant activities as those provided in Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998. Four percent of funds appropriated for this program is set-aside for Federal administration.

6. Animal Health and Disease Research - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1433, Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624; Public Law 104-127; and Public Law 107-171.

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Section 1433 provides for support of livestock and poultry disease research in accredited schools or colleges of veterinary medicine or State Agricultural Experiment Stations that conduct animal health and disease research. These funds provide support for new research initiatives and enhance research capacity leading to improved animal health, reduced use of antibacterial drugs and improved safety of foods of animal origin. These funds shall be distributed as follows:

- 4 percent shall be retained by the Department of Agriculture for administration, program assistance to the eligible institutions, and program coordination.
- 48 percent shall be distributed in an amount proportionate to the value of and income to producers from domestic livestock and poultry in each State to the total value of and income to producers from domestic livestock and poultry in all the states.
- 48 percent shall be distributed in an amount proportionate to the animal health research capacity of the eligible institutions in each State to the total animal health research capacity in all the States.

Eligible institutions must provide non-Federal matching funds in States receiving annual amounts in excess of $100,000 under this authorization.

7. 1994 Institutions Research - The Equity in Educational Land-Grant Status Act of 1994, Public Law 103-382, as amended, authorizes a competitive research grants program for institutions designated as 1994 Institutions. Section 777 of the General Provisions of Public Law 108-447 adds a new institution, increasing the number of recipients eligible to receive funding under this program to 33. The program allows scientists at the 1994 Institutions to participate in agricultural research activities that address tribal, National, and multi-state priorities.

8. Federal Administration (direct appropriation) - Authority for direct appropriations is provided in the annual Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act. These funds are used to provide support services in connection with the planning and coordination of all research and education programs administered by Cooperative State Research, Education, and Extension Service, including the Research, Education, and Economics Data Information System. Other grants also are included.

9. Higher Education - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1417, Public Law 95-113; Agricultural Public Law 97-98; Public Law 99-198; Second Morrill Act of 1890; Public Law 100-339; Public Law 101-624; Public Law 103-382; Public Law 104-127; Public Law 105-185; Public Law 106-78 and Public Law 107-71.

Higher Education-Graduate Fellowships Grants pursuant to Section 1417(b)(6) are awarded on a competitive basis to colleges and universities to conduct graduate training programs to stimulate the development of food and agricultural scientific expertise in targeted national need areas. The program is designed to attract highly promising individuals to research or teaching careers in areas of the food and agricultural sciences where shortages of expertise exist. Typically graduate students in the food and agricultural sciences require a minimum of four years to complete a doctoral degree. The USDA fellowships program provides support for doctoral study for three years, and the universities are expected to support the student's fourth year of dissertation research. Four percent of funds appropriated for this program is set-aside for Federal administration.

Institution Challenge Grants pursuant to Section 1417(b)(1) are designed to strengthen institutional capacities, including curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, to respond to identified State, regional, national, or international educational needs in the food and agricultural sciences, or in rural economic, community, and business development. All Federal funds competitively awarded under this program must be matched by the universities on a dollar-for-dollar basis from non-Federal sources. Four percent of funds appropriated for this program is set-aside for Federal administration.

The Higher Education Multicultural Scholars Program pursuant to Section 1417(b)(5) increases the ethnic and cultural diversity of the food and agricultural scientific and professional workforce and advances the

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educational achievement of minority Americans. This competitive program is designed to help the food and agricultural scientific and professional workforce achieve full participation by members of traditionally underrepresented racial and ethnic groups. It is open to all colleges and universities granting baccalaureate or higher degrees in Agriculture, Forestry, Natural Resources, Home Economics, Veterinary Medicine, and closely allied fields. Federal funds provide 75 percent of the four-year scholarship awards; the remaining 25 percent is contributed by the grantee institutions. Four percent of funds appropriated for this program is set-aside for Federal administration.

The 1890 Institution Teaching and Research Capacity Building Grants Program pursuant to 1417(b)(4) stimulates the development of high quality teaching and research programs at the 1890 Land-Grant Institutions and Tuskegee University and West Virginia State University to build their capabilities as full partners in the mission of the Department to provide more, and better trained, professionals for careers in the food and agricultural sciences. This competitive program is designed to strengthen institutional teaching and research capacities through cooperative programs with Federal and non-Federal entities, including curriculum, faculty, scientific instrumentation, instruction delivery systems, student experimental learning, student recruitment and retention, studies and experimentation, centralized research support systems, and technology delivery systems, to respond to identified State, regional, national, or international educational needs in the food and agricultural sciences, or rural economic, community, and business development.

The USDA-Hispanic Serving Institutions Education Partnerships Grants Program pursuant to Section 1455(a) is the foundation for USDA efforts to better serve Hispanic Americans and to prepare them for careers in agriscience and agribusiness. This competitive program expands and strengthens academic programs in the food and agricultural sciences at Hispanic-serving colleges and universities, including two-year community colleges that have at least 25 percent Hispanic enrollment. Four percent of funds appropriated for this program is set-aside for Federal administration.

The Tribal Colleges Education Equity Grants Program - The Equity in Educational Land-Grant Status Act of 1994, Public Law 103-382, as amended, authorizes the use of funds to benefit those entities identified as the 1994 Land Grant Institutions. Section 777 of the General Provisions of Public Law 108-447 adds a new institution, increasing the number of recipients eligible to receive funding under this program to 33. Section 7201 of the Farm Security and Rural Investment Act of 2002 increases the authorized amount each institution is eligible to receive from $50,000 to $100,000. Funds may be used to support teaching programs in the food and agricultural sciences in the targeted need areas of: 1) curricula design and instructional materials development; 2) faculty development and preparation for teaching; 3) instruction delivery systems; 4) student experimental learning; 5) equipment and instrumentation for teaching; and 6) student recruitment and retention.

The Secondary and Two-year Postsecondary Agriculture Education Challenge Grants Program, authorized by Section 1417(j) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152 (j)), is designed to promote and strengthen secondary education in agribusiness and agriscience, and to increase the number and/or diversity of young Americans pursuing college degrees in the food and agricultural sciences. The intent of the program is to encourage teachers creatively to incorporate elements of agriscience and agribusiness into secondary education programs. Proposals address targeted need areas of curricula design and instructional materials development; faculty development and preparation for teaching; career awareness; linkages between secondary, 2-year post-secondary, and institutions of higher learning; or education activities promoting diversity in students seeking degrees in agribusiness and agriscience. All Federal funds competitively awarded under this program must be matched by the institution on a dollar-for-dollar basis from non-Federal sources.

The Alaska Native Serving and Native Hawaiian-Serving Institutions Education Grants Program, authorized by Section 759 of Public Law 106-78, is aimed at recruiting, supporting and educating minority scientists and professionals, and advancing the educational capacity of Native-serving institutions. Funds may be used to support projects in the targeted areas of: 1) enhancing educational equity for under-represented students; 2) strengthening educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention; 3) attraction and

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retention of undergraduate and graduate students; and 4) cooperative initiatives to maximize the development of resources such as faculty, facilities and equipment to improve teaching programs.

The Native American Institutions Endowment Fund, authorized by Public Law 103-382, as amended, provides for the establishment of an endowment for the 1994 land-grant institutions (33 Tribally-controlled colleges). In accordance with Section 7128 of the Farm Security and Rural Investment Act of 2002, there are authorized to be appropriated such sums as necessary to carry out this program for each fiscal years 1996 through 2007. The interest derived from the endowment is distributed to the 1994 land-grant institutions on a formula basis. This program will enhance educational opportunities for Native Americans by building educational capacity at these institutions. The institutions are also able to use the funding for facility renovation and construction. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, at 4 percent, distribute the adjusted income as follows. Sixty percent of the adjusted income from these funds shall be distributed among the 1994 Institutions on a pro rata basis, the proportionate share being based on the Indian student count. Forty percent of the adjusted income shall be distributed in equal shares to the 1994 Institutions.

The Higher Education Agrosecurity Program, authorized by Section 1484 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, and in support of the President's Food and Agriculture Defense Initiative, provides for competitively awarded grants that focus on educational activities that address biosecurity issues. The program develops and promotes curricula for higher education programs that support the protection of animals, plants, and public health. The program also is designed to provide capacity building grants to universities and other eligible institutions for interdisciplinary degree programs that combine training in food sciences, agriculture sciences, medicine, veterinary medicine, epidemiology, microbiology, chemistry, engineering, and mathematics (statistical modeling) to prepare food system defense professionals.

The Resident Instruction Grants for Insular Areas Program, authorized by Section 7501 of the Farm Security and Rural Investment Act of 2002, is designed to enhance teaching programs in extension programs in food and agricultural sciences that are located in the insular areas of the Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, Micronesia, the Marshall Islands, or the Republic of Palau. Funds may be used that enhance programs in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agriculture production and delivery systems.

Extension Activities

The mission of the Cooperative Extension System (CES), a national educational network, is to help people improve their lives through an educational process that uses scientific knowledge focused on issues and needs. Cooperative Extension work was established by the Smith-Lever Act of May 8, 1914, as amended. This work is further emphasized in Title XIV (National Agricultural Research, Extension, and Teaching Policy) of the Food and Agriculture Act of 1977, as amended. To fulfill the requirements of the Smith-Lever Act, the Cooperative Extension Service in each State, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Northern Marianas and Micronesia, conduct educational programs to improve American agriculture, communities of all sizes, and strengthen families throughout the Nation. This publicly funded, out-of-the classroom educational network combines the expertise and resources of Federal, state and local partners. The partners in this unique system are:

- The Cooperative State Research, Education, and Extension Service of the U.S. Department of Agriculture (USDA);

- Cooperative Extension Services at land-grant universities throughout the United States and its territories; and

- Cooperative Extension Services in nearly all of the Nation's 3,150 counties.

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Thousands of Extension employees and nearly 3 million volunteers support this partnership and magnify its impact. Strong linkages with both public and private external groups are also crucial to the Extension System's strength and vitality.

1. Smith-Lever 3 (b) & (c) formula funds of the Smith-Lever Act of 1914, 38 STAT 372, 7 U.S.C. 343 (b)(3), as amended, comprise approximately two-thirds of the total Federal funding for extension activities. These funds are allocated to the States on the basis of the rural and farm population of each State and the territories. States can utilize funds for locally determined programs, as well as for high priority regional and national concerns.

In accordance with the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, eligible State institutions are required to submit a Plan of Work to CSREES for approval before Smith-Lever 3 (b) & (c) formula funds are distributed. The formula distribution is:

- 16 percent shall be divided equally among the States.
- 40 percent shall be paid to the several States in the proportion that the rural population of each bears to the total rural population of the several States as determined by the census.
- 40 percent shall be paid to the several States in the proportion that the farm population of each bears to the total farm population of the several States as determined by the census.
- 4 percent shall be allotted for Federal administrative, technical, and other services, and for coordinating the extension work of the Department and the several States, Territories, and possessions.

States must expend 25 percent, or two times the level spent in fiscal year 1997 (whichever is less), on cooperative extension activities in which two or more States cooperate to solve problems that concern more than one State.

States must expend up to 25 percent of Smith-Lever 3(b) and (c) funds for activities that integrate cooperative research and extension.

Smith-Lever 3(b) and (c) funding provided to an 1862 Land-Grant Institution must be matched with non-Federal funding on a dollar-for-dollar basis. Matching requirements for the insular areas of the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and Guam are subject to the matching requirements of an amount equal to not less than 50 percent of the formula funds distributed to each insular area as stated in Section 7213 of the Farm Security and Rural Investment Act of 2002. These provisions also state that the Secretary may waive the matching funds requirement of an insular area for any fiscal year if the Secretary determines the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.

2. Smith-Lever 3(d) - These funds are allocated to the States to address special programs or concerns of regional and national importance. The following Extension programs are supported under the Smith-Lever 3(d) funding mechanism and other specific authorizations:

Expanded Food and Nutrition Education Program (EFNEP) - Public Law 101-624, Section 1776, 7 U.S.C. 3175 - Funds are used to provide low-income youth and families information to increase nutrition knowledge and improve nutritional practices. Generally, EFNEP funds are distributed to the States and territories on the basis of a poverty level formula of all the States whose population is living at or below 125 percent of the poverty level. Provisions are made for base funding to all States.

Pest Management - Public Law 101-624, Section 1650, 7 U.S.C. 5881 - This program consists of two major components: integrated pest management (IPM) and cotton pest management. IPM, active in all States as well as Guam, Puerto Rico and the U.S. Virgin Islands, addresses the efficient control of pest complexes on crops and livestock and in urban situations. Cotton pest management focuses on cotton insects and is an earmarked program in 11 States. Funds are distributed on the basis of a formula using boll weevil losses and pesticide sales in each State.

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Farm Safety - The Rural Health and Safety Education Act of 1990, 7 U.S.C. 2661, Public Law 101-624, Section 2390 - This program provides farm and ranch residents in all the States with information to assist in reducing and preventing agricultural related work incidents. Extension works with States and the National Easter Seal Society in conducting AgriAbility projects designed to assist farmers with disabilities to stay in farming. The competitively-awarded Youth Farm Safety Education and Certification Program provides funding to states to study training and certification needs of youth employed in agriculture.

Children, Youth, & Families At Risk - This program focuses on America's children, youth and families to help promote and provide positive, productive, secure environments and contributions to communities and the Nation. Projects are distributed to each State and are awarded competitively to focus on child care, science and reading literacy, and building program and community capacity.

New Technologies for Ag Extension - Competitively awarded projects are funded that support an internet-based tool that provides fast and convenient access to objective, peer-reviewed, and researched-based information, education, and guidance on subjects that include food safety, homeland security, natural resources and environment, youth development; families; nutrition and health; and other agricultural related topics.

Indian Reservations - Public Law 101-624, Section 1677, 7 U.S.C. 5930 - Projects are funded at various Indian Reservations and State Extension Services. The focus is on providing assistance and educational programs in agriculture, community development, families and societal issues facing Native Americans. Projects are competitively awarded.

Sustainable Agriculture - Public Law 101-624, Section 1629, 7 U.S.C. 5832 - Smith-Lever 3(d) funding for sustainable agriculture programs is used to address the activities described in Chapter 3 of Subtitle B of the FACT Act of 1990. The purpose is to provide education and training for CES agents, and other professionals in the university system or other government agencies, involved in the education and transfer of technical information concerning sustainable agriculture. Funds are used for statewide planning of sustainable agriculture programs and competitively awarded projects on a regional basis.

3. Payments to 1890 Colleges and Tuskegee University and West Virginia State University - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1444, 7 U.S.C. 321-326 and 328.

Public Law 95-113, as amended, provides support to the 1890 Land-Grant Colleges and Universities for fostering, developing, implementing and improving extension educational programs to benefit their clientele. The general provisions section 753 of Public Law 107-76 makes West Virginia State University eligible to receive funds under this program. In accordance with the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, eligible State institutions are required to submit a five-year Plan of Work to CSREES for approval before these formula funds are distributed. Beginning with the fiscal year ending September 30, 1982, there shall be appropriated under this section an amount not less than 5 1/2 percent, and each fiscal year thereafter, an amount not less than 6 percent of the total appropriations for such year under the Act of May 8, 1914, and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act. Funds will be distributed as follows:

- 4 percent shall be allotted for administrative, technical, and other services.
- Payments to States in fiscal year 1978 are a fixed base. Of funds in excess of this amount:
- 20 percent shall be allotted equally to each State.
- 40 percent shall be allotted in an amount proportionate to the rural population of the State in which the eligible institution is located to the total rural population of all States in which eligible institutions are located, and
- 40 percent shall be allotted in an amount proportionate to the farm population of the State in which the eligible institution is located to the total farm population of all States in which eligible institutions are allocated.

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Section 7203(a) of the Farm Security and Rural Investment Act of 2002, requires that beginning in fiscal year 2003, funds appropriated for this program be not less than 15 percent of the Smith-Lever Act appropriation.

In accordance with Section 7212(c) of the Farm Security and Rural Investment Act of 2002, Federal funds provided under Payments to 1890 Colleges and Tuskegee University and West Virginia State University must be matched by the State from non-Federal sources as follows:

- For fiscal year 2003, not less than 60 percent of formula funds to be distributed must be matched.
- For fiscal year 2004, not less than 70 percent of formula funds to be distributed must be matched.
- For fiscal year 2005, not less than 80 percent of formula funds to be distributed must be matched.
- For fiscal year 2006, not less than 90 percent of formula funds to be distributed must be matched.
- For fiscal year 2007 and each fiscal year thereafter, not less than 100 percent of formula funds to be distributed must be matched.

Section 7212(d) of the Farm Security and Rural Investment Act of 2002, provides that the Secretary of Agriculture may waive the matching funds requirement above the 50 percent level for any fiscal year for an eligible institution of a State if the Secretary determines that the State will be unlikely to satisfy the matching requirement.

Allotments to Tuskegee Institute and Alabama A&M shall be determined as if each institution were in a separate State. Four percent of the funds appropriated under this Act is set-aside for Federal Administration.

4. The Renewable Resources Extension Act - Renewable Resources Extension Act of 1978, 16 U.S.C. 1671, Amended Section 5A. 16 U.S.C. 167a. - Provides funding for expanded natural resources education programs. Funds are distributed by formula to all States for educational programs.

5. Rural Health and Safety - Rural Health and Safety Education Act of 1990, Public Law 101-624, Section 2390, 7 U.S.C. 2661 - This program helps rural residents avoid the numerous obstacles to maintaining their health status. This program maintains the ongoing rural health projects in Mississippi and Louisiana that focus on training health care professionals in rural areas.

6. 1890 Facilities (Sec. 1447) - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Public Law 95-113, 7 U.S.C. 3222b - These funds are used to upgrade research, extension, and teaching facilities at the 1890 land-grant colleges, including Tuskegee University and West Virginia State University.

7. Extension Services at the 1994 Institutions - The Equity in Education Land-Grant Status Act of 1994 (section 534 of Public Law 103-382), as amended, authorizes appropriations for Native American communities and Tribal Colleges for extension activities as set forth in the Smith Lever Act. Funding is awarded on a competitive basis.

8. Grants to Youth Serving Institutions – Section 410 of the Agricultural Research, Extension, and Education Reform Act of 1998, as amended, allows grants to the Girl Scouts of the United States of America, the Boy Scouts of America, the National 4-H Council, and the National FFA Organization to establish pilot projects to expand the programs carried out by the organizations in rural areas and small towns.

9. Federal Administration (Direct Appropriation) - Provides a portion of the general operating funds for the Federal staff, and national program planning, coordination, and program leadership for the extension work in partnership with the states and territories.

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Integrated Activities

The following programs are included under the integrated activities account:
Note: In FY 2005, Section 406 programs will be conducted under this account. However it is proposed that beginning in FY 2006, Section 406 programs be funded under the National Research Initiative Competitive Grants Program or the new competitive Regional, State, and Local Grants Program.

