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**United States
Department of
Agriculture**

**Office of the
Assistant Secretary
for Administration**

August 7, 2009

**Office of
Management
Services**

1400 Independence
Avenue SW
Washington, DC
20250-6010

This letter responds to your Freedom of Information Act (FOIA) request dated May 9, 2009, and received by the USDA FOIA Service Center on June 1, 2009. You requested "each Weekly Departmental Report for the Department of Agriculture produced between January 1, 2009, and May 1, 2009." Your request has been assigned number OSEC-09-057.

A search of our files yielded reports dated from February 5, 2009 to April 29, 2009. Those reports comprising 45 pages are enclosed. Of those, 29 pages are released in entirety and 16 pages are released in part and withheld in part.

We have withheld information based on Exemptions 5 and 6. We have withheld personal information pursuant to 5 U.S.C. 552(b)(6). We have withheld discrete information in circumstances where release of the information would be an unwarranted invasion of personal privacy pursuant to 5 U.S.C. 552 (b)(6). In addition, we have withheld parts of pages pursuant to 5 U.S.C. 552 (b)(5).

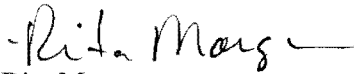
Exemption 5 permits the Government to withhold "inter-agency or intra-agency memorandums or letters which would not be available by law to a party in litigation with the agency." The most commonly invoked privilege incorporated within Exemption 5 is the deliberative process privilege. This privilege protects the decision-making processes of Government agencies, and protects advisory opinions, recommendations, and deliberations. Specifically, three policy purposes consistently have been held to constitute the basis for this privilege: (1) to encourage open, frank discussions on matters of policy between subordinates and supervisors; (2) to protect against premature disclosure of proposed policies before they are finally adopted; and (3) to protect against public confusion that might result from disclosure of reason and rationales that were not in fact ultimately the ground for an agency action. We have determined that the communications from the Secretary of Agriculture to the President are protected by this exemption.

Pursuant to 7 C.F.R. Pt. 1, App. A, there are no fees associated with this request.

We apologize for the tardiness of our response. Because these records contained communications to the President, we had to submit them for review by White House Counsel. Thus, the processing took longer than usual.

You have the right to appeal the denied portions of records. Any appeal must be made in writing to the Assistant Secretary for Administration, USDA, 1400 Independence Avenue, S.W., Whitten Bldg. 209-A, Washington D.C. 20250-0103 and be received within 45 days from the date of this letter. The phrase "FOIA APPEAL" in capital letters on the front of the envelope facilitates the processing of any appeal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rita Morgan", followed by a horizontal line.

Rita Morgan
USDA Freedom of Information Act Officer
Administration

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 2/5/08
Subject: Chief of Staff Report from USDA

I. Reform Based Actions:

The Office of the Chief Financial Officer has partnered with US Bank to modernize and improve the utility payment processes by providing a web based transaction visibility and transparency to USDA and Agency stakeholders. This will aid in the tracking of payments, aiding in the recovery and elimination of improper late penalties and provide value added services to produce agency cost savings. The labor cost savings that will be realized for USDA in the first year will be \$670,500. Additional savings will be realized from the elimination of unused accounts through the use of this new system.

The Office of Civil Rights post-poned the Mid-Year USDA Partners Planning Meeting resulting in a savings of \$37,000. The Diversity and Inclusion Forum has been suspended saving \$30,000 for reinvestment and reinvention into the diversity program at USDA.

Rural Development has been utilizing Webex training in place of in-person training when possible to reduce unnecessary travel and per diem costs. The projected estimated annual savings is \$1.3 million.

The Office of Inspector General reported that a former retail grocery store owner that had been under investigation, indicted and convicted of conspiracy to commit bank fraud, and SNAP benefits trafficking. In addition to his prison term and supervised release, he was ordered to forfeit approximately \$350,000.

[REDACTED]

(b)(6)
(b)(5)

II. Potential or Expected Press Stories:

CNN requested information about the Supplemental Nutrition Assistance Program (SNAP) participation and eligibility and posted a story on their website. Secretary Vilsack conducted an interview with CNN on the stimulus and the SNAP benefits on 2/4 to air on 2/9.

On January 28, the Food Safety and Inspection Service (FSIS) was contacted by the AP, Dow Jones Newswires, Reuters and Meeting place regarding Russia de-listing nine pork establishments.

On January 30, the FSIS was contacted by the Dow Jones Newswires regarding Russia delisting two poultry plants.

On January 30, the Farm and Foreign Agriculture Service (FFAS) was contacted by the Arkansas Gazette regarding the Conservation Reserve Enhancement Program agreement for the Illinois River Watershed..

On February 2, Agripulse contacted Farm Service Agency (FSA) staff regarding over payment limitation and form filing issues in FSA county offices.

Over the course of the last month, there have been 27 articles that have run in various different regional publications discussing specific information about specific Natural Resource Conservation Service (NRCS) programs that are authorized in the Farm Bill.

On February 4, the Secretary participated in a press conference call with Iowa press regarding some personnel actions at the animal testing facility in Ames, IA where an ongoing OIG investigation uncovered abuse by personnel of procurement for the purchase of non-narcotic medications for personal use.

On February 4, the Secretary released the 2009 Ag Census, a five year census of statistics relating to agriculture. There will be several press stories that result from this.

Next week, the Secretary will be interviewing with Jim Lehrer of the News Hour and NPR National on nutrition.

III. Expected Legislative or Policy Issues:

The Secretary met with Chairman Petersen and many from the California Congressional Delegation to discuss ongoing concerns in the Dairy Industry and mitigation suggestions.

Rural Development has received inquiries regarding the implementation of stimulus package monies. Office of Congressional Relations responded.

On Thursday, February 5, the Senate Ag Committee will hold hearings on food safety in response to the peanut products recall.

Senator Tim Johnson introduced the Foot and Mouth Disease Prevention Act of 2009 that would prohibit the importation of ruminants and swine and fresh and frozen meat products from Argentina until the Secretary certifies to Congress that every region of Argentina is free from the disease without vaccination.

Senator Kit Bond's office called to advise that he would be offering an amendment to the stimulus to require the Secretary to force implementation of the Dietary Guidelines for foods purchased with SNAP funds.

Senator Grassely plans to re-introduce this week his Ag Competition and Enhancement Act which would create guidelines for agriculture business mergers.

On Wednesday, February 11, the House Commerce Committee will hold a hearing on the recent salmonella outbreak associated with peanut products from the Peanut Corporation of America.

House Agriculture Committee majority staff requested an update on the implementation of Sec. 10201 of the Farm Bill due to concerns raised by Oregon about funding for the state. APHIS notified the staff that we had concerns with Oregon's request for funding because eradication of *P. ramorum* does not appear likely, but that we have told them we could likely fund mitigation activities.

On Thursday, January 29, Candy Thompson (Acting Deputy Administrator for Farm Programs), Brad Karmen, (Assistant to Deputy Administrator for Farm Programs), and Dan McGlynn (Acting Director, PECD) briefed House and Senate Agriculture Committees on payment eligibility, payment limitation and actively engaged elements of the Food, Conservation and Energy Act of 2008 (Farm Bill). The discussion addressed both mandatory and discretionary provisions of the Farm Bill.

On January 30, Todd Batta of the Senate Agriculture Committee called to ask how rapidly Rural Development estimated that stimulus package monies could be obligated. LAPAS returned Todd's call to explain that spendout rates would vary depending on the program and the necessity in some cases to issue NOFA's; Rural Development is engaged now in planning to minimize delays.

Derek Miller, Senate Agriculture majority staff, invited FNS staff to conduct a briefing for all Senate Legislative Assistants on the topic of child nutrition programs. FNS Special Nutrition Program staff will join staff from the Congressional Research Service staff on February 4.

Senate Agriculture Committee minority staff has requested a conference call with APHIS' Biotechnology Regulatory Services (BRS) staff. BRS recently announced the initiation of a pilot of the biotechnology quality management system. Five organizations applied to participate in the pilot and while we originally planned to select three, we decided to fund all five. Bayer Corp. is participating in the pilot and the committee staff have expressed concerns about including them in the project and want an explanation as to how they were chosen. Bayer was involved in the 2006 incident in which GE rice was inappropriately

released into the commercial rice supply. APHIS contacted the committee staff to schedule a briefing but has received no response yet.