1. Water Quality - Section 406 of Public Law 105-185, as amended - This program assists the State Agricultural Experiment Stations and the Cooperative Extension System to become viable partners with other State and Federal agencies in addressing water quality problems of National importance. These funds are provided under competitive awards.

2. Food Safety - Section 406 of Public Law 105-185, as amended - This program provides for research, extension, and education programs to improve the safety of food products and to create a public that is more informed about food safety issues. These funds are provided under competitive awards.

3. Regional Pest Management Centers - Section 406 of Public Law 105-185, as amended - Pest management centers will be the focal point for team building efforts, communication networks, and stakeholder participation within a given region. The centers will bring together and help focus the institutional and individual expertise needed to address successfully a range of pest management issues confronting farmers and other pest managers (e.g., regulatory restrictions, development of pest resistance, invasive species, and biotechnology). These funds are provided under competitive awards.

4. Crops at Risk from FQPA Implementation - Section 406 of Public Law 105-185, as amended - This program is an intermediate-term research and extension program with the at-risk cropping system as the focal point. Development of new multiple-tactic IPM strategies designed to assist in the transition period for certain pesticides affected by the implementation of the Food Quality Protection Act of 1996 (FQPA) is the goal of the program. These funds are provided under competitive awards.

5. FQPA Risk Mitigation Program for Major Food Crop Systems - Section 406 of Public Law 105-185, as amended - This program emphasizes the development and implementation of new and innovative pest management systems designed to maintain the productivity and profitability of major acreage crops, while meeting or exceeding environmental quality and human health standards as required by the Food Quality Protection Act of 1996 (FQPA). These funds are provided under competitive awards.

6. Methyl Bromide Transition Program - Section 406 of Public Law 105-185, as amended - This program is designed to support the discovery and implementation of practical pest management alternatives for commodities affected by the methyl bromide phase-out. The program focuses on short- to medium-term solutions for all commodities at risk using either combinations of presently available technologies or some newly developed practices. These funds are provided under competitive awards.

7. Organic Transition Program - Section 406 of Public Law 105-185, as amended - This program supports the development and implementation of biologically based pest management practices that mitigate the ecological, agronomic and economic risks associated with a transition from conventional to organic agricultural production systems. These funds are provided under competitive awards.

8. International Science and Education Grants Program - Section 1459A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, Public Law 95-113 - This is a competitive program focused on incorporating substantive international activities into programs related to food systems agriculture and natural resources at U.S. land-grant colleges and universities.

9. Critical Issues Program - Section 2(c)(1)(B) of Public Law 89-106 - This program supports the development of early intervention strategies to prevent, manage or eradicate new and emerging diseases, both plant and animal, which would prevent loss of revenue to growers or producers.

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10. Rural Development Centers - Section 2(c)(1)(B) of Public Law 89-106 - This program provides funds at four regional centers in Pennsylvania, Mississippi, Oregon, and Iowa. Programs are designed to improve the social and economic well-being of rural communities in their respective regions. These funds are distributed according to the extent of the problem that requires attention in each state.

11. Food and Agriculture Defense Initiative Program (formerly Homeland Security) - Section 1484 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 - This program provides support for an unified network of public agricultural institutions to identify and respond to high risk biological pathogens in the food and agricultural system. The network will be used to increase the ability to protect the nation from disease threats by identifying, containing, and minimizing disease threats.

Section 2501, Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers Activities

Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers Program - Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624 - This program serves Black farmers, Tribal groups, Hispanic and other growing groups of minority farmers and ranchers, and socially disadvantaged groups by encouraging participation in specific USDA loan, conservation, technical assistance, and related programs. The competitive program enhances the ability of minority farmers and ranchers to operate farms and ranches independently and produce income adequate to service debt, maintain operations, and provide a reasonable lifestyle. The program provides grants to educational institutions and community-based organizations to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms and ranches, to participate in USDA agricultural programs, and to become integral parts of the agricultural community.

For the Cooperative State Research, Education, and Extension Service, program coordination and planning are carried out by staff located entirely in the Washington, D.C. area. As of September 30, 2004, there were 398 full time employees and 31 other than permanent full time employees.

Agency Audit Reports

Cooperative State Research, Education, and Extension Service

OMB Circular A-133 Audits

University of Wyoming, for the Fiscal Year Ended June 30, 2000

Tuskegee University, for the Fiscal Year Ended June 30, 2000

The Forest Trust Incorporated, for the Fiscal Year Ended December 31, 2000

College of Micronesia Land Grant Program, for the Fiscal Year Ended September 30, 2000

Wayne State University, for the Fiscal Year Ended September 30, 2000

State of Texas, for the Fiscal Year Ended August 31, 2000

State of Wisconsin, for the Fiscal Year Ended June 30, 2000

Kentucky State University, for the Fiscal Year Ended June 30, 2000

University of the Virgin Islands, for the Fiscal Year Ended September 30, 2000

Northern Marianas College, for the Fiscal Year Ended September 30, 2000

Lincoln University, for the Fiscal Year Ended June 30, 2001

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Kentucky State University, for the Fiscal Year Ended June 30, 2001

State of Florida, for the Fiscal Year Ended June 30, 2001

University of Puerto Rico, for the Fiscal Year Ended June 30, 2001

University of Wyoming, for the Fiscal Year Ended June 30, 2001

The Oceanic Institute and Subsidiary, for the Fiscal Year Ended December 31, 2001

University of Missouri System, for the Fiscal Year Ended June 30, 2001

Tuskegee University, for the Fiscal Year Ended June 30, 2001

Board of Regents SW Indian Polytechnic Institute, for the Fiscal Year Ended June 30, 2001

University System of Maryland, for the Fiscal Year Ended June 30, 2001

Northern Marianas College, for the Fiscal Year Ended September 30, 2001

College of Micronesia Land Grant Program, for the Fiscal Year Ended September 30, 2001

Auburn University, for the Fiscal Year Ended September 30, 2001

University of the Virgin Islands, for the Fiscal Year Ended September 30, 2001

Auburn University, for the Fiscal Year Ended September 30, 2002

Blackfeet Tribe of the Blackfeet Indian Reservation, for the Fiscal Year Ended September 30, 2002

College of Micronesia Land Grant Program, for the Fiscal Year Ended September 30, 2002

Kentucky State University, for the Fiscal Year Ended June 30, 2002

National Tribal Development Association, for the Fiscal Year Ended December 31, 2002

Northern Marianas College, for the Fiscal Year Ended September 30, 2002

Ohio State University, for the Fiscal Year Ended June 30, 2002

South Carolina State University, for the Fiscal Year Ended June 30, 2002

State of Colorado, for the Fiscal Year Ended June 30, 2002

State of Connecticut, for the Fiscal Year Ended June 30, 2002

State of Georgia, for the Fiscal Year Ended June 30, 2002

Tuskegee University, for the Fiscal Year Ended June 30, 2002

University of Massachusetts, for the Fiscal Year Ended June 30, 2002

University of Puerto Rico, for the Fiscal Year Ended June 30, 2002

University of Wyoming, for the Fiscal Year Ended June 30, 2002

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Langston University, for the Fiscal Year Ended June 30, 2003

Ohio State University, for the Fiscal Year Ended June 30, 2003

Janus Youth Programs, Inc., for the Fiscal Year Ended June 30, 2003

University of Massachusetts, for the Fiscal Year Ended June 30, 2003

State of Wisconsin, for the Fiscal Year Ended June 30, 2003

State of Colorado, for the Fiscal Year Ended June 30, 2003

State of Montana, for the Fiscal Year Ended June 30, 2003

University of Arkansas for Medical Sciences, for the Fiscal Year Ended June 30, 2003

Howard University, for the Fiscal Year Ended June 30, 2003

Kentucky State University, for the Fiscal Year Ended June 30, 2003

Research Foundation of the City University of New York, for the Fiscal Year Ended June 30, 2003

State of Florida, for the Fiscal Year Ended June 30, 2003

Cold Spring Harbor Laboratory, for the Fiscal Year Ended December 31, 2003

Wayne State College, for the Fiscal Year Ended June 30, 2003

Northwestern University, August 31, 2003

Brown University, for the Fiscal Year Ended June 30, 2003

Duquesne University, for the Fiscal Year Ended June 30, 2003

Carnegie Institution of Washington, for the Fiscal Year Ended June 30, 2003

University of Puerto Rico, for the Fiscal Year Ended June 30, 2003

Crownpoint Institute of Technology, Inc., May 31, 2003

Marquette University, for the Fiscal Year Ended June 30, 2003

State of Arkansas, for the Fiscal Year Ended June 30, 2003

Congressional Inquiry

05-4255494	ElectroChem/Westford Microcell – SBIR award

OIG Reports

#33601-3-At	Audit of the Implementation of the Listed Agent or Toxin Regulations (Phase II)
#13001-3-Te	CSREES' Implementation of the Agricultural Research, Extension, and Education Reform Act

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#13099-2-Te	Review of Research Grants to the National Center for Resource Innovations
#13501-01-HY	Review of CSREES' Management System, Fiscal Year 2004 Application Controls
#13601-2-AT	CSREES' Compliance with the Improper Payments Information Act of 2002
#50099-11-Hy	Implementation of the Federal Research Misconduct Policy in the USDA/CSREES
#50099-14-At	Controls Over Biological Agents, Chemical, Radioactive Material in USDA Funded Research Facilities
#50099-17-KC	Biosecurity Grant Funding
#50099-5-Te	CSREES administration of the Expanded Food and Nutrition Education Program
#50601-5-At	CSREES Management of Facilities Construction Grants
#AT-1399-001	The National Faculty
#PS-1305-0002	Hotline Complaint – Tennessee State University
#PS-1399-0041	Hotline Complaint – Armenia Project
#PS-3499-0011	Hotline Complaint – Lincoln University
#PS-1399-0043	Hotline Complaint - North Carolina State University anonymous complaint

GAO Reports

GAO-04-31 (Job Code 360240)	University Research: Federal Agencies Need to Better Protect Against Financial Conflicts of Interest
GAO-04-40 (Job Code 310248)	Government-wide Enterprise Architecture Maturity
GAO-04-41 (Job Code 290239)	Federal Efforts to Prevent and Reduce Youth Smoking
GAO-03-541 (Job Code 360262)	Agricultural Research: USDA's Outreach to Minority-serving Institutions Could Improve Grant Competition
GAO-04-382 (Job Code 360320)	Watershed Management: Better Coordination of Data Collection Efforts Needed to Support Key Decisions
GAO-04-437 (Job Code 360-342)	Biobased Products: Improved USDA Management Would Help Agencies Comply with Farm bill Purchasing Requirements
GAO-04-490 (Job Code 360314)	Antibiotic Resistance: Federal Agencies Need to Better Focus Efforts to Address Risk to Humans from Antibiotic Use in Animals
GAO-04-528 (Job Code 130272)	Nutrition Education: USDA Provides Services through Multiple, Programs, but Stronger Linkages among Efforts are Needed
GAO-04-548 (Job Code 310366)	Federal Data Mining: Federal Efforts Cover a Wide Range of Uses
GAO-04-664 (Job Code 120284)	Federal Acquisition: Increased Attention to Vehicle Fleets Could Result in Savings

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GAO-04-679 (Job Code 450196)	Human Capital: Selected Agencies' Use of Alternative Service Delivery Options for Human Capital Activities
GAO-04-756 (Job Code 360307)	Renewable Energy: Wind Power's Contribution to Electric Power General and Impact on Farms and Rural Communities
Job Code 130360	Federal Disability Programs
Job Code 250191	Federal Assistance to Rural Alaska Native Communities
Job Code 310248	Government-wide Enterprise Architecture Maturity
Job Code 310395	Continuity of Operations Update
Job Code 320222	Use, Effectiveness, and Accountability of Certain Federal Funds To American Samoa
Job Code 360387	Great Lakes Environmental Indicators
Job Code 360415	Federal Energy Programs
Job Code 360436	Protecting Against Agroterrorism
Job Code 360438	USDA Budget Justification Review
Job Code 360448	Freshwater Infrastructure Funds
Job Code 360456	Food Safety Overlap
Job Code 360457	The Impact of Climate Change on Federal Lands and Trends in Federal Climate Change Spending
Job Code 360464	Non-agricultural Noxious Weed and Invasive Species Management
Job Code 360487	Grazing on Public Lands
Job Code 440247	Costs Incurred by Federal Agencies in Response to Changing Threat Levels
Job Code 450274	Conversion of Political Appointees in the Executive Branch to Career Positions

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Available Funds and Staff-Years

2004 Actual and Estimated, 2005 and 2006

Item	2004 Actual Amount	2004 Actual Staff Years	2005 Estimated Amount	2005 Estimated Staff Years	2006 Estimated Amount	2006 Estimated Staff Years
Direct Appropriations:						
Research and Education Activities	$617,780,463	202	$655,495,000	216	$545,500,000	220
Native American Endowment Fund	8,946,900	--	11,904,000	--	12,000,000	--
Endowment Interest	1,929,849	--	2,181,000	--	2,500,000	--
Extension Activities	439,124,787	194	445,631,000	215	431,343,000	215
Integrated Activities	50,195,092	8	54,712,000	8	35,013,000	4
Section 2501	5,934,777	3	5,888,000	3	5,993,000	3
Agricultural Risk Protection Act	5,000,000	--	5,000,000	--	5,000,000	--
Initiative for Future Agriculture and Food Systems	125,000	--	100,000	--	75,000	--
Biobased Fuel Education Program, Section 9004	1,000,000	--	1,000,000	--	1,000,000	--
Community Food Projects	5,000,000	--	5,000,000	--	5,000,000	--
Congressional Relations	120,000	--	120,000	--	120,000	--
Organic Research and Extension Initiative, Section 7218	3,000,000	--	3,000,000	--	3,000,000	--
Total, Direct Appropriations	1,138,156,868	407	1,190,031,000	442	1,046,894,000	442
Obligations under other USDA appropriations:						
Research and Education Activities:						
Agricultural Research Service:						
Biotechnology Risk Assessment	1,906,257	--	1,906,257	--	1,906,257	--
International Congress Mass Scanner /Technology	12,500	--	--	--	--	--
IR-4 Program	114,200	--	114,200	--	114,200	--
Plant Diagnostic Network	120,000	--	--	--	--	--
Salary, Benefits and Operating Expenses for Detailee	42,942		42,942	--	42,942	--
Salary, Benefits and Operating Expenses for Detailee	24,003		--	--	--	--
Shared Cost of The National Agricultural Research, Education, Extension, and Economics Advisory Board	140,000	--	140,000	--	140,000	--
Genome 2004 Meeting	5,000	--	--	--	--	--
USDA Animal Genomics	10,000	--	--	--	--	--
Animal and Plant Health Inspection Service:						
Sudden Oak Death	350,000	--	1,900,000	--	--	--
Plant Diagnostic Network	120,000	--	--	--	--	--
Economic Research Service:						
Salary, Benefits, and Operating Expenses for Detailee	16,102	--	16,102	--	16,102	--
Shared Cost of The National Agricultural Research, Education, Extension, and Economics Advisory Board	35,000		35,000	--	35,000	--
Farm Service Agency:						
Conservation Reserve Program /Grazing Provision Analysis	350,000	--	--	--	--	--
National Drought Mitigation Center	280,000	--	--	--	--	--
Study on Farm Loan Programs	345,600	--	--	--	--	--
Forest Service:						
Biotechnology Risk Assessment	67,820	--	67,820	--	67,820	--
Joe Skeen Institute for Rangeland	494,000	--	--	--	--	--
Sudden Oak Death	400,000	--	300,000	--	--	--
National Atmospheric Deposition Program	163,067	--	163,067	--	163,067	--
National Agricultural Statistics Service:		--				
Salary, Benefits and Operating Expenses for Detailee	5,368	--	5,368	--	5,368	--
Shared Cost of The National Agricultural Research, Education, Extension, and Economics Advisory Board	35,000	--	35,000	--	35,000	--
Office of Chief Economist:						
2005 USDA Symposium Greenhouse Gases	55,556	--	--	--	--	--
Office of Chief Financial Officer:						
Salary, Benefits and Operating Expenses for Detailee	3,964	--	--	--	--	--
Various agencies sharing cost of the USDA Small Business Innovation Research Program (SBIR)	3,749,450	--	2,877,893	--	3,014,957	--
Various agencies sharing cost of the Current Research Information System (CRIS)	515,100	9	515,100	9	515,100	9
Other Anticipated Reimbursements	--	--	2,500,000	--	2,500,000	--
Subtotal, Res./Ed. Other USDA Appropriations	9,368,929	9	10,618,749	9	9,555,813	9

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Item	2004 Actual Amount	Staff Years	2005 Estimated Amount	Staff Years	2006 Estimated Amount	Staff Years
Extension Activities:						
Agricultural Research Service:						
Alpha Gamma Rho	2,000	--	--	--	--	--
Foreign Agricultural Service:						
Technical Analysis of the Chilean Horticulture	61,619	--	--	--	--	--
Trade Adjustment	845,028	--	902,000	--	--	--
Forest Service:						
Open Space Project	5,000	--	--	--	--	--
My Community Our Earth Project	25,000	--	--	--	--	--
National Agroforestry	50,000	--	50,000	--	50,000	--
Farm Service Agency:						
Alpha Gamma Rho	2,160	--	--	--	--	--
Natural Resources Conservation Service:						
Conservation Effects Assessment Project	889,341	--	--	--	--	--
Alpha Gamma Rho	2,160	--	--	--	--	--
Rural Development:						
Alpha Gamma Rho	2,160	--	--	--	--	--
Other Anticipated Reimbursements	--	--	4,000,000	--	5,000,000	--
Subtotal, Reimburse Other USDA Appropriations	1,884,468	0	4,952,000	0	5,050,000	0
Total, CSREES Other USDA Appropriations	11,253,397	9	15,570,749	9	14,605,813	9
Total, Agriculture Appropriations	1,149,410,265	416	1,285,601,749	451	1,061,499,813	451
Other Federal Funds						
Research and Education Activities:						
Army Corps of Engineers						
Development of Analyzed Tools	307,209	--	307,209	--	307,209	--
Department of Commerce:						
National Oceanic and Atmospheric Administration,						
National Atmospheric Deposition Program	234,658	--	234,658	--	234,658	--
Department of Defense:						
Ecosystems Technology	435,000	--	--	--	--	--
Foot and Mouth Disease	599,675	--	599,675	--	--	--
U.S. Army Environmental Center Liaison	155,563	--	155,563	--	155,563	--
Department of Health and Human Services:						
Aquaculture New Animal Drug Application	40,000	--	40,000	--	40,000	--
Rural Policy Research Institute	45,146	--	45,146	--	45,146	--
Department of Interior:						
Support Aquaculture New Animal Applications	10,000	--	10,000	--	10,000	--
Geological Survey, Atmospheric Deposition	632,649	--	632,649	--	632,649	--
National Park Service, Atmospheric Deposition	346,549	--	346,549	--	346,549	--
Fish and Wildlife Service, Atmospheric Deposition	31,514	--	31,514	--	31,514	--
Bureau of Land Management, Atmospheric Deposition	27,000	--	27,000	--	27,000	--
Environmental Protection Agency:						
Biopesticide Demonstration Project	90,000	--	--	--	--	--
National Atmospheric Deposition Program	238,512	--	238,512	--	238,512	--
National Aeronautics and Space Administration:						
Geospatial Extension Specialist	500,000	--	--	--	--	--
Tennessee Valley Authority:						
National Atmospheric Deposition Program	25,212	--	25,212	--	25,212	--
Other Anticipated Reimbursements	--	--	3,140,000	--	3,697,737	--
Subtotal, Rst./Educ. Other Federal Funds	3,708,687	--	5,833,687	--	5,791,749	--