The Secretary and staff continue to work with OMB on funding and Notice of Funds Availability related to conservation programs in the Farm Bill.

IV. Potential or Expected Legal Issues

The House Agriculture Committee requested a briefing on Pigford II (civil rights case). OGC will coordinate.

The Department received a total of six Freedom of Information Requests (FOIA) in three agencies, these are being processed.

IV. Travel /Speeches of the Secretary or Acting Under Secretaries

Secretary Vilsack delivered remarks to USDA employees in observance of Black History Month on February 4.

The Secretary attended the Native American Working Group Meeting at the Department.

The Secretary met with Ambassadors from Mexico and Canada to discuss COOL and climate change.

Acting Deputy Under Secretary for Natural Resources and Environment, Dr. Ann Bartuska will attend a National Academy of Sciences Symposium and make a presentation entitled "Controlling Invasive Species in Forests."

Acting Deputy Undersecretary for Natural Resources and Environment, Dr. Ann Bartuska will serve on a small team team to review the current structure and functions of the International Union of Forestry Research Organizations (IUFRO), in Vienna, Austria.

Acting Deputy Undersecretary for Food Safety Ron Hicks will deliver remarks during the Food Safety and Inspection Service's observance of Black History Month in WDC on February 10.

V. Personnel Announcements

USDA currently has our entire slate of sub-cabinet positions in vetting with PPO with the exception of CFO. We are hoping to have announcements forthcoming soon. We are also working to fill a variety of mid and lower level positions.

VI. Message to the President from Secretary Vilsack -

Mr. President -

[REDACTED]

[REDACTED]

(b)(5)

[REDACTED]

TJV

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 2/12/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions:

The Office of the Chief Financial Officer National Finance Center has been selected to provide data center hosting services for USDA's new financial system, the Financial Management Modernization Initiative. Under this contract, NFC will be providing full hosting services to include hardware, system software, engineering services, system administration, security, operations and maintenance and disaster recovery. Estimated savings will be \$17.5 million.

Research Education and Economics mission area cancelled one, and greatly reduced the scope of another existing agreement for services that were no longer required, saving over \$400,000 that can be applied to mission critical operations elsewhere in the REE agencies.

During 2009, Rural Development anticipates the resolution of 16 EEO complaints as a result of settlement or alternative dispute resolution process. At an estimated cost of \$10,000 for processing per complainant, the savings are estimated at a total of \$160,000.

The Secretary has also instructed his staff to look into a number of small grant programs whose staff expense is larger than the total amounts for award. This issue is developing and we will follow-up as we surmise the issue and our reaction.

[REDACTED]

(b)(5)

On 2/9, Secretary Vilsack announced his support for food safety reform and directed the Food Safety and Inspection Service (FSIS) to begin drafting a series of reform proposals and framework for a modern USDA food safety inspection program.

All agencies and mission areas continue to work toward additional cost savings and efficiency reforms in the Department.

II. Potential or Expected Press Stories:

The Secretary will announce the People's Garden Project on 2/12 that will direct every USDA operation in the world to have a "community garden" at their facility – this will be in commemoration of President Lincoln's 200 birthday. Lincoln founded USDA in 1862 and referred to it as the people's department during his administration. These gardens will range in size and scope as dictated by the space available, but it is an important tie to the communities that we serve, and it is our hope that this program will help to redefine the perception of USDA as a Department that truly serves everyone in the United States.

The Secretary and his staff are also working with the Washington Post to develop a story highlighting our ongoing reform efforts. He is also scheduled to interview with NPR, Jim Lehrer and other national news outlets in the coming days in reference to ongoing efforts at the USDA.

Secretary Vilsack will be a featured guest blogger on the HHS Peanut Butter Recall Blog later this week.

There have been a number of press stories and inquiries involving the peanut product recall, conservation programs, and a significant amount of calls from media regarding the rural broadband program at RUS.

On February 17, the Secretary will make a major announcement regarding the Country of Origin Labeling (COOL) law. After the requisite outreach to congressional members, diplomatic outreach, and an exclusive media interview with Congress Daily, he will roll out the following information at a press conference on 2/18: USDA will allow the existing COOL regulation to go into effect as planned on March 16, 2009, but the Department will be closely monitoring compliance with the regulation and will re-propose a new rule if compliance is unsatisfactory. The announcement will be preceded by a meeting with the major meat packing companies and trade associations to signal his intent and lay-out expectations.

III. Expected Legislative or Policy Issues:

Upcoming Hearings

U.S. Forest Service

GAO Report Hearing. On February 24, 2009, the House Interior, Environment, and Related Agencies Appropriations Subcommittee will hold a hearing on a Government Accountability Office report titled, "Observations on the Possible Move of the US Forest Service to the Department of the Interior." The USDA witness has not been determined.

Climate Change Hearing. On March 3, 2009, the National Parks, Forests, and Public Lands Subcommittee of the House Natural Resources Committee will hold a hearing on, "The Role of Federal Lands in Combating Climate Change." The USDA witness has not been determined.

Wildfire Suppression Funding Hearing. On March 17, 2009, the House Interior, Environment, and Related Agencies Appropriations Subcommittee will hold a hearing on wildfire suppression funding options. The USDA witness has not been determined.

Annual Budget Hearing. On April 23, 2009, the House Interior, Environment, and Related Agencies Appropriations Subcommittee will hold a hearing to review the Administration's Fiscal Year 2010 Budget Proposal for the U.S. Forest Service.
The USDA witnesses have not yet been determined.

Food Safety & Inspection Service

GAO Veterinarian Workforce Report Hearing: On Thursday, February 26, 2009, the Senate Homeland Security & Government Affairs Subcommittee on Government Management has tentatively scheduled a hearing regarding the federal veterinarian workforce and hiring practices. The hearing is expected to focus on a draft Government Accountability Office report which has not yet been released publicly, "Veterinarian Workforce: Actions are Needed to Ensure Sufficient Capacity for Protecting Public Health and Animal Health."

IV. Potential or Expected Legal Issues

The Assistant Secretary of Civil Rights Office received 20 calls this week regarding the Pigford case. The Acting Assistant Secretary for Civil Rights organized a meeting with the principals in this case to provide improved customer service to these constituents who appear to have been mis-directed in many cases.

The Department has received eight FOIA requests on a variety of issues.

IV. Travel /Speeches of the Secretary or Acting Under Secretaries

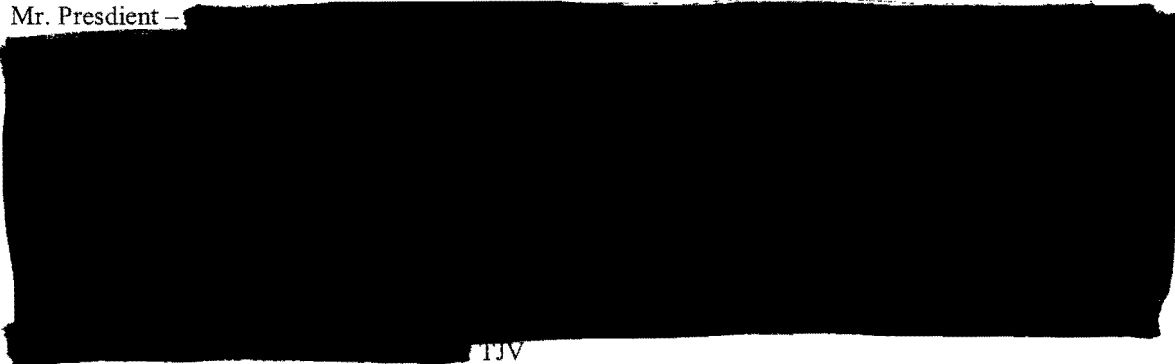
No substantial travel to report.

V. Personnel Announcements

We have a handful of SES positions that were recently approved for onboarding at the Department, but as none have been onboarded as of yet, they are not ready for announcement. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

VI. Message to the President from Secretary Vilsack -

Mr. President -



(b)(5)

TJV

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 2/19/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions:

The Agricultural Marketing Service (AMS) has modified planned travel and conferences over the course of the next several weeks representing a cost savings of over \$30,000. These savings were attained primarily through the use of information technology, changing the number of staff travelling to a given event, or creation of training materials in-house rather than using a vendor.

On February 17-20, Animal Plant Health Inspection Service leadership will be to discuss the strengths and weaknesses of the procurement program for traps and lures for pest surveillance to determine cost savings measures, such as buying and shipping these materials in bulk.