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Item	2004 Actual Amount	2004 Actual Staff Years	2005 Estimated Amount	2005 Estimated Staff Years	2006 Estimated Amount	2006 Estimated Staff Years
Extension Activities:						
Department of Defense:						
Community Services Support	1,461,184		1,461,184		14,461,184	
Family Education and Advocacy Programs	2,611,504	--	2,611,504	--	2,611,504	--
Army Youth Development Project	2,640,000	--	2,640,000	--	2,640,000	--
4-H/Liaison Salary/State Grant/ Materials	980,000	--	--	--	--	--
Global War On Terrorism	3,400,000	--	--	--	--	--
Department of Health and Human Services:						
Medicare and Medicaid Benefits	300,000	--	--	--	--	--
Department of Housing and Urban Development:						
Healthy Homes Partnership	649,940	--	649,940	--	649,940	--
Department of Interior:						
Fish and Wildlife 4-H Awards Program	12,500	--	15,500	--	12,500	--
Environmental Protection Agency:						
Extension Liaison at EPA Region 6	22,736	--	22,736	--	22,736	--
Extension Liaison at EPA Region 2	45,000	--	45,000	--	45,000	--
Great Lakes Monitoring/Habitat Program	250,000	--		--		--
Healthy Indoor Air for America's Homes	260,067	--	270,000	--	--	--
Training for Pesticide Applicators	1,200,000	--	1,800,000	--	1,800,000	--
PAT Manual and Questionnaire	88,169	--	--	--	--	--
General Service Administration:						
Publications	9,933	--	9,933	--	--	--
U.S. Marine Corps:						
Mentors to Violence Prevention Training	100,000	--	100,000	--	--	
Walter Reed Army Medical Center:						
Personal Financial Management Training	10,478	--	9,526	--	9,526	--
AID-PASA International Extension	10,864,456	--	--	--	--	--
Other Anticipated Reimbursements	--	--	2,500,000	--	3,500,000	--
Subtotal, Extension Other Federal Funds	24,925,967	0	12,215,323	0	25,832,390	0
Total,CSREES Other Federal Funds	27,734,654	0	18,049,010	0	31,624,139	0
Total, CSREES Available Funds	1,177,144,919	416	1,223,650,759	451	1,093,123,952	451

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Permanent Positions by Grade and Staff-Year Summary

2004 Actual and Estimated 2005 and 2006

	2004	2005	2006
Grade	Washington, DC	Washington, DC	Washington, DC
Senior Executive Service	9	10	10
GS-15	73	73	73
GS-14	53	56	56
GS-13	49	51	51
GS-12	47	50	50
GS-11	29	32	32
GS-10	1	1	1
GS-9	13	16	16
GS-8	20	20	20
GS-7	64	66	66
GS-6	32	34	34
GS-5	12	14	14
GS-4	16	18	18
GS-3	3	5	5
GS-2	3	3	3
Total Permanent Positions	424	449	449
Unfilled Positions end-of-year.....	-26	-22	-22
Total, Permanent Full-Time Employment, end-of-year.....	398	427	427
Staff-Year Estimate....	416	451	451

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Summary of Budget and Performance
Statement of Goals and Objectives

CSREES has five strategic goals and 13 strategic objectives that contribute to all of the USDA strategic goals and objectives.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal 1: Enhance Economic Opportunities for Agricultural Producers USDA Objective 1.1: Expand International Marketing Opportunities USDA Objective 1.2: Support International Economic Development and Trade Capacity Building USDA Objective 1.3: Develop Alternative Markets for Agricultural Products and Activities	**Agency Goal 1:** Enhance Economic Opportunities for Agricultural Producers	Objective 1.1: Provide information, knowledge and education to help expand markets and reduce trade barriers	Extension Research Integrated Higher Education	Key Outcome 1.1: Increased ability to compete in world markets and increased knowledge of market principles, alternatives, techniques, and utilization of sustainable farm operations.
		Objective 1.2: Support international economic development and trade capacity building through research, education and extension	Extension Research Integrated Higher Education	Key Outcome 1.2: Expanded international economic development and trade capacity building through (1) partnerships between U.S. and counterpart faculty in developing or transitioning countries to strengthen science applications, and (2) technical assistance provided to these countries to support market and agricultural sector development.
		Objective 1.3: Provide science-based knowledge and technologies to generate new or improved high quality products and processes to expand markets for the agricultural sector	Research Extension Higher Education	Key Outcome 1.3: Expanded science-based knowledge and technologies to generate high-quality products and processes by (1) increasing knowledge of bioenergy and biomass conversion, (2) creating new commercially viable and marketable alternative crops, and alternative markets for non-food products from existing crops and (3) establishing new integrated research and extension programs and multi-disciplinary

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				graduate education training programs.
USDA Objective 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers		Objective 1.4: Provide science-based information, knowledge, and education to facilitate risk management by farmers and producers Contribute science-based information, analysis and education to promote the efficiency of agricultural production systems	Research Extension Higher Education Integrated Section 2501	Key Outcome 1.4: Increased producers' knowledge of principles and techniques in risk management. Increased efficiency of the agricultural production system by (1) expanding information to model feed utilization for animal species, (2) releasing new or improved varieties of germplasm with enhanced pest or disease resistance, (3) further understanding the biological role of gene sequences in plants, animals, microbes and insects, (4) strengthening Masters degree level courses in the food and agricultural sciences, particularly at minority-serving institutions, (5) increasing the number of minority students participating in the workforce by funding minority-serving projects at Hispanic Serving Institutions, 1890 institutions, 1994 institutions, Alaska Native Serving, Native-Hawaiian Serving institutions, and (6) increasing the number of socially disadvantaged minority farmers and ranchers who are knowledgeable, eligible, and participating in USDA Farm Programs.

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal 2: Support Increased Economic Opportunities and Improved Quality of Life in Rural America USDA Objective 2.1: Expand Economic Opportunities through USDA Financing of Businesses	**Agency Goal 2:** Support Increased Economic Opportunities and Improved Quality of Life in Rural America	Objective 2.1: Expand economic opportunities in rural America by bringing scientific insights into economic and business decision-making	Research Extension	Key Outcome 2.1: Expanded economic opportunities in rural America and increased knowledge pertaining to economic diversification, community planning, service infrastructure, local government, youth/adult workforce planning, and civic engagement through innovative integrated research and extension projects targeted to regional business, economic and business development.
USDA Objective 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities		Objective 2.2: Provide science-based technology, products and information to facilitate informed decisions affecting the quality of life in rural areas	Research Extension	Key Outcome 2.2: Increased knowledge among county-based staff to enable them to provide advice pertaining to economic and business development planning; the legal basis for land use; multi-modal transportation; downtown revitalization; farmland and open space preservation strategies; and local government finances.
		Objective 2.3: eExtension	Extension	Key Outcome 2.3: Electronic deployment of science-based extension information and education.

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply USDA Objective 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S. USDA Objective 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks	**Agency Goal 3:** Enhance Protection and Safety of the Nation's Agriculture and Food Supply	Objective 3.1: Reduce the incidence of food borne illnesses and contaminants through science-based knowledge and education	Integrated Higher Education	Key Outcome 3.1: Reduced incidence of food borne illnesses and contaminants through increased knowledge via integrated research and extension projects in the following areas: food safety, including on-farm production, post-harvest processing and distribution, food selection, preparation and consumption.
		Objective 3.2: Develop and deliver science-based information and technologies to reduce the number and severity of agricultural pest and disease outbreaks	Extension Research Integrated Higher Education	Key Outcome 3.2: Expanded science-based information and technologies and reduced number and severity of agricultural pest and disease outbreaks through (1) connection and data exchange among National Plant and Animal Disease Diagnostic Networks, (2) increased resource efficiency and decreased economic risk regarding the adoption of sustainable pest management tactics, (3) developed capacity to minimize or mitigate occupational and non-occupational human health risks associated with pest management, and (4) increased capacity in minimizing or mitigating environmental risk associated with pest management.

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal 4: Improve the Nation's Nutrition and Health USDA Objective 4.1: Improve Access to Nutritious Food USDA Objective 4.2: Promote Healthier Eating Habits and Lifestyles	**Agency Goal 4:** Improve the Nation's Nutrition and Health	Objective 4.1: Expand the knowledge base of food and nutrition-based components of human health	Research	Key Outcome 4.1: Increased understanding of the relationship between diet, nutrition, and health.
		Objective 4.2: Promote healthier food choices and lifestyles through research and education	Research Extension	Key Outcome 4.2: Reduced proportion of adults age 20 years and older who are obese, and of children and adolescents who are obese and overweight by increasing healthier food choices and lifestyles.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment USDA Objective 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands USDA Objective 5.2: Improve Management of Private Lands	**Agency Goal 5:** Protect and Enhance the Nation's Natural Resource Base and Environment	Objective 5.1: Provide science-based knowledge and education to improve management of forest and range lands	Research Extension Higher Education	Key Outcome 5.1: Improved management of forest and range lands with expanded science-based knowledge and education.
		Objective 5.2: Improve management of private lands (provide science-based knowledge and education to improve management of soil, air, and water to support production of food, forests and fiber)	Research Higher Education Extension Integrated	Key Outcome 5.2: Improved management of resources, including soil, air, and water through increased knowledge of agriculture, forest and range production practices that affect the quality of resources; and advanced and disseminated knowledge base for agricultural and rural communities that describes quantity and quality of resources via integrated projects.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STRATEGIC OBJECTIVE 1.1: Expand International Marketing Opportunities

STRATEGIC OBJECTIVE 1.2: Support International Economic Development and Trade Capacity Building

STRATEGIC OBJECTIVE 1.3: Develop Alternative Markets for Agricultural Products and Activities

STRATEGIC OBJECTIVE 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers

Strategic Objective and Funding Matrix
(On basis of appropriation)

	FY 2004 Actual		FY 2005 Budget			FY 2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 1.1:							
Research	6,732,000		7,025,000		-1,831,000	5,194,000	
Education	1,653,000		1,944,000		-7,000	1,937,000	
Extension	14,328,000		14,362,000		-658,000	13,704,000	
Integrated	987,000		1,094,000		-1,094,000	0	
Total, Strategic Objective 1.1	23,700,000		24,425,000		-3,590,000	20,835,000	
Strategic Objective 1.2:							
Research	4,913,000		5,075,000		-2,062,000	3,013,000	
Education	413,000		487,000		-2,000	485,000	
Integrated	0		0		+1,000,000	1,000,000	
Total, Strategic Objective 1.2	5,326,000		5,562,000		-1,064,000	4,498,000	
Strategic Objective 1.3:							
Research	40,709,000		42,523,000		-14,046,000	28,477,000	
Education	2,895,000		3,402,000		-12,000	3,390,000	
Extension	26,349,000		26,137,000		-1,288,000	24,849,000	
Integrated	614,000		657,000		-657,000	0	
Mandatory	3,000,000		3,000,000		0	3,000,000	
Total, Strategic Objective 1.3	73,567,000		75,719,000		-16,003,000	59,716,000	
Strategic Objective 1.4:							
Research	181,291,000		189,751,000		+58,332,000	248,083,000	
Education	11,583,000		13,611,000		+1,408,000	15,019,000	
Extension	73,851,000		73,660,000		-6,100,000	67,560,000	
Integrated	6,932,000		7,550,000		-7,550,000	0	
Section 2501	5,935,000		5,888,000		+47,000	5,935,000	
Total, Strategic Objective 1.4	279,592,000		290,460,000		+46,137,000	336,597,000	
Total, Available	382,185,000	141	396,166,000	153	+25,480,000	421,646,000	185

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Goal 1

Key Outcome 1.1 Expected Accomplishment: Research in the areas of agricultural marketing and alternative farming methods will provide outreach and potential alternative marketing opportunities to farmers and ranchers. Land-grant university extension use of information technology will provide farmers and ranchers with the education and tools they need to become more competitive, increase their income levels, and become more economically viable.

Key Outcome 1.2 Expected Accomplishment: By FY 2006, preliminary results from International Science and Education grants that were awarded in the first year of the program will be available. We anticipate that they will demonstrate a variety of approaches – international partnerships, linkages, and exchanges – that are building global competencies among American students, faculty, community members and/or businesses.

Key Outcome 1.3 Expected Accomplishment: Funding will be used to a) generate original fundamental knowledge on the development of new processes and new or improved food and nonfood products through basic research; b) develop new processes and value added food and nonfood products through applied research; c) conduct outreach programs for the commercialization of new processes and products developed and demonstrate the use of new products; and d) provide leadership in the delivery of research-based knowledge through extension, outreach, and information dissemination to strengthen the capacity of public and private decision makers impacting agriculture.

Key Outcome 1.4 Expected Accomplishment: The Trade Adjustment and Assistance Program will help agricultural producers and fishermen adjust to foreign import competition; will assist producers in obtaining information regarding the feasibility and desirability of substituting alternative commodities for the adversely affected agricultural commodity; and will provide technical assistance to improve the competitiveness of the production and marketing of the adversely affected producer. The program will provide technical information and advice to farmers and fishermen to provide them with risk management information that can help them become more competitive in the marketplace.

Genome sequencing of rice and maize will result in more experiments centered on the challenges facing industry:

- Increase training of young scientists at the interface of modern sequencing technologies and bioinformatics, and promote increased participation by members of underrepresented groups
- Increase the efficiency of breeding programs
- Streamline the delivery of new traits, e.g. higher photosynthetic activity, increased fertilizer utilization
- Discover and enhance the innate properties of corn, e.g. drought tolerance, disease resistance, and hybrid vigor
- Recognize and understand the traits that will allow corn to be an ideal crop for food and feed, e.g. low phytate corn, improved amino acid profile, control of mycotoxins; fuel and industrial uses, e.g. quality and quantity
- Decrease the adverse environmental impact of production farming, e.g. water quality/quantity, pesticide application.

CSREES will fund approximately 30 grants to institutions offering graduate level courses in the food and agricultural sciences under the Higher Education Challenge Grants Program to strengthen MS level courses in these sciences. The Alaska-Native Serving and Native-Hawaiian Serving Institutions Education Grants Program will fund 6 to 15 single and consortium Alaska-Native Serving and Native Hawaiian-Serving institutions to increase the number of minority students participating in the workforce. Additional projects will be funded at 1890 Land Grant Institutions through a variety of funding mechanisms.

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Means and Strategies

Funding in FY 2006 will support Strategic Goal 1 by 1) increasing understanding of the biological role of gene sequences in important plants, animals, microbes, and insects to develop improved agricultural products; 2) increasing minority higher education and the minority workforce in the food and agricultural sciences; 3) increasing the number of socially disadvantaged minority farmers and ranchers who are knowledgeable and able to participate successfully in USDA Farm Programs; and 4) increasing the efficiency of processing proposals and awarding grant funding.

Funds provided by Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT, Section 2501) are needed to enhance the ability of minority and small farmers and ranchers to operate farming or ranching enterprises independently and to produce income adequate to service debt, maintain operations, and provide a reasonable lifestyle. Section 2501 supports educational institutions and community-based organizations to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms, participate in agricultural programs, and become integral parts of the agricultural community.

The CSREES Workforce Plan reflects recent organizational changes and management improvements, helps the agency effectively forecast needs for recruiting and selecting new personnel, and for retraining or restructuring the current workforce. To continue effective administration of its Federal assistance programs, CSREES will focus on the transition to e-grants, as well as to other e-Government activities, and the impact this will have on employees' needs for training as the agency transforms to an electronic enterprise. This budget will provide resources for CSREES implementation of training and other actions in its Workforce Plan and will result in more emphasis on program planning and evaluation, post-award management, and improved relationships with partners and stakeholders through customer service.

Strategies

Past Performance

Marketing education based on simulated real time decision-making resulted in participants marketing more aggressively, with a 28 percent increase in forward pricing for grain. In a six month follow up, 78 percent of participants developed and implemented a marketing plan, earning an average of $4,000 more through better marketing decisions.

A new decision model takes advantage of the Internet as a medium for providing real-time knowledge in a highly cost-effective manner. The real-time decision model relies on continuously updating information, which can only be done using web-based technologies. During the first year of funding of this program a successful portal website was created and nine management decision tool modules were created.

Genetics research helps producers improve feed efficiency, lower production costs, and allows more natural alternatives to increasing growth rates of animals. With genetic technology, end-product quality improves relative to the cost of raising animals, as producers realize an average daily gain of weight improvement with better feed efficiency. Initial experiments indicate as much as a 25 percent increase.

Successes and Shortfalls

Innovative marketing and management decision-making strategies and techniques have been developed, Trade Adjustment Act assistance was provided to producers adversely affected by conditions in the global marketplace. As a result, the use of risk management tools (e.g., highly complex crop and revenue insurance products) by eligible producers has increased.

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Significant progress has been made in gene sequencing for important crops and animals. New processes and procedures for developing bio-based lubricants and other products have resulted in commercialization and economic use of these products by the rail industry and the U.S. military.

Funding opportunities for education and research at minority-serving institutions have increased through the 1890 Institution Capacity Building Grants Program, 1890 Institutions Extension Program, and Evans-Allen Program.

The Section 2501 program has increased the number of socially disadvantaged minority farmers and ranchers who are knowledgeable and able to participate in USDA Farm Programs.

CSREES continues to develop and enhance the capability to receive, process, and award proposals electronically, including electronic distribution to reviewers worldwide, and support for electronic financial and technical reporting on awards.

Activities Planned to Meet the Target

Information Technology investments in the Research, Education, and Economics Information System (REEIS) and Current Research Information System (CRIS) will enable greater accountability by providing information on Goal 1 accomplishments, outcomes and impacts. OMB designated the Presidential Initiative E-Grants system, Grants.gov, to be the common electronic application and reporting system. The Government Paperwork Elimination Act (PL 105-277, Title VII) (GPEA) required CSREES to provide for the optional electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper and for the use of electronic signatures by October 21, 2003. In addition to legal requirements, the university community has expressed a strong desire for Federal research agencies to support electronic grant activities through Grants.gov as soon as possible. Currently, CSREES receives approximately 6,000 proposals annually, resulting in about 2,000 awarded grants and cooperative agreements. CSREES continues to develop and enhance of the capability to receive, process, and award proposals electronically, including electronic distribution to reviewers worldwide, and support for electronic financial and technical reporting on awards.

Deployment of complex systems does not occur without some unexpected difficulties and evolving Federal requirements. CSREES developed and deployed systems rapidly to meet the GPEA deadline; the systems will need enhancements to make them more functional, user-friendly, and reliable. Acceptance of electronically submitted proposals requires improvements to Grants.gov, and CSREES is currently working with Grants.gov. CSREES will move from paper to electronic processing to realize further improvements in efficiency and effectiveness.

A new CSREES Workforce Plan addresses Agency staffing needs so that the agency can effectively forecast needs for hiring scientific, professional and staff positions, as well as support career development for all employees.

IT investments in the REEIS and CRIS systems will enable greater accountability by providing information on accomplishments, outcomes and impacts in this goal.

Partnerships

CSREES works with other agencies, departments, academia, industry, State and local agencies, and various other public service organizations to implement the Agency's programs. For example, CSREES provides grants to land grant and other universities to conduct higher education, research, and extension programs, and routinely works to bring multiple agencies with similar missions together for the purpose of developing and disseminating scientific knowledge to enhance economic opportunities for agricultural producers.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STRATEGIC OBJECTIVE 2.1: Expand Economic Opportunities Through USDA Financing of Businesses

STRATEGIC OBJECTIVE 2.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities

Strategic Objective and Funding Matrix
(On basis of appropriation)

	FY 2004 Actual		FY 2005 Budget			FY 2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 2.1:							
Research	$1,462,000		$1,525,000		-662,000	$863,000	
Education	2,483,000		2,917,000		-11,000	2,906,000	
Extension	54,167,000		54,296,000		-2,488,000	51,808,000	
Total, Strategic Objective 2.1	58,132,000		58,738,000		-3,161,000	55,577,000	
Strategic Objective 2.2:							
Research	17,599,000		18,046,000		-7,167,000	10,879,000	
Education	4,548,000		5,346,000		-19,000	5,327,000	
Extension	79,427,000		79,491,000		-1,504,000	77,987,000	
Integrated	3,012,000		3,283,000		-1,770,000	1,513,000	
Total, Strategic Objective 2.2	104,586,000		106,166,000		-10,460,000	95,706,000	
Total, Available	162,718,000	58	164,904,000	63	-13,621,000	151,283,000	67

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Goal 2

Key Outcome 2.1 Expected Accomplishment: A revitalized rural workforce, with upgraded skills, will attract employers to relocate to smaller towns and rural areas. Employers will migrate to smaller towns and rural areas to take advantage of the skilled rural workforce that costs less due to lower costs of living. Increased investments in programs will increase the number of skilled workers in rural areas.

Key Outcome 2.2 Expected Accomplishment: The Sustainable Community Innovation Grants Program will competitively fund new projects that pursue local strategies to link sound farm and non-farm economic development with agricultural and natural resource management. Proposals are solicited that will increase knowledge, build capacity, and make connections among on- and off-farm sustainable agriculture activities, economic and community development efforts, civic engagement, nutrition and health, and local government policy.

Key Outcome 2.3 Expected Accomplishment: Identify and support creative and innovative approaches to e-Extension through a competitive process. Deploy the valuable information and education that the Cooperative Extension Service has to offer.

Means and Strategies

CSREES supports the base programs of State Agricultural Experiment Stations and the Cooperative Extension System at land-grant universities nationwide. As USDA's primary extramural research agency, CSREES provides funds for research at institutions of higher education across the United States. Knowledge generated through this research benefits all Americans.

CSREES helps ensure that a high-quality higher education infrastructure will be available at the Nation's land-grant universities to address national needs, and it uses the infrastructure of scientific expertise from these and other colleges and universities, and also of public and private laboratories, to partner in addressing national priorities.

Means

The national e-Extension network will capitalize on the research-based information, education, and guidance that is available in U.S. states and territories, gaining multi-state efficiencies and incorporating expertise in different locations offering high quality, anywhere-anytime information that is co-branded with states and county offices. The e-Extension network will be a quality source of unbiased, peer-reviewed, and research-based information and education that is conveniently available in multiple digital formats. Cooperation across the system and use of standards both in terms of content and technology will enable efficient, consistent, and high quality programming, and provide users, including large segments of the population that previously have not been customers, with access to the best expertise of extension across the nation. E-Extension includes: 1) A national web-based information/education system with access to certificate/credit courses, individual learning modules, diagnostics and decision-support tools, as well as frequently asked questions and "ask the expert" features in such areas as food safety, homeland security, and financial planning; 2) Consistent standards for defining the nature and format of concise, trustworthy, easy-to-use, and accessible information so that information can be shared, duplicative efforts through the extension system can be reduced, quality can be ensured, and flexibility maintained to accommodate new and yet-to-be-developed technologies; and 3) Strategies for an e-Extension system that take full advantage of current intellectual and other resources, and that allow for continuous change and improvement.

Funding will be used to identify and support creative and innovative approaches to e-Extension through a competitive process. Such a program will complement, enhance, and accelerate the e-Extension network that is currently under development and will assure that innovation is at the forefront of the endeavor.

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New funding will enable full deployment of the system and enable a technology-conscious nation to make use of the valuable information and education that Extension has to offer. This initiative will dramatically change how extension does business with its customers. This is a Federal-State-local partnership requiring full cooperation among land-grant State and county partners, the Cooperative Extension System, and CSREES. While the effort will go forward without significant Federal funds, it will be slowed and anticipated benefit will take longer to realize.

The CSREES Workforce Plan reflects recent organizational changes and management improvements, helps the agency effectively forecast needs for recruiting and selecting new personnel, and for retraining or restructuring the current workforce. To continue effective administration of its Federal assistance programs, CSREES will focus on the transition to e-grants, as well as to other e-Government activities, and the impact this will have on employees' needs for training as the agency transforms to an electronic enterprise. This budget will provide resources for CSREES implementation of training and other actions in its Workforce Plan and will result in more emphasis on program planning and evaluation, post-award management, and improved relationships with partners and stakeholders through customer service.

Strategies

Past Performance

The land-grant universities and USDA work together to address rural and urban concerns using small business workshops, strategic planning, and workforce preparation programs to improve local economic conditions. Education, research and extension are focused on job growth (including job readiness training), increasing economic diversity, small business success, community leadership development, technology upgrades (specifically communication and Internet access) in rural communities, and racial and ethnic demographic integration in rural employment. Recent data on metro (urban) and nonmetro (rural) employment change shows substantial employment growth in nonmetro areas since mid-2002. Rural counties are now seeing employment growing at a rate of more than 1 percent a year. In contrast, metro employment growth remains weak, with annual growth rates lagging. Some of this improvement in rural employment can be attributed to CSREES supported efforts.

Successes and Shortfalls

Four CSREES Regional Rural Development Centers link land-grant system resources with local citizens to help shape communities for the future.

With seed money from CSREES, the Sustainable Communities Grants competitive program was developed jointly by the Southern Rural Development Center (SRDC) and the Southern-Region Sustainable Agriculture Research and Education Program (SARE). The program blends agriculture, community, and economic development. Through their joint grants program, they funded projects that explicitly link community development and sustainable agriculture in the South, as well as improve understanding of the benefits of such linkages.

Activities Planned to Meet the Target

OMB designated the Presidential Initiative E-Grants system, Grants.gov, to be the common electronic application and reporting system. The Government Paperwork Elimination Act (PL 105-277, Title VII) (GPEA) required CSREES to provide for the optional electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper and for the use of electronic signatures by October 21, 2003. In addition to legal requirements, the university community has expressed a strong desire for Federal research agencies to support electronic grant activities through the Grants.gov as soon as possible. Currently, CSREES receives approximately 6,000 proposals annually, resulting in about 2,000 grants and cooperative agreements. CSREES continues to develop and enhance the capability to receive, process, and award proposals

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electronically, including electronic distribution to reviewers worldwide, and support for electronic financial and technical reporting on awards.

Deployment of complex systems does not occur without some unexpected difficulties and evolving Federal requirements. CSREES developed and deployed systems rapidly to meet the GPEA deadline; the systems will need enhancements to make them more functional, user-friendly, and reliable. Acceptance of electronically submitted proposals requires improvements to Grants.gov; CSREES is currently working with Grants.gov. CSREES will move from paper to electronic processing to realize further improvements in efficiency and effectiveness.

USDA agencies (Natural Resources and Conservation Service, Rural Development Mission Area, Forest Service, and CSREES) signed a Statement of Cooperation with the National Rural Funders Collaborative (a 10-year initiative supported by more than a dozen private foundations). The resulting collaboration will expand resources available to rural Americans and support comprehensive, locally led community and economic development initiatives

IT investments in the REEIS and CRIS systems will enable greater accountability by providing information on accomplishments, outcomes and impacts in strategic goal 2.

Partnerships

CSREES works with other agencies, departments, academia, industry, State and local agencies, and various other public service organizations to implement the agency's programs. For example, CSREES provides grants to land grant and other universities to conduct higher education, research, and extension programs, and routinely works to bring multiple agencies with similar missions together for the purpose of developing and disseminating scientific knowledge that could enhance economic opportunities and improve the quality of life in rural America.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STRATEGIC OBJECTIVE 3.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.

STRATEGIC OBJECTIVE 3.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

Strategic Objective and Funding Matrix
(On basis of appropriation)

	FY 2004 Actual		FY 2005 Budget			FY 2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 3.1:							
Research	17,779,000		18,952,000		+10,138,000	29,090,000	
Education	2,069,000		2,433,000		-9,000	2,424,000	
Extension	20,270,000		20,316,000		-930,000	19,386,000	
Integrated	18,223,000		19,860,000		-19,860,000	0	
Total, Strategic Objective 3.1	58,341,000		61,561,000		-10,661,000	50,900,000	
Strategic Objective 3.2:							
Research	183,542,000		197,200,000		-121,382,000	75,818,000	
Education	4,549,000		5,345,000		+4,981,000	10,326,000	
Extension	13,756,000		14,123,000		+1,066,000	15,189,000	
Integrated	3,361,000		3,866,000		+28,834,000	32,500,000	
Total, Strategic Objective 3.2	205,208,000		220,334,000		-86,501000	133,833,000	
Total, Available	263,549,000	100	281,895,000	108	-97,162,800	184,733,000	77

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Goal 3

Key Outcome 3.1 Expected Accomplishment: CSREES will sponsor 25 National Research Initiative food safety projects specifically targeting emerging issues in food and agricultural defense; and will increase focus on projects dealing with nanotechnology for functional foods and food safety with approximately 16 projects.

Key Outcome 3.2 Expected Accomplishment: In addition to continuing risk reductions and increased efficiencies of traditional CSREES IPM Programs, the National Plant Diagnostic Network expects to make significant progress at the FY 2006 proposed resource level. This progress builds on past accomplishments and includes:

- Increasing the ability of laboratories in all 50 States to rapidly and accurately diagnose plant pathogens of regional and national interest through improved diagnostic equipment, training, and methods;
- Improve the biocontainment, biosafety, and biosecurity of regional diagnostic centers and other partner laboratories;
- Increase the utilization of non-public National Agricultural Pest Information Systems data for the early detection of bio-terrorism related, accidental, or natural outbreaks that have the potential to threaten the nation's plant resources, trade position, or consumer confidence.

Means and Strategies

CSREES supports the base programs of State Agricultural Experiment Stations and the Cooperative Extension System at land-grant universities nationwide. As USDA's primary extramural research agency, CSREES provides funds for research at institutions of higher education across the United States. Knowledge generated through this research benefits all Americans.

CSREES helps to ensure that a high-quality higher education infrastructure will be available at the Nation's land-grant universities to address national needs, and it uses the infrastructure of scientific expertise from these and other colleges and universities, and also of public and private laboratories, to partner in addressing national priorities.

Means

The U.S. agricultural system has become increasingly vulnerable to accidental and intentionally-introduced animal and plant pests and pathogens, suffering economic losses of over $130 billion annually. Education, research, and extension activities help States and territories develop the capacity to detect and combat invasive species by adopting sustainable pest management practices. More focus is needed on the development of technology and management strategies that will lead to improved detection, early identification, control, and prevention strategies for agricultural diseases and pests that threaten the economic viability of agricultural production and the food supply. CSREES-supported research is a primary source of information on exotic and invasive pests, leading to the development of methods and practices to prevent or control outbreaks. Our partners develop methods to detect current and emerging pests and diseases, and develop effective means for prevention and control. Through extension, producers gain an understanding of threats from diseases and pests, and learn effective and efficient means of control for economically significant pests, pathogens and diseases.

The CSREES Workforce Plan reflects recent organizational changes and management improvements, helps the agency effectively forecast needs for recruiting and selecting new personnel, and for retraining or restructuring the current workforce. To continue effective administration of its Federal assistance programs, CSREES will focus on the transition to e-grants, as well as to other e-Government activities, and the impact this will have on employees' needs for training as the agency transforms to an electronic enterprise. This budget will provide resources for CSREES implementation of training and other actions in

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its Workforce Plan and will result in more emphasis on program planning and evaluation, post-award management, and improved relationships with partners and stakeholders through customer service.

Strategies

Past Performance

A number of regional conferences on methods to protect the safety of the Nation's agricultural and food supply have been sponsored. These conferences brought together experts in the field of agricultural and food safety to exchange new methods and results of recent studies.

Successes and Shortfalls

CSREES-sponsored research results allowed a 75 percent reduction in pesticide use in western fruit orchards.

The potential of Bt-transgenic collard as a trap crop for moth pests of cabbage was established.

An environmentally safer strain of Bacillus cereus was developed, reducing impacts on non-target insects.

The National Plant Diagnostic Network (NPDN) developed links to laboratories in every State.

CSREES funded and provided leadership to establish the National Animal Health Laboratory Network (NAHLN).

Activities Planned to Meet the Target

OMB designated the Presidential Initiative E-Grants system, Grants.gov, to be the common electronic application and reporting system. The Government Paperwork Elimination Act (PL 105-277, Title VII) required CSREES to provide for the optional electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper and for the use of electronic signatures by October 21, 2003. In addition to legal requirements, the university community has expressed a strong desire for Federal research agencies to support electronic grant activities through the Grants.gov as soon as possible. Currently, CSREES receives approximately 6,000 proposals annually, resulting in about 2,000 grants and cooperative agreements. CSREES continues to develop and to enhance the capability to receive, process, and award proposals electronically, including electronic distribution to reviewers worldwide, and support for electronic financial and technical reporting on awards.

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IT investments in the REEIS and CRIS systems will enable greater accountability by providing information on accomplishments, outcomes and impacts in strategic goal 3.

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Partnerships

CSREES works with other agencies, departments, academia, industry, State and local agencies, and various other public service organizations to implement the agency's programs. For example, CSREES provides grants to land grant and other universities to conduct higher education, research, and extension programs, and routinely works to bring multiple agencies with similar missions together for the purpose of developing and disseminating scientific knowledge to protect the Nation's agriculture and food supply.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STRATEGIC OBJECTIVE 4.1: Improve Access to Nutritious Food

STRATEGIC OBJECTIVE 4.2: Promote Healthier Eating Habits and Lifestyles

Strategic Objective and Funding Matrix
(On basis of appropriation)

	FY 2004 Actual		FY 2005 Budget			FY 2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 4.1:							
Research	3,780,000		3,836,000		+6,131,000	9,967,000	
Education	1,240,000		1,458,000		-5,000	1,453,000	
Extension	20,619,000		20,668,000		-947,000	19,721,000	
Total, Strategic Objective 4.1	25,639,000		25,962,000		+5,179,000	31,141,000	
Strategic Objective 4.2:							
Research	11,931,000		12,725,000		-972,000	11,753,000	
Education	3,723,000		4,375,000		-15,000	4,360,000	
Extension	82,345,000		88,427,000		+1,222,000	89,649,000	
Integrated	1,004,000		1,094,000		-1,094000	0	
Total, Strategic Objective 4.2	99,003,000		106,621,000		-859,000	105,762,000	
Total, Available	124,642,000	46	132,583,000	50	+4,320,000	136,903,000	50

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Goal 4

Key Outcome 4.1 Expected Accomplishment: The NRI expects to provide support in the area of Human Nutrition for 35 graduate students and 12 postdoctoral fellows. Funding will continue to provide support for 8-10 Postdoctoral Fellows, and Regional Research Projects will provide support for 65 graduate students.

Key Outcome 4.2 Expected Accomplishment: EFNEP geographic coverage will increase by an additional 30,000 participants.

Means and Strategies

CSREES supports the base programs of State Agricultural Experiment Stations and the Cooperative Extension System at land-grant universities nationwide. As USDA's primary extramural research agency, CSREES provides funds for research at institutions of higher education across the United States. Knowledge generated through this research benefits all Americans.

CSREES helps ensure that a high-quality higher education infrastructure will be available at the Nation's land-grant universities to address national needs, and it uses the infrastructure of scientific expertise from these and other colleges and universities, and also of public and private laboratories, to partner in addressing national priorities.

Means

The Expanded Food and Nutrition Education Program (EFNEP) has a proven record of accomplishment in achieving sustainable behavior change via nutrition education for low income youth and families. Participants have improved nutrition, safer food, better food resource management practices, and a healthier diet. EFNEP youth participants eat a variety of foods, have increased nutrition knowledge, increased ability to select low-cost, nutritious foods, and improved practices in food preparation and safety. EFNEP currently operates in 800 of 3,150 U.S. counties, serving 100,000 families, including 400,000 children, per year.

With increased funding the historically black 1890 Land Grant institutions will acquire resources to implement EFNEP for the first time. Additional funding will provide new opportunities for educators in minority neighborhoods in any State or territory to be trained in the FFNEWS curriculum developed by the 1890 Land Grant institutions. Additional funding will allow all States to enhance EFNEP by increasing the emphasis on appropriate physical activity and enhancing community based support for healthy diets and physical activity patterns.

Research supported with this increase will focus on the critical gap in our knowledge -- understanding the behavioral factors that lead to obesity and how to change them to reduce and prevent obesity. Important behavioral factors include social environment, food access, cultural practices, income, personal decision-making and activity patterns. Understanding the fundamental environmental causes of obesity will lead to both prevention and long-term intervention strategies that promote lifelong healthy eating patterns and physical activity.

The CSREES Workforce Plan reflects recent organizational changes and management improvements, helps the agency effectively forecast needs for recruiting and selecting new personnel, and for retraining or restructuring the current workforce. To continue effective administration of its Federal assistance programs, CSREES will focus on the transition to e-grants, as well as to other e-Government activities, and the impact this will have on employees' needs for training as the agency transforms to an electronic enterprise. This budget will provide resources for CSREES implementation of training and other actions in

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its Workforce Plan and will result in more emphasis on program planning and evaluation, post-award management, and improved relationships with partners and stakeholders through customer service.