USDA's Civil Rights Mission Area will be coordinating and leading six employment based meetings and trainings regarding outreach and diversity, data collection, e-filing, best practices, and civil rights training for State Executive Directors in the FSA Field Offices. This training has been developed to ensure that new political appointees are aware of civil rights issues and their responsibilities, and is designed to impart on them that this is a very high priority on day one. These trainings are much more intensive than have been done in the past.

On February 11, 2009, in Federal court for the Western District of Kentucky, two business owners were sentenced to 30 months and 27 months of imprisonment respectively and will be held jointly and severally liable for over \$4.5 million in restitution. They were also sentenced to 36 months of supervised probation upon release from prison. The USDA OIG investigation disclosed that the two owners provided several items of collateral to secure a bank loan, even though these items were already under obligation for an existing \$5 million loan from another bank made to another company they owned in Tennessee. Both of these loans were guaranteed by the Rural Business Service. In October and November 2008, both individuals entered guilty pleas for bank fraud, mail fraud, and money laundering. The investigation was conducted jointly with the Internal Revenue Service—Criminal Investigations, Tennessee Valley Authority—OIG, and the Federal Bureau of Investigation.

Next week, USDA will issue a press release announcing the reversal of a Bush Administration rule that prevents farm payments from being provided to lessees of federal lands. The Bush rule had the unintended consequence of reducing acreage available to farming for beginning farmers and ranchers and also reducing support for wildlife refuges that deliver environmental benefits like wildlife habitat and carbon sequestration. The action will be well received by the farm community and sportsmen associations.

****UPDATE**** We have now held two teleconferences between career USDA and IRS staff to discuss details on implementation of a data sharing arrangement between the two agencies that would allow USDA to better perform verification activities and reduce the amount of payments to ineligible producers. Though it may take several weeks to finalize details of a Memorandum of Understanding, we are currently exploring interim steps that could be publicly announced, such as a joint announcement of an intent to sign an MOU. It is our hope that we can publicly announce something on this topic within one week.

All agencies and mission areas continue to work toward additional cost savings and efficiency reforms in the Department.

II. Potential or Expected Press Stories:

Meadowbrook Farms Cooperative of Peoria, IL ceased slaughtering operations on Thursday, January 29, 2009, owing approximately \$5.5 million dollars to its paying members. The cooperative maintained a

\$740,000 bond. The bond is paid for by the cooperative as part of its requirements for operating subject to the Packers and Stockyards Act. Unpaid sellers have 60 days from the date of the transaction to file claims. Over \$5 million in claims were filed by unpaid livestock sellers. If those claims are deemed valid, payout from the bond proceeds would result in sellers receiving less than \$0.15 per dollar claimed. The Office of the General Counsel (OGC) and the Grain Inspection Packers and Stockyards Administration have assigned attorneys to this case and are working with the members to inform them of their rights under the Packers and Stockyards Act.

On February 11, Animal Plant Health Inspection Service (APHIS) received a request for information from *USA Today* about how the agency's Wildlife Services professionals address strike issues at airports – bird strikes were deemed the cause of two recent air crashes involving a jet and a helicopter. The request specifically asked for information on how Logan International Airport, Ronald Reagan Washington National Airport, Dulles International Airport, Baltimore-Washington International Airport, and other major airports handle this issue. APHIS' Wildlife Services is providing the requested information.

On February 20, APHIS will participate in a forum in northern Maine, convened at the request of Congressman Michael Michaud's office, to discuss the requirement to heat-treat firewood from Canada to mitigate pest risk and address constituent's concerns about the effect on price and accessibility of wood.

Inquiries to AMS have continued on suspension and proposed debarment of Peanut Corporation of America, most importantly *New York Times*, *USA Today*, *CBS News*, *Wisconsin Public Radio*, and *Food Chemical News*.

III. Expected Legislative or Policy Issues:

As congress is in recess, there are no specific legislative issues to report. The Office of Budget and Program Analysis have been working with the Office of Management and Budget to respond to the draft OMB guidance as it relates to stimulus planning. This has included regular meetings amongst program, accounting, and budget staff to ensure that USDA agencies are prepared to implement the final guidance. Necessary budget execution documents are being drafted, including apportionments and possible waivers from utilization of new treasury account symbols. Reporting requirements have been identified and processes are being put into place to address those requirements.