Strategies

Past Performance

EFNEP is improving diets of over a half million disadvantaged Americans and helping prevent high blood pressure, heart disease, diabetes, and obesity. While low income people often do not consume enough key nutrients – including protein, iron, calcium, and vitamins A, C, and B6 – data confirm that EFNEP participants nationwide increased their intake of these nutrients by 5 percent to 50 percent. Participants also improved their diets. Of nearly 74,000 surveyed, 87 percent now make healthier food choices, prepare foods without added salt, read nutrition labels, or make sure their children eat breakfast.

Recent studies have linked greater soy intake with lower breast cancer risk for women. One interpretation has attributed this link to higher production of cancer-preventative substances when a woman consumes more soy. Conjugated inoleic acid (CIA) is anti-carcinogenic at far lower dosages than many other anti-carcinogens that occur naturally. Some estimates suggest that normal human intake of CIA from diary products already provides as much as one-third of the degree that is necessary for cancer protection. The ultimate impact of basic research is to improve human dietary patterns that could in turn reduce the risk of disease.

Successes and Shortfalls

CSREES-sponsored research is developing a behavioral-based nutrition intervention program for low-income African-American and Native-American families and communities, and researchers found that energy-dense, nutrient-poor foods supply more than a quarter of the daily energy intake of Americans.

Activities Planned to Meet the Target

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IT investments in the REEIS and CRIS systems will enable greater accountability by providing information on accomplishments, outcomes and impacts in the particular goal.

Partnerships

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CSREES works with other agencies, departments, academia, industry, State and local agencies, and various other public service organizations to implement the agency's programs. For example, CSREES provides grants to land grant and other universities to conduct higher education, research, extension programs, and routinely works to bring multiple agencies with similar missions together for the purpose of developing and disseminating scientific knowledge to improve the Nation's nutrition and health.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STRATEGIC OBJECTIVE 5.1: Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands

STRATEGIC OBJECTIVE 5.2: Improve Management of Private Lands

Strategic Objective and Funding Matrix
(On basis of appropriation)

	FY 2004 Actual		FY 2005 Budget			FY 2006 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 5.1:							
Research	2,649,000		2,771,000		-1,185,000	1,586,000	
Education	829,000		973,000		-4,000	969,000	
Extension	8,932,000		8,963,000		-191,000	8,772,000	
Total, Strategic Objective 5.1	12,410,000		12,707,000		-1,380,000	11,327,000	
Strategic Objective 5.2:							
Research	114,689,000		121,540,000		-41,153,000	80,387,000	
Education	5,376,000		6,320,000		-18,000	6,302,000	
Extension	45,081,000		45,188,000		-2,070,000	43,118,000	
Integrated	16,062,000		17,508,000		-17,508,000	0	
Total, Strategic Objective 5.2	181,408,000		190,556,000		-60,749,000	129,807,000	
Total, Available	193,818,000	71	203,263,000	77	-62,129,000	141,134,000	63

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Selected Accomplishments Expected at the FY 2006 Proposed Resource Level:

Goal 5

Key Outcome 5.1 Expected Accomplishment: RREA and Smith-Lever funds will continue to support Master Tree Farmer and Master Woodland Stewards and supporting activities targeted toward private forest landowners.

Key Outcome 5.2 Expected Accomplishment: Fifteen new Water Supply for Agriculture projects will be competitively funded to focus on water cycle issues.

Means and Strategies

CSREES supports the base programs of State Agricultural Experiment Stations and the Cooperative Extension System at land-grant universities nationwide. As USDA's primary extramural research agency, CSREES provides funds for research at institutions of higher education across the United States. Knowledge generated through this research benefits all Americans.

CSREES helps ensure that a high-quality higher education infrastructure will be available at the Nation's land-grant universities to address national needs, and it uses the infrastructure of scientific expertise from these and other colleges and universities, and also of public and private laboratories, to partner in addressing national priorities.

Means

CSREES efforts to help protect and enhance the Nation's natural resource base and the environment have focused on soil and water quality, conservation, and resource management, resulting in sustainable high yields, adoption of resource protecting technologies and best management practices, and in an overall increase in water supply and quality, reduced erosion, and the sustainable maintenance of soil tilth and fertility.

One of the greatest concerns in modern agriculture, particularly in the Western U.S., is the availability of plentiful, uncontaminated water to support agricultural systems. Competing demands from rapidly growing urban and suburban areas, coupled with an increase in pollution of surface and groundwater aquifers have limited the availability of water resources. The requested funds will support fundamental research and advanced computational modeling of 1) the hydrogeology in agricultural areas and rural communities, 2) fate, transport and regeneration of water in agricultural aquifers, 3) natural attenuation of contaminants and water-borne pathogens on agricultural lands, and 4) the impact of climate change on regional water supplies. The successful outcome of this research is to provide farmers with new tools and approaches for water conservation and management on agricultural lands.

Funding in FY 2006 will support the President's 2003 Climate Change Science Plan (CCSP), which identified the water cycle as a key area for research. CSREES is an active participant in the Interagency Working Group on the Water Cycle, and research will be coordinated with other Federal Agencies. CSREES' special focus will be on the research leading to adequate water supplies for irrigated agriculture. Advances in observing techniques such as satellite and *in situ* sensing, combined with increased computational power and improved numerical models, now offer new opportunities for significant progress.

The CSREES Workforce Plan reflects recent organizational changes and management improvements, helps the agency effectively forecast needs for recruiting and selecting new personnel, and for retraining or restructuring the current workforce. To continue effective administration of its Federal assistance programs, CSREES will focus on the transition to e-grants, as well as to other e-Government activities, and the impact this will have on employees' needs for training as the agency transforms to an electronic enterprise. This budget will provide resources for CSREES implementation of training and other actions in

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its Workforce Plan and will result in more emphasis on program planning and evaluation, post-award management, and improved relationships with partners and stakeholders through customer service.

Strategies

Past Performance

Adoption of water-smart technologies and practices reduced irrigation water use and improved crop yields by 20 to 30 percent.

Subsurface drip irrigation is the next quantum leap in irrigation efficiency because the irrigation water never reaches the soil surface, so there is almost no evaporation loss, compared to 50 percent efficiency for furrow irrigation, 75 percent for sprinkler irrigation, and a maximum of 90 percent for "low-energy precision application" sprinkler irrigation systems.

Successes and Shortfalls

Over 450 research-based subsurface drip irrigation technology transfers were made in the Great Plains. Research has expanded to more advanced studies such as determining the optimum land area for a given amount of irrigation, and utilizing livestock wastewater through subsurface drip irrigation systems.

Activities Planned to Meet the Target

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IT investments in the REEIS and CRIS systems will enable greater accountability by providing information on accomplishments, outcomes and impacts in strategic goal 5.

Partnerships

CSREES works with other agencies, departments, academia, industry, State and local agencies, and various other public service organizations to implement the agency's programs. For example, CSREES provides grants to land grant and other universities to conduct higher education, research, and extension programs, and routinely works to bring multiple agencies with similar missions together for the purpose of developing and disseminating scientific knowledge that protects and enhances the Nation's natural resource base and environment.

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R&D Investment Criteria

CSREES has established a process for assessing the relevance, quality and performance of a series of discrete portfolios of work that are defined by their contribution to strategic objectives under the USDA, REE and CSREES strategic plans. The results of these assessments are used in program planning, management, and budget development. Independent, external, expert panels conduct portfolio assessments on a five-year cycle to determine the extent to which the agency is making progress toward solving targeted national problems. Similar assessments are conducted annually by agency experts. A primary performance measure of the portfolio is the assessment score. An assessment tool, framed by the three investment criteria, is used to review the portfolio's relevance, quality, and performance, and assign a quantitative assessment score. Portfolio reviews are also informed by evaluation studies relevant to the portfolio outcomes and goals. Performance criteria may change over time for established programs, as issues emerge and priorities change.

Six portfolio assessments were completed in FY 2004, and the scores were included in the PART assessment of Strategic Goal 1, Enhance Economic Opportunities for Agricultural Producers. Five more portfolios (Reduce the incidence of food borne illnesses and contaminants; Animal protection; Plant protection, Improve management of forest and range lands; and, Improve management of soil, air, and water to support production of food, forests and fiber) will be assessed in Q2, FY 2005, and the scores will be included in the PART assessments for Strategic Goal 3, Enhance Protection and Safety of the Nation's Agricultural and Food Supply, and Strategic Goal 5, Protect and Enhance the Nation's Natural Resource Base and Environment, in Q3, FY 2005.

CSREES Program Leadership Teams coordinate the development of competitive grant program "Requests for Applications (RFA)." The RFAs explicitly require the proposals to address the three R&D criteria of quality, relevance, and performance and ensure that agency funding efforts are appropriately directed or redirected. The National Research Initiative Program Leadership Team held a review of the FY 2005 process for developing RFAs to ensure inclusion of quality, relevance and performance criteria in all future RFAs and prepared a calendar for RFA issuance.

The FY 2006 Budget exhibits reflect the USDA, REE, and CSREES strategic plans, goals and objectives. Informed by the portfolio assessment process, increases are proposed in programs that will most effectively address relevant national issues and specific problems. As a result of the initial (FY 2004) assessments of portfolios contributing to strategic goal 1; Enhance Economic Opportunities for Agricultural Producers, CSREES is proposing in its FY 2006 budget to increase funding for research on Agricultural Genomics, Nanotechnology for Functional Foods, and Water Supply for Agriculture. Funds to support these initiatives would come from reductions in formula based funding.

The FY 2004 assessments also confirmed the agency's earlier initiative to increase the size and duration of projects. Where applicable, the number of projects or program areas has been reduced to increase program performance by broadening their scope and funding larger projects for longer periods of time. Programs have also been strengthened by modifying their focus to address solutions to specific food and agricultural problems.

CSREES budget decisions are also informed by an annual review of the Research, Education, and Economics (REE) mission area portfolio by the National Agricultural Research, Extension, Education, and Economics (NAREEE) Advisory Board (the Board), REE's advisory committee. As required by statue, the Board conducts the portfolio review with regard to its relevance to priorities and adequacy of funding and considering funding allocation across research programs, as well as needed increases. The recommendations from the Board's spring 2004 review provided valuable input to the REE mission area and agency FY 2006 budget process.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Summary of Budget and Performance
Key Performance Outcomes and Measures

Key outcomes and performance measures under each of the agency's strategic goals as outlined below:

Goal 1: Enhance Economic Opportunities for Agricultural Producers

Key Outcomes:

Agency Objective Number	Key Outcome
1.1	Increased ability to compete in world markets and increased knowledge of market principles, alternatives, techniques, and utilization of sustainable farm operations.
1.2	Expanded international economic development and trade capacity building through (1) partnerships between U.S. and counterpart faculty in developing or transitioning countries to strengthen science applications and (2) technical assistance provided to these countries to support market and agricultural sector development.
1.3	Expanded science-based knowledge and technologies to generate high-quality products and processes by (1) increasing knowledge of bioenergy and biomass conversion, (2) creating new commercially viable and marketable alternative crops, and alternative markets for non-food products from existing crops and (3) establishing new integrated research and extension programs and multi-disciplinary graduate education training programs.
1.4	Increased producers' knowledge of principles and techniques of risk management. Increased efficiency of the agricultural production system by (1) expanding information to model feed utilization for animal species, (2) releasing new or improved varieties of germplasm with enhanced pest or disease resistance, (3) further understanding the biological role of gene sequences in plants, animals, microbes and insects, (4) strengthening Masters degree level courses in the food and agricultural sciences, particularly at minority-serving institutions, (5) increasing the number of minority students participating in the workforce by funding minority-serving projects at Hispanic Serving Institutions, 1890 institutions, 1994 institutions, Alaska Native Serving, Native-Hawaiian Serving institutions, and (6) increasing the number of socially disadvantaged minority farmers and ranchers who are knowledgeable, eligible, and participating in USDA Farm Programs.

Key Performance Measures:

- Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.
- Agricultural Genomics: Increase the understanding of the biological role of gene sequences in important plants, animals, microbes, and insects to develop improved agricultural products by establishing National Research Initiative projects. Note: a portion of the decline in the number of projects is due to the planned increase in project size.

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- Section 2501: Increase the number of socially disadvantaged minority farmers and ranchers who are knowledgeable and able to participate in USDA Farm Programs.
- Agency Efficiency: System Improvement for e-Grants and the Research, Education, and Economics Information System.
- 1890 Extension Program: We expect 25 extension activities to be implemented in FY 2006.
- Evans-Allen Program: We expected to conduct 5 surveys with FY 2006 funding.
- Hispanic-serving Institutions Education Grants Program: Utilizing FY 2006 funding , we expected to award 23 projects.

Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.	N/A	N/A	N/A	80	82	84
Criterion – Agricultural Genomics Increase understanding of the biological role of gene sequences in important plants, animals, microbes, and insects to develop improved agricultural products by establishing National Research Initiative projects. Note: a portion of the decline in the number of projects is due to the planned increase in project size. a. Units (Projects) (*increased award size)	181	189	200	123*	142	156
Criterion - Section 2501 Increase the number of socially disadvantaged minority farmers & ranchers who are knowledgeable and able to participate in USDA Farm Programs. a. Units (grants) (*FY 2002 grants awarded in FY 2003)	N/A	24*	10*	20	30	30

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Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Criterion - Agency Efficiency e-Grants a. Units (System Improvement)	N/A	N/A	N/A	N/A	N/A	1
Research, Education, and Economics Information System b. Units (System Improvement)	N/A	N/A	N/A	N/A	N/A	1
Criterion - 1890 Institutions Extension Program a. Units (Extension Activities)	N/A	N/A	N/A	N/A	N/A	25
Criterion - Evans-Allen Program a. Units (Surveys)	N/A	N/A	N/A	N/A	N/A	5
Criterion - Hispanic-serving Institutions Education Grants Program a. Units (Projects)	23	23	23	23	23	23

Goal 2: Support Increased Economic Opportunities and Improved Quality of Life in Rural America

Key Outcomes:

Agency Objective Number	Key Outcome
2.1	Expanded economic opportunities in rural America and increased knowledge pertaining to economic diversification, community planning, service infrastructure, local government, youth/adult workforce planning, and civic engagement through innovative integrated research and extension projects targeted to regional business, economic and business development.
2.2	Increased knowledge among county-based staff to enable them to provide advice pertaining to economic and business development planning; the legal basis for land use; multi-modal transportation; downtown revitalization; farmland and open space preservation strategies; and local government finances.
2.3	Electronic Deployment of science-based extension information and education.

Key Performance Measures:

- Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.
- e-Extension: Support creative and innovative approaches to complement, enhance and accelerate the e-Extension network that is currently under development.

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Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.	N/A	N/A	N/A	N/A	N/A	80
Criterion – e-Extension Support creative and innovative approaches to complement, enhance and accelerate the e-Extension network that is currently under development. a. Units (Grants)	N/A	N/A	N/A	N/A	N/A	10

Goal 3: Enhance Protection and Safety of the Nation's Agriculture and Food Supply

Key Outcomes:

Agency Objective Number	Key Outcome
3.1	Reduced incidence of food borne illnesses and contaminants through increased knowledge via integrated research and extension projects in the following areas: food safety, including on-farm production, post-harvest processing and distribution, food selection, preparation and consumption.
3.2	Expanded science-based information and technologies and reduced number and severity of agricultural pest and disease outbreaks through (1) connection and data exchange among National Plant and Animal Disease Diagnostic Networks, (2) increased resource efficiency and decreased economic risk regarding the adoption of sustainable pest management tactics, (3) developed capacity to minimize or mitigate occupational and non-occupational human health risks associated with pest management, and (4) increased capacity in minimizing or mitigating environmental risk associated with pest management.

Key Performance Measures:

- Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national

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problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.

- Food Safety - Emerging issues and food and agricultural defense: We expect approximately 25 projects will be awarded in FY 2006.
- Nanotechnology for functional foods and food safety: Our target is to award 16 projects in FY 2006.

Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.	N/A	N/A	N/A	N/A	80	82
Criterion – Food Safety Emerging issues and food and agricultural defense. a. Units (Projects)	N/A	N/A	N/A	N/A	15	25
Criterion – Nanotechnology for functional foods and food safety. a. Units (Projects)	N/A	N/A	N/A	N/A	N/A	16
Criterion – Smith Lever 3(b)&(c) a. Units (Extension Activities)	N/A	N/A	N/A	N/A	N/A	50

Goal 4: Improve the Nation's Nutrition and Health

Key Outcomes:

Agency Objective Number	Key Outcome
4.1	Increased understanding of the relationship between diet, nutrition, and health.
4.2	Reduced proportion of adult participants age 20 years and older who are obese, and of participant children and adolescents who are obese and overweight by increasing

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	healthier food choices and lifestyles.

Key Performance Measures:

- Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.
- Nutrition and Obesity: Research and evaluation of methods to prevent childhood obesity.
- Expanded Food and Nutrition Education Program: Dietary change.

Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.	N/A	N/A	N/A	N/A	N/A	80
Criterion – Nutrition and Obesity Research and evaluation of methods to prevent childhood obesity. a. Units (Projects)	N/A	N/A	8	8	20	35
Criterion – Expanded Food and Nutrition Education Program Dietary change. a. Units (Participants, in thousands)	611	569	540	567	595	625

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Goal 5: Protect and Enhance the Nation's Natural Resource Base and Environment

Key Outcomes:

Agency Objective Number	Key Outcome
5.1	Improved management of forest and range lands with expanded science-based knowledge and education.
5.2	Improved management of resources including soil, air, and water through increased knowledge of agriculture, forest and range production practices that affect the quality of resources; and advanced and disseminated knowledge base for agricultural and rural communities that describes the quantity and quality of resources via integrated projects.

Key Performance Measures:

- Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.
- Water Cycle: Water supply for agriculture

Key Performance Targets:

Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Target	2006 Target
Primary Performance Measure: Portfolio Review Score. Portfolios of projects are assessed by experts on an annual and 5-year basis to determine progress toward solving targeted national problems reflected in the Agency and Department goals. An assessment tool is used to review portfolio relevance, quality, and performance, assigning an overall quantitative score (from 1-100) to its performance reflecting whether it exceeds expectations, meets expectations, or needs improvement. Experts' recommendations for improvement then form the basis for achieving improved scores.	N/A	N/A	N/A	N/A	80	82
Criterion – Water Cycle Water supply for agriculture. a. Units (Projects)	N/A	N/A	N/A	N/A	N/A	15

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 1.1: Expand International Marketing Opportunities

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$6,463	$6,744	$4,986
	Administrative (Direct Costs)	171	179	132
	Indirect Costs	98	102	76
	Total Costs	6,732	7,025	5,194
	FTE's	3	3	2
Education	Program	1,587	1,866	1,859
	Administrative (Direct Costs)	42	50	50
	Indirect Costs	24	28	28
	Total Costs	1,653	1,944	1,937
	FTE's	1	1	1
Extension	Program	13,755	13,788	13,156
	Administrative (Direct Costs)	367	367	351
	Indirect Costs	206	207	197
	Total Costs	14,328	14,362	13,704
	FTE's	5	5	6
Integrated	Program	948	1,050	0
	Administrative (Direct Costs)	25	28	0
	Indirect Costs	14	16	0
	Total Costs	987	1,094	0
	FTE's	0	0	0
	Total Costs for Objective 1.1 (program, direct, indirect)	23,700	24,425	20,835
	FTE's	9	9	9

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 1.2: Support International Economic Development and Trade Capacity Building

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$4,716	$4,872	$2,892
	Administrative (Direct Costs)	125	129	76
	Indirect Costs	72	74	45
	Total Costs	4,913	5,075	3,013
	FTE's	2	3	2
Education	Program	396	468	466
	Administrative (Direct Costs)	11	12	12
	Indirect Costs	6	7	7
	Total Costs	413	487	485
	FTE's	0	0	0
Integrated	Program	0	0	960
	Administrative (Direct Costs)	0	0	26
	Indirect Costs	0	0	14
	Total Costs	0	0	1,000
	FTE's	0	0	0
	Total Costs for Objective 1.2 (program, direct, indirect)	5,326	5,562	4,498
	FTE's	2	3	2

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 1.3: Develop Alternative Markets for Agricultural Products and Activities

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$39,081	$40,822	$27,338
	Administrative (Direct Costs)	1,041	1,088	728
	Indirect Costs	587	613	411
	Total Costs	40,709	42,523	28,477
	FTE's	15	17	12
Education	Program	2,779	3,266	3,254
	Administrative (Direct Costs)	74	87	87
	Indirect Costs	42	49	49
	Total Costs	2,895	3,402	3,390
	FTE's	1	1	2
Extension	Program	25,295	25,092	23,855
	Administrative (Direct Costs)	675	669	636
	Indirect Costs	379	376	358
	Total Costs	26,349	26,137	24,849
	FTE's	10	10	11
Integrated	Program	589	631	0
	Administrative (Direct Costs)	16	17	0
	Indirect Costs	9	9	0
	Total Costs	614	657	0
	FTE's	0	0	0
Mandatory (Organic)	Program	2,880	2,880	2,880
	Administrative (Direct Costs)	77	77	77
	Indirect Costs	43	43	43
	Total Costs	3,000	3,000	3,000
	FTE's	1	1	1
	Total Costs for Objective 1.3 (program, direct, indirect)	73,567	75,719	59,716
	FTE's	27	29	26

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 1.4: Provide Risk Management and Financial Tools to Farmers and Ranchers

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$174,039	$182,161	$238,160
	Administrative (Direct Costs)	4,641	4,857	6,350
	Indirect Costs	2,611	2,733	3,573
	Total Costs	181,291	189,751	248,083
	FTE's	67	73	109
Education	Program	11,120	13,067	14,418
	Administrative (Direct Costs)	296	348	385
	Indirect Costs	167	196	216
	Total Costs	11,583	13,611	15,019
	FTE's	4	6	6
Extension	Program	70,897	70,714	64,858
	Administrative (Direct Costs)	1,891	1,885	1,729
	Indirect Costs	1,063	1,061	973
	Total Costs	73,851	73,660	67,560
	FTE's	26	28	30
Integrated	Program	6,655	7,248	0
	Administrative (Direct Costs)	177	193	0
	Indirect Costs	100	109	0
	Total Costs	6,932	7,550	0
	FTE's	3	3	0
Section 2501	Program	5,698	5,652	5,698
	Administrative (Direct Costs)	152	151	152
	Indirect Costs	85	85	85
	Total Costs	5,935	5,888	5,935
	FTE's	3	2	3
	Total Costs for Objective 1.4 (program, direct, indirect)	279,592	290,460	336,597
	FTE's	103	112	148

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 2.1 Expand Economic Opportunities Through USDA Financing of Businesses

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$1,423	$1,464	$828
	Administrative (Direct Costs)	37	38	21
	Indirect Costs	22	23	14
	Total Costs	1,482	1,525	863
	FTE's	1	1	1
Education	Program	2,384	2,800	2,790
	Administrative (Direct Costs)	63	75	74
	Indirect Costs	36	42	42
	Total Costs	2,483	2,917	2,906
	FTE's	1	1	1
Extension	Program	52,000	52,124	49,736
	Administrative (Direct Costs)	1,387	1,390	1,326
	Indirect Costs	780	782	746
	Total Costs	54,167	54,296	51,808
	FTE's	19	21	23
	Total Costs for Objective 2.1 (program, direct, indirect)	58,132	58,738	55,577
	FTE's	21	23	25

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 2.2 Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$16,895	$17,324	$10,444
	Administrative (Direct Costs)	450	461	277
	Indirect Costs	254	261	158
	Total Costs	17,599	18,046	10,879
	FTE's	6	7	5
Education	Program	4,366	5,132	5,114
	Administrative (Direct Costs)	116	137	136
	Indirect Costs	66	77	77
	Total Costs	4,548	5,346	5,327
	FTE's	2	2	2
Extension	Program	76,250	76,311	74,868
	Administrative (Direct Costs)	2,033	2,035	1,996
	Indirect Costs	1,144	1,145	1,123
	Total Costs	79,427	79,491	77,987
	FTE's	28	30	34
Integrated	Program	2,892	3,152	1,452
	Administrative (Direct Costs)	77	84	39
	Indirect Costs	43	47	22
	Total Costs	3,012	3,283	1,513
	FTE's	1	1	1
	Total Costs for Objective 2.2 (program, direct, indirect)	104,586	106,166	95,706
	FTE's	37	40	42

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 3.1 Reduce the incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$17,068	$18,194	$27,926
	Administrative (Direct Costs)	454	484	744
	Indirect Costs	257	274	420
	Total Costs	17,779	18,952	29,090
	FTE's	6	7	13
Education	Program	1,986	2,336	2,327
	Administrative (Direct Costs)	53	62	62
	Indirect Costs	30	35	35
	Total Costs	2,069	2,433	2,424
	FTE's	1	1	1
Extension	Program	19,459	19,503	18,611
	Administrative (Direct Costs)	519	520	496
	Indirect Costs	292	293	279
	Total Costs	20,270	20,316	19,386
	FTE's	8	8	8
Integrated	Program	17,494	19,066	0
	Administrative (Direct Costs)	467	508	0
	Indirect Costs	262	286	0
	Total Costs	18,223	19,860	0
	FTE's	7	8	0
	Total Costs for Objective 3.1 (program, direct, indirect)	58,341	61,561	50,900
	FTE's	22	24	22

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 3.2 Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$176,200	$189,312	$72,785
	Administrative (Direct Costs)	4,698	5,047	1,940
	Indirect Costs	2,644	2,841	1,093
	Total Costs	183,542	197,200	75,818
	FTE's	69	75	31
Education	Program	4,367	5,131	9,913
	Administrative (Direct Costs)	116	137	264
	Indirect Costs	66	77	149
	Total Costs	4,549	5,345	10,326
	FTE's	2	2	5
Extension	Program	13,206	13,558	14,581
	Administrative (Direct Costs)	352	362	389
	Indirect Costs	198	203	219
	Total Costs	13,756	14,123	15,189
	FTE's	5	5	6
Integrated	Program	3,227	3,519	31,200
	Administrative (Direct Costs)	86	94	832
	Indirect Costs	48	53	468
	Total Costs	3,361	3,666	32,500
	FTE's	2	2	13
	Total Costs for Objective 3.2 (program, direct, indirect)	205,208	220,334	133,833
	FTE's	78	84	55

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 4.1 Improve Access to Nutritious Food

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$3,629	$3,683	$9,568
	Administrative (Direct Costs)	96	97	254
	Indirect Costs	55	56	145
	Total Costs	3,780	3,836	9,967
	FTE's	1	1	4
Education	Program	1,190	1,400	1,395
	Administrative (Direct Costs)	32	37	37
	Indirect Costs	18	21	21
	Total Costs	1,240	1,458	1,453
	FTE's	1	1	1
Extension	Program	19,794	19,841	18,932
	Administrative (Direct Costs)	528	529	505
	Indirect Costs	297	298	284
	Total Costs	20,619	20,668	19,721
	FTE's	8	8	9
	Total Costs for Objective 4.1 (program, direct, indirect)	25,639	25,962	31,141
	FTE's	10	10	14

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 4.2 Promote Healthier Eating Habits and Lifestyles

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$11,454	$12,216	$11,283
	Administrative (Direct Costs)	304	325	300
	Indirect Costs	173	184	170
	Total Costs	11,931	12,725	11,753
	FTE's	4	5	5
Education	Program	3,574	4,200	4,186
	Administrative (Direct Costs)	95	112	111
	Indirect Costs	54	63	63
	Total Costs	3,723	4,375	4,360
	FTE's	1	2	2
Extension	Program	79,051	84,890	86,063
	Administrative (Direct Costs)	2,108	2,264	2,295
	Indirect Costs	1,186	1,273	1,291
	Total Costs	82,345	88,427	89,649
	FTE's	30	32	38
Integrated	Program	963	1,050	0
	Administrative (Direct Costs)	26	28	0
	Indirect Costs	15	16	0
	Total Costs	1,004	1,094	0
	FTE's	1	1	0
	Total Costs for Objective 4.2 (program, direct, indirect)	99,003	106,621	105,762
	FTE's	36	40	45

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 5.1 Implement the President's Healthy Forest Initiative and Other Actions to Improve Management of Public Lands

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$2,543	$2,660	$1,523
	Administrative (Direct Costs)	67	70	39
	Indirect Costs	39	41	24
	Total Costs	2,649	2,771	1,586
	FTE's	1	1	1
Education	Program	796	934	930
	Administrative (Direct Costs)	21	25	25
	Indirect Costs	12	14	14
	Total Costs	829	973	969
	FTE's	0	0	0
Extension	Program	8,575	8,604	8,421
	Administrative (Direct Costs)	228	230	225
	Indirect Costs	129	129	126
	Total Costs	8,932	8,963	8,772
	FTE's	3	4	4
	Total Costs by Objective 5.1 (program, direct, indirect)	12,410	12,707	11,327
	FTE's	4	5	5

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SUMMARY OF BUDGET AND PERFORMANCE
FULL COST BY STRATEGIC OBJECTIVE

Strategic Objective 5.2 Improve Management of Private Lands

Program	Program Items	2004 Amount ($000)	2005 Amount ($000)	2006 Amount ($000)
Research	Program	$110,293	$116,678	$77,172
	Administrative (Direct Costs)	2,940	3,111	2,057
	Indirect Costs	1,656	1,751	1,158
	Total Costs	114,889	121,540	80,387
	FTE's	42	46	36
Education	Program	5,161	6,067	6,050
	Administrative (Direct Costs)	138	162	161
	Indirect Costs	77	91	91
	Total Costs	5,376	6,320	6,302
	FTE's	2	2	3
Extension	Program	43,278	43,380	41,393
	Administrative (Direct Costs)	1,154	1,157	1,104
	Indirect Costs	649	651	621
	Total Costs	45,081	45,188	43,118
	FTE's	17	17	19
Integrated	Program	15,420	16,808	0
	Administrative (Direct Costs)	411	446	0
	Indirect Costs	231	252	0
	Total Costs	16,062	17,508	0
	FTE's	6	7	0
	Total Costs for Objective 5.2 (program, direct, indirect)	181,408	190,556	129,807
	FTE's	67	72	58

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Research and Education Activities

For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, [$660,781,000] $545,500,000, as follows: to carry out the provisions of the Hatch Act of 1887 (7 U.S.C. 361a-i), [$180,148,000] $89,354,000; for grants for cooperative forestry research (16 U.S.C. 582a through a-7), [$22,384,000] $11,103,000; for payments to the 1890 land-grant colleges, including Tuskegee University and West Virginia State University (7 U.S.C. 3222), [$37,000,000] $38,250,000 of which $1,507,496 shall be made available only for the purpose of ensuring that each institution shall receive no less than $1,000,000; for special grants for agricultural research (7 U.S.C. 450i(c)), [$121,284,000] $3,341,000; for special grants for agricultural research on improved pest control (7 U.S.C.450i (c)),

1 [$15,280,000] $15,006,000; for research grants for the state agricultural experiment stations competively awarded (7 U.S.C. 450i(c)(1)(A)), $75,000,000; for competitive research grants (7 U.S.C. 450i(b)),

2,3 [$181,000,000; for the support of animal health and disease programs (7 U.S.C. 3195), $5,098,000; for supplemental and alternative crops and products (7 U.S.C. 3319d), $1,196,000; for grants for research pursuant to the Critical Agricultural Materials Act (7 U.S.C. 178 et seq.), $1,111,000, to remain available until expended;] $250,000,000, to remain available until expended; for the 1994 research grants program for 1994 institutions pursuant to section 536 of Public Law 103-382 (7 U.S.C. 301 note), [$1,087,000]

4 $998,000, to remain available until expended; [for rangeland research grants (7 U.S.C. 3333), $1,000,000;] for higher education graduate fellowship grants (7 U.S.C. 3152(b)(6)), [$3,000,000] $4,500,000, to remain available until expended (7 U.S.C. 2209b); for higher education challenge grants (7 U.S.C. 3152(b)(1)), $5,500,000; for a higher education multicultural scholars program (7 U.S.C. 3152(b)(5)), $998,000, to 5 remain available until expended (7 U.S.C. 2209b); for a higher education agrosecurity education program (7 U.S.C. 3351), $5,000,000, to remain available until expended; for an education grants program for Hispanic-serving Institutions (7 U.S.C. 3241), $5,645,000; for noncompetitive grants for the purpose of carrying out all provisions of 7 U.S.C. 3242 (section 759 of Public Law 106-78) to individual eligible

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institutions or consortia of eligible institutions in Alaska and in Hawaii, with funds awarded equally to each of the States of Alaska and Hawaii, [$3,500,000] $2,997,000; for a secondary agriculture education program and 2-year post-secondary education (7 U.S.C. 3152(j)), $1,000,000; for aquaculture grants (7 U.S.C. 3322), [$4,000,000] $3,996,000; for sustainable agriculture research and education (7 U.S.C. 5811), [$12,500,000] $9,230,000; for a program of capacity building grants (7 U.S.C. 3152(b)(4)) to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University and West Virginia State University, [$12,411,000] $12,500,000, to remain available until expended (7 U.S.C. 2209b);

for payments to the 1994 Institutions pursuant to section 534(a)(1) of Public Law 103-382, $2,250,000; [for resident instruction grants for insular areas under section 1491 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363), $500,000] and for necessary expenses of Research and Education Activities, [$42,889,000] $8,832,000, of which $2,750,000 for the Research, Education, and Economics Information System and $2,173,000 for the Electronic Grants Information System, are to remain available until expended.

None of the funds appropriated under this heading shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products: Provided, That this paragraph shall not apply to research on the medical, biotechnological, food, and industrial uses of tobacco. (7 U.S.C. 301 note, 321-26, 328, 361a-i, 450i(b)-(c), 2209b, 3152(b)(1) and (4)-(6), 3152(j), 3195, 3222, 3241, 3322, 3351, 5811, 16 U.S.C. 582-a7; Agriculture, Rural Development Food and Drug Administration, and Related Agencies Appropriations Act, 2005.)

The first change adds language for new research grants for State agricultural experiments stations competitively awarded (7 U.S.C. 450i(c)(1)(A)).

The second change moves the authority for the National Research Initiative to be available until expended from Section 704 of the General Provisions to appropriation language for Research and Education Activities.

The third change deletes language for Animal Health and Disease programs (7 U.S.C. 3195), the Supplemental and Alternative Crops and Products Program (7 U.S.C. 3319d), and the Critical Agricultural Materials Act (7 U.S.C. 178 et seq.).

The fourth change deletes language for the Rangeland Research Grants Program (7 U.S.C. 3333).

The fifth change adds the authority for the higher education agrosecurity education program (7 U.S.C. 3351).

The sixth change deletes language for resident instruction grants for insular areas (7 U.S.C. 3363).

The seventh change moves the authority for the Research, Education, and Economics Information System to be available until expended from Section 704 of the General Provisions to appropriation language for Research and Education activities and allows funds for the Electronic Grants Information System to be available until expended.

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NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

For the Native American Institutions Endowment Fund authorized by Public Law 103-382 (7 U.S.C. 301 note) $12,000,000, to remain available until expended. (Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2005.)