IV. Potential or Expected Legal Issues

There are currently no potential legal issues to be reported.

The Department has received eleven FOIA requests on a variety of issues.

IV. Travel /Speeches of the Secretary or Acting Under Secretaries

The Secretary will address the Federation of Southern Cooperatives 26th Annual Georgia Farmers Conference on February 21 in Albany Georgia. This is Secretary Vilsack's first official travel to the Federation of Southern Cooperatives Georgia Farmers Conference, an organization that works with minority farmers, we will be working with ethnic media to demonstrate Secretary Vilsack's commitment to improving civil rights at USDA.

The Food Safety Inspection Service is also planning an upcoming tour of a poultry establishment for Secretary Vilsack and FSIS Administrator Almanza.

Secretary Vilsack was also the featured guest blogger on February 11 on the HHS Peanut Butter Recall Blog.

In the past week, the Secretary announced the "People's Gardens" project where USDA is working to have a community garden of some size and scope at each of our facilities around the world, and is encouraging the rest of the federal government to do the same.

USDA will be hosting First Lady Michelle Obama at the Department on Thursday, February 19 as she visits to speak to and meet USDA personnel and highlight nutrition issues, while outlining the President's vision for child nutrition and encourage Department employees.

V. Personnel Announcements

We have a handful of SES positions that were recently approved for onboarding at the Department, but as none have been onboarded as of yet, they are not ready for announcement. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

VI. Other Interest to the White House

The President will be receiving an invitation from Iowa State University for a Rural Summit in reference to the President's campaign promise to host one in Iowa.

On February 16, OMB cleared a USDA FSIS Final Rule for the Disposition of Non-Ambulatory Cattle. This rule pertains to the handling requirements for non-ambulatory or downer cattle that are incapable of moving on their own through a slaughter facility. The rule responds to the Westland/Hallmark recall in February 2007, largest meat recall in U.S. history, which was caused by the use of non-ambulatory cattle that should not have entered the human food supply. This is a major animal welfare priority, which will attract significant media attention and support from the animal welfare community. It is not opposed by the meat industry or farm community.

[REDACTED]

[REDACTED] The Country of Origin Labeling rule requires meat packers and grocers to provide information on meat products to consumers. It has broad support among consumers and ranchers, particularly in the Upper Midwest and Great Plains, but raises concerns among our NAFTA trading partners. This letter has gone through the inter-agency review process with OMB and USTR, among others.

VI. Message to the President from Secretary Vilsack -

Mr. President - [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(b)(5)



MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 2/26/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions:

USDA's Farm Service Agency is prepared to announce a partnership with the Internal Revenue Service where the two agencies will coordinate to ensure that individuals and entities that request USDA payments meet average adjusted gross income (AGI) limits set forth in the 2008 Farm Bill.

USDA's Rural Development is working on the creation of a web-based, sharepoint portal for the Multi-Family Housing Preservation and Revitalization Restructuring Program (MPR) 2009 program that will be used by all the Field Offices to process applications and restructure loans as per the program's Notice of Funds Availability. This program will fully automate and streamline the process from pre-application through underwriting, obligation and closing.

USDA recently organized the Department of Agriculture's Recovery Team (DART), comprised of senior career officials led by the Department's Deputy Chief of Staff. DART has met and provides a forum to ensure Recovery efforts are fully coordinated throughout the department. One issue that is still pending for this team is the OMB determination on its waiver requests for the use of new treasury account symbols for Rural Development and Farm Service Agency loan programs. USDA and DART, specifically, are working with the Department of the Treasury to establish additional treasury account symbols that are needed for other programs.

The American Recovery and Reinvestment Act of 2009 (ARRA) increased SNAP benefits by raising maximum SNAP allotments by 13.6 percent of the June 2008 value of the Thrifty Food Plan (TFP). On February 18, SNAP provided the revised maximum allotments enacted by the stimulus package to State Agencies. On February 23, SNAP issued the implementing memo for the SNAP provisions.

GAO is beginning a new assignment which will seek to: 1) estimate the population of hungry or food insecure people in the U.S. over the past 20 years, 2) identify the Federal programs that support or provide food and nutrition assistance in the U.S., 3) identify the amount of Federal funding these programs have received for the past 20 years, and 4) identify the programs' goals and effectiveness of these programs in reaching their goals. The review was requested by Senators Chambliss, Coburn and Voinovich. An entrance conference is being scheduled.