This first change moves the authority for funds for the Native American Endowment Fund to be available until expended from Section 704 of the General Provisions to appropriation language.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Lead-Off Tabular Statement

RESEARCH AND EDUCATION ACTIVITIES

Appropriations Act, 2005		$674,962,000 a/ b/
Budget Estimate, 2006		560,008,000 b/
Decrease in Appropriation		-114,954,000
Adjustments in 2005:		
Appropriations Act, 2005	674,962,000	
Rescission under P.L. 108-447	-5,382,000 c/	
Adjusted base for 2005		669,580,000
Budget Estimate, 2006		560,008,000
Decrease from adjusted 2005		-109,572,000

a/ Does not include $120,000 transferred to CSREES, of which $64,000 is transferred to this account. The request for Congressional Relations activities is being reflected under the Office of the Assistant Secretary for Congressional Relations.

b/ Totals include an estimate for the interest earned on the Native American Endowment Fund. That amount is $2,181,000 in Fiscal Year 2005 and $2,508,000 in Fiscal Year 2006.

c/ This amount is rescinded pursuant to Section 122 (a) of Title I, Division J, of P.L. 108-447.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2005 Estimated	Pay Costs	Program Changes	2006 Estimated
Research and Education Activities:				
Payments under the Hatch Act	$178,707,000	- -	-$89,353,000	$89,354,000
Cooperative Forestry Program	22,205,000	- -	-11,102,000	11,103,000
Payments to 1890 Colleges and Tuskegee University	36,704,000	- -	1,546,000	38,250,000
Special Research Grants	120,313,000	- -	-116,972,000	3,341,000
Improved Pest Control	15,158,000	- -	-152,000	15,006,000
Regional, State and Local Competitive Grants	- -	- -	+75,000,000	75,000,000
Aquaculture Centers Sec. 1475	3,968,000	- -	+28,000	3,996,000
Sustainable Agriculture Program	12,400,000	- -	-3,170,000	9,230,000
1994 Competitive Research Grants	1,078,000	- -	-80,000	998,000
National Research Initiative	179,552,000	- -	+70,448,000	250,000,000
Animal Health & Diseases Sec. 1443	5,057,000	- -	-5,057,000	- -
Supplemental & Alternative Crops	1,187,000	- -	-1,187,000	- -
Critical Agricultural Materials	1,102,000	- -	-1,102,000	- -
Joe Skeen Inst. for Rangeland Restoration	992,000	- -	-992,000	- -
Federal Administration (Direct Appropriation)	42,546,000	+$468,000	-34,182,000	8,832,000
Higher Education Programs	34,526,000	- -	+5,864,000	40,390,000
Subtotal	655,495,000	468,000	-110,463,000	545,500,000
Native American Institutions Endowment Funds/Interest	14,085,000	- -	+423,000	14,508,000
Total Available, Research And Extension Activities	669,580,000	468,000	-110,040,000	560,008,000

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION

Project Statement
(On basis of appropriation)

Project	2004 Actual Amount	2004 Actual Staff Years	2005 Estimated Amount	2005 Estimated Staff Years	Increase or Decrease	2006 Estimated Amount	2006 Estimated Staff Years
Research & Education Activities:							
Hatch Act	$179,085,127		$178,707,000		-$9,353,000	$89,354,000	
Cooperative Forestry Research Program	21,754,884		22,205,060		-11,102,000	11,103,060	
Payments to 1890 Colleges and Tuskegee University	35,787,680		36,704,000		+1,546,000	38,250,000	
Animal Health and Disease Research, Section 1433	4,532,102		5,057,000		-5,057,000	--	
Regional, State, and Local Competitive Grants	--		--		+75,000,000	75,000,000	
Special Research Grants							
Earmarks	107,904,584		117,495,000		-117,495,000	--	
Other Special Research Grants							
Global Change, UV-Monitoring	2,000,129		1,984,000		+516,000	2,500,000	
Minor Use Animal Drugs	525,879		583,000		+5,000	588,000	
Nat'l Biological Impact Assessment	224,667		251,000		+2,000	253,000	
Total Special Research Grants	110,655,259		120,313,000		-116,972,000	3,341,000	
Improved Pest Control							
Expert IPM Decision Supp. System	158,062		157,000		+20,000	177,000	
Integrated Pest Management	2,438,527		2,420,000		+305,000	2,725,000	
Minor Crop Pest Mgmt, IR-4	9,549,325		11,145,000		-660,000	10,485,000	
Pest Management Alternatives	1,448,464		1,436,000		+183,000	1,619,000	
Total Improved Pest Control	13,594,318		15,158,000		-152,000	15,006,000	
Critical Agricultural Materials Act of 1984	1,111,484		1,102,000		-1,102,000	--	
Aquaculture Centers, Section 1475	4,000,258		3,968,000		+28,000	3,996,000	
Sustainable Agriculture	12,222,460		12,400,000		-3,170,000	9,230,000	
1994 Research Program	1,086,551		1,078,000		-80,000	998,000	
Supplemental and Alternative Crops, Section 1473D	1,062,693		1,187,000		-1,187,000	--	
National Research Initiative (NRI)	164,026,580		179,552,000		+70,448,000	250,000,000	
Jornada Experimental Range	894,690		992,000		-992,000	--	

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Project	2004 Actual Amount	2004 Actual Staff Years	2005 Estimated Amount	2005 Estimated Staff Years	Increase or Decrease	2006 Estimated Amount	2006 Estimated Staff Years
Federal Administration (direct approp.)							
RREIS	2,444,492		2,424,000		+326,000	2,750,000	
Pay Cost	2,272,511		2,644,000		+468,000	3,112,000	
Partial Funding for Office of Extramural Programs	400,622		398,000		+50,000	448,000	
Partial Funding for Peer Panels	312,147		310,000		+39,000	349,000	
Compliance with PL 106-107 and Govt Paperwork Elimination Act	1,944,460		1,928,000		+245,000	2,173,000	
Other	29,173,853		34,842,000		-34,842,000	--	
Total Federal Administration	36,548,085		42,546,000		-33,714,000	8,832,000	
Higher Education Grants	31,418,533		34,526,000		+5,864,000	40,390,000	
Tribal College Endowment Fund:							
Endowment Fund	8,946,500		11,904,000		+96,000	12,000,000	
Interest Earned	1,929,849		2,181,000		+327,000	2,508,000	
Total Endowment Fund	10,876,749		14,085,000		+423,000	14,508,000	
Total Available or Estimate	638,647,212	211	669,590,000	225	-109,672,000	560,000,000	229
Interest Earned	-1,929,849		-2,181,000				
Rescission	3,719,637		5,382,000				
Total Appropriation	630,447,000	211	672,791,000	225			

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION

Project Statement
(On basis of Available Funds)

(Includes Carryover Balances)

Project	2004 Actual		2005 Estimated		Increase or Decrease	2006 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Research & Education Activities:							
Hatch Act	$179,845,127		$178,707,000		-89,353,000	$89,354,000	
Cooperative Forestry Research Program	21,754,884		22,265,000		-11,102,000	11,163,000	
Payments to 1890 Colleges and Tuskegee University	35,787,600		36,704,000		+1,546,000	38,250,000	
Animal Health and Disease Research, Section 1433	4,532,101		5,057,000		-5,057,000	--	
Regional, State, and Local Competitive Grants	--		--		+75,000,000	75,000,000	
Special Research Grants							
Earmarks	107,994,583		117,495,000		-117,495,000	--	
Other Special Research Grants							
Global Change, UV-Monitoring	2,000,129		1,984,000		+516,000	2,500,000	
Minor Use Animal Drugs	525,879		583,000		+5,000	588,000	
Nat'l Biological Impact Assessment	224,667		251,000		+2,000	253,000	
Total Special Research Grants	110,655,258		120,313,000		-116,972,000	3,341,000	
Improved Pest Control							
Expert IPM Decision Supp. System	158,862		157,000		+20,000	177,000	
Integrated Pest Management	2,438,527		2,420,000		+305,000	2,725,000	
Minor Crop Pest Mgmt, IR-4	9,549,325		11,145,000		-660,000	10,485,000	
Pest Management Alternatives	1,448,484		1,436,000		+183,000	1,619,000	
Total Improved Pest Control	13,594,318		15,158,000		-152,000	15,006,000	
Critical Agricultural Materials Act of 1984	1,111,484		1,102,000		-1,102,000	--	
Aquaculture Centers, Section 1475	4,000,258		3,968,000		+28,000	3,996,000	
Sustainable Agriculture	12,222,460		12,400,000		-3,170,000	9,230,000	
1994 Research Program	1,086,551		1,078,000		-80,000	998,000	
Supplemental and Alternative Crops, Section 1473D	1,062,693		1,187,000		-1,187,000	--	
National Research Initiative (NRI)	142,292,775		179,552,000		+70,448,000	250,000,000	
Carryover	--		101,132,000		-101,132,000	--	
Jornada Experimental Range	894,690		992,000		-992,000	--	

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Project	2004 Actual Amount	2004 Actual Staff Years	2005 Estimated Amount	2005 Estimated Staff Years	Increase or Decrease	2006 Estimated Amount	2006 Estimated Staff Years
Federal Administration (direct approp.)							
REESS	2,444,492		2,424,000		+326,000	2,750,000	
Pay Cost	2,272,511		2,644,000		+468,000	3,112,000	
Partial Funding for Office of Extramural Programs	400,622		398,000		+50,000	448,000	
Partial Funding for Peer Panels	312,147		310,000		+39,000	349,000	
Compliance with PL 106-107 and Govt Paperwork Elimination Act	1,944,469		1,928,000		+245,000	2,173,000	
Other	29,173,853		+34,842,000		-34,842,000	--	
Total Federal Administration	36,548,885		43,546,000		-33,714,000	8,832,000	
Higher Education Grants	27,774,476		34,536,000		+5,864,000	40,390,000	
Carryover	--		6,956,000		-6,956,000	--	
Tribal College Endowment Fund:							
Endowment Fund	8,946,900		11,964,000		+96,000	12,060,000	
Interest Earned	1,929,849		2,181,000		+327,000	2,508,000	
Total Endowment Fund	10,876,749		14,085,000		+423,000	14,508,000	
Total obligations estimate	683,239,430	211	777,668,000	225	-317,668,000	568,000,000	229
Unobligated Balance:							
Available, start of year	-52,710,139		-108,000,000		+108,000,000	--	
Lapsing	40,002		--		--	--	
Available, end of year	108,067,919						
Total Available or Estimate	628,667,213	211	669,500,000	225	-109,572,000	568,000,000	229
Interest Earned	-1,929,849		-2,181,000				
Rescission	+3,719,637		+5,382,000				
Total Appropriation	630,667,000	211	672,781,000	225			

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Justifications of Increases and Decreases

Research and Education Activities

(1) A decrease of $89,353,000 for the Hatch Act ($178,707,000 available in FY 2005) as follows:

This is the first phase of a plan to shift funding for this program to competitively awarded grants. The State Agricultural Experiment Stations will be eligible to apply for the Regional, State, and Local Grants Program proposed in the FY 2006 President's Budget. This competitively awarded grants program will support systemwide research planning and coordination, and regional, State and local research in the areas of new products/new uses, social sciences, and the environment including ecosystem management. This new program will replace many of the multistate efforts currently supported by the Hatch Act.

(2) A decrease of $11,102,000 for McIntire-Stennis Cooperative Forestry ($22,205,000 available in FY 2005) as follows:

This is the first phase of a plan to shift funding for this program to competitively awarded grants. The State Agricultural Experiment Stations will be eligible to apply for a new competitively awarded grants program to support systemwide research planning and coordination, and for regional, State and local research in the areas of new products/new uses, social sciences, and the environment including ecosystem management.

(3) An increase of $1,546,000 for the Evans-Allen Program ($36,704,000 available in FY 2005) as follows:

Agricultural pest and disease outbreaks and the ability to develop and deliver science-based information and technologies to reduce their number and severity will be major foci of new work under the Evans-Allen Program. Evans-Allen provides formula-based funding that links science and technology development directly to emerging needs and interests. The program's discretionary resources foster regional and national joint planning, and encourage multi-state planning and program implementation. These funds, along with matching funds from states, assure responsiveness to emerging issues, such as sorghum ergot, potato late blight, Russian wheat aphid and wheat scab by building and maintaining a national cadre of expert scientists and extension educators. In addition, funding supports the training of future scientists and educators.

Increased funding will support the operation of laboratories and provide security against potential intrusions into the facilities. Without additional funding, the scientific research on emerging agricultural pest and disease problems conducted by the 1890 Land Grant institutions will increasingly lag behind national and targeted needs, and will result in diminished service to their disadvantaged agricultural clientele. Increased funding will enhance the 1890 Land Grant institutions' ability to identify, verify and mitigate agricultural pests and diseases to increase the competitiveness and profitability of farmers primarily served by the 1890 institutions.

The Department's funding supports the President's goals as stated in Executive Order 13256, "to strengthen the capacity of historically black colleges and universities to provide the highest quality education, and to increase opportunities for these institutions to participate in and benefit from Federal programs, as do other colleges and universities."

The primary performance measure will be a review score of the portfolio to which Evans-Allen Program contributes. Portfolios that address Agency and Departmental national goals (comprised of contributing Agency programs) are subject to rigorous assessment by experts on an annual and periodic (5-year) basis to determine the extent to which they are making progress toward solving targeted national problems. A recently implemented assessment tool will be used to review the portfolio's relevance, quality, and performance, assigning a quantitative score to its performance. Using recommendations from these expert reviewers, National Program Leaders will work to improve portfolio performance. Such portfolio reviews will be informed by performance criteria and evaluation studies relevant to the portfolio mission.

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Performance criteria to be considered in the portfolio review, of which the Evans-Allen Program is a part, include data on the operation and security of laboratories, and the supported research efforts leading to various beneficial advances in pest and disease control which will be reported annually. Utilizing FY 2006 funding, we expect to conduct at least 5 surveys to determine the extent to which the laboratories meet the operation and security requirements.

(4) A total increase of $70,448,000 for the National Research Initiative ($179,552,000 total available in the FY 2005) activities as follows:

Competitive funding, in which awards are made based on an objective peer-review process, is the most flexible and effective way of achieving high quality results that respond to critical program needs. Therefore, the FY 2006 budget proposes to increase funding for the NRI by $70.4 million, to $250 million. Although this is only half of the authorized level, it is a strong statement of the importance that the Administration places on these grants. The budget also addresses concerns that current limits on indirect costs make USDA less able to attract high quality proposals, by proposing to eliminate those ceilings and put USDA on an equal footing with other Federal agencies. The additional funding would be allocated as follows:

AGRICULTURAL GENOMICS (MAIZE AND SWINE GENOME PROJECTS): An increase of $11,000,000 is proposed in FY 2006. The requested funds would support sequencing, annotation, bioinformatics and functional genomics of two key species of agricultural relevance: maize and swine.

The Maize Genome Project will be conducted in partnership with the National Science Foundation and U.S. Department of Energy, and the program falls under the auspices of the National Plant Genome Initiative. A comprehensive sequence resource will be developed for the maize genome that would provide the scientific community with accurate and detailed information in a timely and cost-effective manner. This information will include complete sequence and structure of maize genes and the full integration of sequence with genetic and physical maps. Bioinformatic tools will be developed and implemented to annotate the genome to identify gene function and to compare the genome with other sequenced organisms. CSREES' unique role will be to translate the information gained from the genome sequence to improve breeding strategies, increase disease resistance, and enhance yield and nutritive value.

The Interagency Working Group on Domestic Animal Genomics has identified the swine genome as a high priority. The complete genomic sequence of swine is needed to provide the basic information to pursue studies of gene function and marker-assisted selection of animals for genetic improvement of swine in production systems. Knowledge of swine functional genomics will provide the opportunity to enhance the efficiency and profitability of swine production by increasing disease resistance, improving feed efficiency, optimizing litter size, and improving the quality and safety of meat.

The swine industry in the United States consists of a relatively few companies that provide essentially all of the breeding animals (of high genetic merit) to production units. The swine industry has already used marker-assisted selection to increase litter size and improve meat quality. Thus, the swine industry is uniquely well positioned to take immediate advantage of the identification of new genes and new genetic markers to enhance selection of swine for economically important traits. A lack of funding for the swine genome sequencing project will limit the progress that can be made in swine health, food safety, and production efficiency, areas that are vital to competitiveness in international markets as well as to food security.

We expect approximately 156 projects in agricultural genomics area will be awarded in FY 2006.

EMERGING ISSUES IN FOOD AND AGRICULTURAL DEFENSE: An increase of $4,645,000 is proposed in FY 2006. The requested funds will support research, education and extension activities to increase the safety and security of U.S. agriculture and food systems and to minimize threats to domestic plants and animals posed by infectious diseases and invasive species. This investment will directly lead to 1) strategies to enhance the resistance of domestic animals and plants to disease, including emerging

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to enhance food safety by "grabbing" pathogens from potentially contaminated products or areas; 2) nanosensors added to packaging materials that can serve as a final line of defense to detect pathogens or contaminants and 3) product identity and tracking tags based nanoscale bar codes. Thus, research in nanotechnology may lead to increased U.S. competitiveness in food products by enhancing food function and by providing methods for tracking and verifying food sources, age and handling during transportation.

Our target is to award 16 projects in FY 2006.

NUTRITION AND OBESITY: EMPHASIS ON RESEARCH AND EVALUATION OF METHODS TO PREVENT CHILDHOOD OBESITY: An increase of $7,500,000 is proposed in FY 2006. Obesity has been identified as a factor in hundreds of thousands of deaths per year, costing the U.S. taxpayer billions of dollars in related health care. In some regions of the U.S., more than 30 percent of the children are clinically obese. The requested funds will support research, education and extension efforts that specifically aim to understand the environmental and social factors influencing behaviors leading to childhood obesity. The overall goal of these activities is to reduce the current level of childhood obesity through the development of new intervention strategies and educational tools that promote healthful nutrition.

Obesity and overweight have increased dramatically in the United States. In 2000 an estimated 34 percent of U.S. adults, 20-74 years of age, were overweight with an additional 31 percent being obese. The Centers for Disease Control and Prevention estimates that 40 percent of adults will be obese by 2010 if trends go unchanged. The percentage of children who are overweight has more than doubled in the last 20 years from 7 percent to 15 percent while, over the same time period, the proportion of adolescent who are overweight has tripled to 16 percent.

Increases in the rates of obesity and overweight have led to increasing costs and mounting problems for U.S. taxpayers, business and education. Obesity and overweight are estimated to cost $123 billion annually in increased health care, lost work days and lost school days. Tragically, beyond the dollar costs, obesity and overweight are contributing factors in the premature deaths of thousands of people each year.

The research supported with this increase would focus on the critical gap in our knowledge of the behavioral factors that lead to obesity and our understanding of how to change them to reduce and prevent obesity. Important behavioral factors include social environment, food access, cultural practices, income, personal decision-making and activity patterns. Understanding the fundamental environmental causes of obesity will lead to both prevention and long term intervention strategies that promote lifelong healthy eating patterns and physical activity.

The goal for this program is that child and adolescent overweight will not exist in greater than 8 percent of the population. This performance goal is aligned with the President's HealthierUS Initiative and the USDA Strategic Plan Goal to Improve the Nation's Nutrition and Health. Achieving this outcome will require the research to inform other programs, such as the Expanded Food and Nutrition Education Program (EFNEP), in such a way as to shift management of the programs to produce measurable decreases in childhood obesity in target populations.

We expect approximately 35 projects will be awarded in FY 2006.

ONGOING ACTIVITIES: An increase of $39,303,000 is for ongoing research and integrated research and education projects that focus on water quality, food safety, and pest related programs formerly funded under the Integrated Activities account. The budget also proposes a change in the general provisions of the FY 2005 Consolidated Appropriations Act to increase from up to 20 percent to up to 30 percent the amount provided for the NRI that may be used for competitive integrated activities. This shift of funding should allow for more flexibility and responsiveness to critical and emerging issues in the food and agricultural sciences.

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diseases; 2) research to fill the critical knowledge gaps for implementation of a real time or near real time detection and monitoring of animal, plant and food-borne pathogens; and 3) mitigation strategies to reduce the economic, social and environmental impacts of infectious disease.

Research on Animal Biosecurity will focus on two areas: genetic resistance and implementation of on-farm detection systems for high consequence animal diseases. Research funds will support a multi-institutional Coordinated Agricultural Project for the study of genetic resistance to specific high consequence animal diseases, such as Foot and Mouth Disease (FMD). A multidisciplinary team or teams with expertise in quantitative genetics, molecular genetics, immunology, pathogen molecular biology and pathology will study the variation of disease resistance among animals. This knowledge will be used to develop better methods to decrease the U.S. livestock population's vulnerability to a catastrophic outbreak of disease. A comprehensive fundamental and mission-linked research program with international collaborators, as well as an educational training program, will be developed. The development of bioinformatics systems for successful data manipulation and analysis will be critical to the identification of genotype-phenotype relationships.

Extensive efforts are underway in several agencies to produce rapid, sensitive detection tools that, if used correctly, will help minimize the probability of suffering a catastrophic animal disease outbreak in the U.S. that spreads widely before containment procedures are begun. CSREES will support research that fills the critical knowledge gaps for the use of these tests in real time or near real time detection and monitoring surveillance systems of animal and plant diseases. The tests under development are designed to yield high confidence results (very low false positive and very low false negative results), but further research would be needed to allow for an equally high confidence level when these tests are deployed as part of a surveillance system in an agricultural setting. Research will be supported to ensure the deployment of high confidence systems, which are a key frontline defense tool needed at the farm and ranch level. Innovative strategies that will enable the development of systems to monitor large environments, such as feed lots, swine facilities and poultry houses, for pathogens will also be supported. Expertise will be required in epidemiology, statistics, systems engineering, pathogen molecular biology, immunology, nanotechnology, communications, and extension to develop programs and protocols that maximize the rapid detection of high consequence animal pathogens.

Research funds in Plant Biosecurity will support the sequencing of the genomes of plant pathogens that represent the greatest economic threats. A committee of the American Phytopathological Society has been set up to prioritize those pathogens. The list will undoubtedly include *Fusarium verticilliodes* and *P. infestans*, two major pathogens in the U.S. *Fusarium* species cause stalk rot of corn and are worldwide in distribution. *Phytophthora infestans* causes potato late blight and is the most important pathogen of potato. The successful sequencing of these organisms will lead to the rapid, accurate, sensitive and low-cost detection of pathogens with the potential to significantly impact U.S. crop production. Research funds will also support epidemiological research to better understand how plant pathogens spread once they are introduced into the U.S., and what factors affect their spread.

We expect approximately 25 projects will be awarded in FY 2006.

NANOTECHNOLOGY FOR FUNCTIONAL FOODS AND FOOD SAFETY: An increase of $8,000,000 is proposed in FY 2006. Nanoscale science and engineering refer to the fundamental understanding and resulting technological advances arising from emergent physical, chemical and biological properties of systems that are 1 to 100 nanometers in length. The National Nanotechnology Initiative is an interagency program that coordinates the Federal nanoscale research, development and education portfolio. The requested funds will support innovative research in nanoscale science and engineering that will have specific applications to agriculture and food systems.

Nanotechnologies will be studied that lead to nutrient dense, healthful and flavorful foods with consumer appeal. Food function could be enhanced by using nanotechnologies to facilitate the delivery of health providing bioactive nutrients to consumers. Functional foods can also take advantage of the unique properties of nanoscale particles, including self-assembly and built-in tracking. Other potential outcomes for nanoscale science and technology in agriculture and food systems include, for example: 1) nanoparticles

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The primary performance measure will be a review score of the portfolio to which the program contributes. Portfolios that address Agency and Departmental national goals (comprised of contributing Agency programs) are subject to rigorous assessment by experts on an annual and periodic (5-year) basis to determine the extent to which they are making progress toward solving targeted national problems. A recently implemented assessment tool will be used to review the portfolio's relevance, quality, and performance, assigning a quantitative score to its performance. Using recommendations from these expert reviewers, National Program Leaders will work to improve portfolio performance. Such portfolio reviews will be informed by performance criteria and evaluation studies relevant to the portfolio mission.

We expect approximately 100 projects will be awarded in FY 2006.

(5) A decrease of $5,057,000 to eliminate funding for the Animal Health and Disease, Section 1433 Research Program ($5,057,000 available in FY 2005) as follows:

The elimination of this program is part of the process to shift formula funding to competitively-awarded grants. Alternative funding from the National Research Initiative or the Regional, State and Local Grants Program could be used to support aspects of this program. Non-Land Grant Institutions are eligible to apply for funding under the National Research Initiative.

(6) An increase of $75,000,000 for Regional, State and Local Grants (no funds available in FY 2005) as follows:

This program is part of a coordinated plan to shift formula funding to competitively awarded grants, and replaces some of the multistate efforts currently supported by formula funds. As with the current multi-state program, this funding would be available to all State Agricultural Experiment Stations, as part of a shift in this funding to competitive awards. This program supports systemwide research planning and coordination and regional, State, and local research in the areas of new products/new uses, social sciences, and the environment. For example in FY 2006, it is proposed that research programs focused on methyl bromide and organic transition could be supported through this competitive program. This shift of funding will allow for more flexibility and responsiveness to critical agricultural issues. This new program will allow the State Agricultural Experiment Stations to fund projects of particular interest to them.

(7) A net decrease of $117,124,000 for Other Special Research Grants ($135,471,000 available in FY 2005) as follows:

a. A decrease of $117,495,000 for Special Research Grants for earmarked projects ($117,495,000 available in FY 2005) as follows:

The Administration strongly believes that peer-reviewed competitive programs that meet national needs are a much more effective use of taxpayer dollars than earmarks that are provided to specific recipients. The FY 2006 budget proposes to eliminate these targeted earmarks.

Some broad aspects of many research topics currently addressed by earmarked projects will be included in the scope of the National Research Initiative program in FY 2006. Other topics will be addressed under other broader based, competitively-awarded Federal programs such as the proposed Regional, State, and Local Grants program or programs supported with non-Federal funds administered by State-level scientific program managers.

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b. A net increase of $371,000 for Special Research Grant Programs ($17,976,000 available in FY 2005) as follows:

	FY 2005 Appropriations Act ($000)	Increase or Decrease ($000)	FY 2006 ($000)
Global Change	$1,984	$516	$2,500
Minor Use Animal Drugs	583	5	588
National Biological Impact Assessment Program	251	2	253
Expert IPM Decision Support System	157	20	177
Integrated Pest Management	2,420	305	2,725
Minor Crop Pest Management (IR-4)	11,145	-660	10,485
Pest Management Alternatives	1,436	183	1,619
Total	$17,976	$371	$18,347

The proposed action restores individual programs to the FY 2005 President's Budget level. Funding at these levels will continue to provide support for these activities.

(8) A decrease of $1,102,000 to eliminate funding for Critical Agricultural Materials ($1,102,000 available in FY 2005) as follows:

This action is consistent with the Administration's belief that the most effective use of taxpayer dollars is through competitively-awarded grants that meet National goals. Alternative funding from other programs, State and local governments, and private sources could be used to support aspects of this program deemed to be of priority at State and/or local levels.

(9) A decrease of $1,187,000 to eliminate funding for Supplemental and Alternative Crops ($1,187,000 available in FY 2005) as follows:

This action is consistent with the Administration's belief that the most effective use of taxpayer dollars is through competitively-awarded grants that meet National goals. Alternative funding from other programs, State and local governments, and private sources could be used to support aspects of this program deemed to be of priority at State and/or local levels.

(10) A net decrease of $3,222,000 for Other Research Programs ($17,446,000 available in FY 2005) as follows:

	FY 2005 Appropriations Act ($000)	Increase or Decrease ($000)	FY 2006 ($000)
Aquaculture Centers	$3,968	$28	$3,996
Sustainable Agriculture Program	12,400	-3,170	9,230
1994 Research	1,078	-80	998
Total	$17,446	-$3,222	$14,224

The proposed action restores individual programs to the FY 2005 President's Budget level. Funding at these levels will continue to provide support for these activities.

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(11) A decrease of $992,000 to eliminate funding for the Joe Skeen Institute for Rangeland Restoration ($992,000 available in FY 2005) as follows:

This action is consistent with the Administration's belief that the most effective use of taxpayer dollars is through competitively-awarded grants that meet National goals. Alternative funding from other programs, State and local governments, and private sources could be used to support aspects of this program deemed to be of priority at State and/or local levels.

(12) A net decrease of $ 33,714,000 for Federal Administration ($42,546,000 available in FY 2005) as follows:

a. An increase of $245,000 for an Electronic Grants Administration System ($1,928,000 available in FY 2005) as follows:

CSREES is required by the Federal Financial Assistance Management Improvement Act (PL 106-107) to allow participants to apply electronically for, and report on the use of, Federal financial assistance funds administered by CSREES by means of a common Federal electronic application and reporting system. The Office of Management and Budget (OMB) has designated that the Presidential Initiative E-Grants system, Grants.gov, to be the common electronic application and reporting system for this purpose. The Government Paperwork Elimination Act (PL 105-277, Title VII) (GPEA) requires CSREES to provide for the optional electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper and for the use of electronic signatures by October 21, 2003. In addition to these legal requirements, the university community has expressed a strong desire for Federal research agencies to support electronic grant activities through the Grants.gov as soon as possible. Currently, CSREES receives approximately 6,000 proposals annually, resulting in about 2,000 grants and cooperative agreements annually. Therefore, CSREES needs rapidly to continue the development and enhancement of the capability to receive, process, and award proposals electronically, including electronic distribution to reviewers worldwide, and support for electronic financial and technical reporting on awards.

Electronic proposals are being slowly phased in because the deployment of complex systems does not occur without some unexpected difficulties and evolving Federal requirements. Further, CSREES has developed and deployed these systems rapidly to meet the GPEA deadline; the systems will need enhancements to make them more functional, user-friendly, and reliable. In 2004 CSREES accepted a limited number of proposals through Grants.gov. Acceptance of a larger number of proposals will require improvements to Grants.gov, something that CSREES is currently working on with Grants.gov. Finally, CSREES will be able to leverage the moving from paper to electronic processing to realize further improvements in efficiency and effectiveness. Therefore, the requested increase of $245,000 will address these tasks: 1) modify existing systems to address problems encountered during system deployment and use, 2) modify existing systems to be compatible with changes made in the Grants.gov, 3) deliver training and documentation to CSREES staff and grantees, 4) scan active paper grant documents into the new electronic grants system, and 5) engage in operational support of these systems.

As a result of these increased funds and in addition to its support for Grants.gov, there are a number of benefits which will be tracked for applications for CSREES grants using CSREES E-Grants, including:

- Reduction in time for grants search and applications;
- Improved access to information about proposals, grants, and programs;
- Reduction of data entry due to receiving award data electronically;
- Reduction in time from receipt of proposals to award;
- Ability to support a common USDA solution; and
- Reduction in costs for paper reproduction and transmittal.

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b. An increase of $326,000 for the Research, Education, and Economics Information System ($2,424,000 available in FY 2005) as follows:

The Research, Education, and Economics Information System (REEIS) is an automated and centralized source of information on the research, education and extension programs, projects and activities of the U. S. Department of Agriculture and its partner institutions in the areas of food, agriculture, and natural resources. It has been designed to serve all with an interest in research, education and extension efforts performed or financially supported by USDA. REEIS not only presents USDA data, but also incorporates food, agriculture and natural resources research, education, and extension data from other agencies. In order to reach its broad audience in both a readily available and cost-effective manner, REEIS has been implemented as an Internet application, and as such provides easy access to global data previously available only through paper documents, separate systems or not at all.

Increased funding of $326,000 will support the strategic goals of REE and the fulfillment of the long-term objectives for REEIS requiring continued system expansion to provide new and existing users with additional data sources and functionality while maintaining current data and functionality. In order to apply sound management practices, conform to broadly accepted development practices, and maximize the quality of the product delivered and minimize risk, incremental expansion of REEIS is planned. Funds provided will be used to: 1) maintain the operational system, 2) increase functionality by specifying, designing, developing, testing, deploying and operating three additional data marts to serve additional user communities, 3) expand information provision by acquiring and incorporating additional data sources in new or existing data marts, and 4) support the modest growth required in the technical, operational and administrative support necessary to sustain an expanding user community.

REEIS directly supports the REE mission, goals and objectives by broadly providing data about Federally funded research, extension, and education activities. CSREES will track progress toward the following management goals stated in the REE 2003-2008 Strategic Plan that REEIS will:

- Enhance internal controls, data integrity, management information, and ensure program and policy improvements;
- Implement business processes and optimize the use of information technology to improve program efficiency and enhance electronic accessibility of REE services;
- Link budget decisions and program priorities more closely with program performance recognizing the full cost of programs;
- Strengthen program management by providing national program leaders and program managers with tools and processes to enhance planning, implementation, and assessment of work portfolios that are focused on solving national issues and problems relating to the REE mission.

c. A net increase of $89,000 for Federal Administration programs ($708,000 available in FY 2005) as follows:

	FY 2005 Appropriations Act ($000)	Increase ($000)	FY 2006 ($000)
Office of Extramural Programs	$398	$50	$448
Peer Panels	310	39	349
Total	$708	$89	$797

The proposed action restores individual programs to the FY 2005 President's Budget level. Funding at these levels will continue to provide support for these activities.

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d. An increase of $468,000 to fund pay costs.

The CSREES budget consists of numerous programs that award thousands of individual grants to colleges and universities and other eligible recipients. These programs are managed at the national level by a staff of about 398 full time employees as of the end of FY 2004, also with a number of temporary and intermittent employees. Grants management includes developing program regulations, establishing broad program goals, reviewing proposals, preparing grant documentation, post-award review of progress, and similar activities necessary to achieve program goals. Between 3 and 4 percent of funds provided for programs may be used to support administration of the programs. These operating activities are also supported by the direct Federal Administration funds provided in annual appropriations to pay for increased pay costs. Without these funds, the agency will be unable to maintain staffing levels needed to ensure high quality grants management of the Department's main extramural research and education programs supporting the food and agriculture system.

e. A decrease of $34,842,000 to eliminate earmarked projects ($34,842,000 available in FY 2005 as follows:

The Administration strongly believes that peer-reviewed competitive programs that meet national needs are a much more effective use of taxpayer dollars than earmarks that are provided to a specific recipient. The FY 2006 budget proposes to eliminate these targeted earmarks.

Some broad aspects of many research topics currently addressed by earmarked projects will be included in the scope of the National Research Initiative program in 2006. Other topics will be addressed under other broader based, competitively-awarded Federal programs or programs supported with non-Federal funds administered by State-level scientific program managers.

(13) A net increase of $5,960,000 for Higher Education programs ($46,430,000 available in FY 2005) as follows:

a. An increase of $1,524,000 for the Graduate Fellowships Grant Program ($2,976,000 available in FY 2005) as follows:

Maintaining U.S. global competitiveness in food and agriculture will require larger investments in developing highly trained professionals. U.S. leadership in domestic production, processing, and global distribution of food, fiber, and related agricultural products requires well-trained scientists and technicians with graduate degrees from the Nation's diverse social and ethnic cultural base. Their professional education must fully prepare them to meet the emerging challenges of national and global social change.

An increasing concern in the food and agricultural industry is the approaching retirement of the baby-boom generation in the next 10-15 years, including the need to replace vast numbers of scientists, technicians, and other professionals. These concerns are compounded by the lack of interest in agriculture among many school and university students, especially among minority populations, as well as the long lag between workforce requirements, curriculum development, and student preparation. There are three other critical concerns. First, Ph.D. students in the food and agricultural sciences have less access to financial support than students in other sciences and engineering. For example, the National Science Foundation awarded more than 900 Fellowships in 2001 while CSREES offered less than 50 National Needs Graduate Fellowships. The Fellowships program is USDA's only initiative targeted towards recruiting outstanding students, helping them develop academic subject matter expertise, and providing critical research experience. The proposed increase for National Needs Graduate Fellowship Grants in FY 2006 will enable CSREES to offer more Ph.D. Fellowships to better address future workforce needs.

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One emerging need targets preparing more doctoral students in the area of agricultural biosecurity to ensure the safety of our agricultural and rural communities and to build a secure and safe food supply. Another issue is in the area of human nutrition, particularly health and fitness concerns as they relate to increasing obesity in the U.S. population. The problems related to obesity – including chronic diseases such as diabetes, cardiovascular health, and osteoporosis – especially for minority and low-income populations, must be addressed by professionals well-trained in both health and nutrition. The Graduate Fellowships Program will help address these issues by providing increased funding to support graduate training in these new areas of national need.

Second, despite remarkable gains in the support for minority-serving institutions and programs encouraging diversity in higher education and the workforce, USDA faces chronic challenges in promoting human capital development enabling all citizens to realize their education potential. Degrees in food, agriculture, natural resources and forestry awarded to minorities (Asian, Hispanic, African American, and Native American) have increased since 1989 but still represent just 12 percent of food and agriculture degrees at the B.S. level, and only 8.3 percent of these degrees at the graduate level. The proposed increase in funding requested for this program in FY 2006 will enable CSREES to further expand the number of fellowships offered at the M.S. level, which is essential for recruiting minority graduate students.

Finally, there is an increased need to prepare our graduates to deal with emerging challenges of national and global social change. The proposed funding increase will enable CSREES to exercise national leadership in developing problem-based rather than discipline-based curricula and degrees at the graduate levels. Some fellowships will be targeted for new, multi-disciplinary and innovative programs with internships and international research experiences.

Performance is measured by reducing the shortage of trained professionals, and by increasing the pool of qualified, culturally diverse M.S. and Ph.D. graduates to become the next generation of scientists and practitioners in research, teaching, and extension.

b. An increase of $5,000,000 for the Higher Education Agrosecurity Program (no funds available in FY 2005) as follows:

As the need increases to safeguard the United States agricultural system from accidental and intentional threats, the Higher Education Agrosecurity Program has been established to provide educational and professional development for personnel in securing the Nation's agriculture and food supply. Authorized by Section 1484 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 and in support of the President's Food and Agriculture Defense Initiative, the program will competitively award grants that focus on educational activities that address biosecurity issues. In particular, the program will develop and promote curricula for higher education programs that support the protection of animals, plants, and public health. In addition, funds will be used to support graduate and baccalaureate degree training fellowships. The program also is designed to provide competitive capacity building grants to universities and other eligible institutions for interdisciplinary degree programs that combine training in food sciences, agriculture sciences, medicine, veterinary medicine, epidemiology, microbiology, chemistry, engineering, and mathematics (statistical modeling) to prepare food system defense professionals.

The primary performance measure will be a portfolio review score conducted through a rigorous assessment by experts on an annual and periodic (5-year) basis to determine the extent to which eligible institutions are making progress toward solving targeted national problems. An assessment tool will be used to review a portfolio's relevance, quality, and performance by assigning a quantitative score to its management performance. Using recommendations from reviewers, National Program Leaders will work to improve portfolio performance. Such portfolio reviews will be informed by performance criteria and evaluation studies relevant to the

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portfolio goal. Performance criteria may be updated over time for established programs as issues emerge and priorities adjust to national needs.

c. A net decrease of $68,000 for other Higher Education programs ($42,958,000 available in FY 2005) as follows:

	FY 2005 Appropriations Act ($000)	Increase or Decrease ($000)	FY 2006 ($000)
Institution Challenge Grants	$5,456	$44	$5,500
Multicultural Scholars Program	990	8	998
Hispanic Education Partnership Grants	5,600	45	5,645
Secondary/2-year Post-secondary	992	8	1,000
Capacity Building Grants	12,312	188	12,500
Tribal Colleges Education Equity	2,232	18	2,250
Alaska Native-serving & Native Hawaiian-serving Education	3,472	-475	2,997
Native American Endowment Program	11,904	96	12,000
Total	$42,958	-$68	$42,890

The proposed action restores individual programs to the FY 2005 President's Budget level. Funding at these levels will continue to provide support for these activities.

d. A decrease of $496,000 to eliminate the Resident Instruction Grants for Insular Areas Program ($496,000 available in FY 2005) as follows:

This action is consistent with the Administration's belief that the most effective use of taxpayer dollars is to support aspects of this program deemed to be of priority under other educational and extension programs.

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