In an entrance conference held February 11, the Office of Inspector General (OIG) described plans to evaluate corrective actions in response to the 2007 report "Disaster Food Stamp Program for Hurricanes Katrina and Rita-Louisiana, Mississippi, and Texas." Specifically, OIG will evaluate the development and implementation of FNS regional office procedures for reviewing State Disaster Supplemental Nutrition Assistance Program plans to determine if these plans have been adequately reviewed. OIG will also review any guidance provided to States during hurricanes Gustav, Dolly, and Ike.

II. Potential or Expected Press Stories:

On February 25, Secretary Vilsack launched a Public Service Announcement (PSA) campaign featuring characters from Walt Disney's Pinocchio to promote balanced dietary choices, physical exercise, and a balanced lifestyle. The PSAs are designed to inspire parents to adopt healthier lifestyles for their families encourages parents to visit MyPyramid.gov to find the right balance to a healthy lifestyle for their children. The campaign, which is supported by the USDA's Food Nutrition and Consumer Services, Disney, and the Ad Council, features characters from the 70th anniversary re-release of Walt Disney's Pinocchio. Materials from the PSA campaign will be featured in cable and network television commercials, labels from the DVD

release, and other promotional materials. To launch the campaign, Secretary Vilsack did an extensive radio and tv media tour with more than 15 outlets, including Spanish-language radio and television.

The USDA's Office of Food Safety and the Food and Drug Administration are sponsoring a public meeting to provide information and receive public comments on agenda items and draft U.S. positions that will be discussed at the 3rd Session of the Codex Committee on Contaminants in Food, which will be held in Rotterdam, the Netherlands, from March 23-27. The public meeting will be held from 1-3 p.m., March 5 in the Harvey Wiley Federal Building, 5100 Paint Branch Parkway, College Park, Maryland.

NRCS work crews are deployed across Kentucky to help in recovery from January's ice storm. Eight separate damage NRCS survey teams are identifying sites where immediate debris removal is necessary to protect life and property. One hundred thirty NRCS employees are at work on the recovery effort; many of them are still without power in their own homes. So far, \$500,000 in Emergency Watershed Protection Program funding has been set aside to help Kentuckians recover from the storm. NRCS has received 126 requests for help from 39 counties and expects that number to go up. NRCS recovery crews have been out in below-freezing weather for days collecting information and photographing damage. More than three-quarters of Kentucky's 120 counties have been declared disaster areas due to the storm.

The 2002 Farm Bill required USDA to develop a global marketing strategy and a biotechnology and agricultural trade program designed to remove, resolve, or mitigate barriers to the export of U.S. commodities. It also included several biotechnology-related initiatives such as funding public education on the benefits of agricultural biotechnology and researching how biotechnology can be used in developing countries. The 2008 Farm Bill extended many of these provisions.

While auditing USDA's role in the export of genetically engineered (GE) agricultural commodities, we found that USDA has not developed a coordinated, comprehensive strategy for addressing the various challenges to the trade in agricultural commodities, including GE commodities, and that USDA has not fulfilled the biotechnology goals of the 2002 Farm Bill.

The audit recommends that USDA (1) develop and implement a coordinated, comprehensive strategy for promoting the export of U.S. GE crops; (2) assist program agency officials in requesting funds to implement the strategy; and (3) complete the outstanding requirements of the 2002 and 2008 Farm Bill. The Secretary has tasked staff to establish a framework for meeting the audit recommendations. He reversed the Bush Administration's muted response to the audit report that would have taken place with the agencies noted.

Department officials agreed with the audit findings and recommendations.

The Food Safety and Inspection Service (FSIS) is expected to issue its final rule for Country of Origin Labeling for Various Meat and Poultry Products next week, consistent with the Agricultural Marketing Service's (AMS) final rule. The FSIS final rule had been withdrawn from the Office of the Federal Register for review by the incoming Administration. FSIS will continue to defer to AMS's industry education and outreach program during the first six months following implementation of COOL (Until March 2009).

III. Expected Legislative or Policy Issues:

The White House announced an intent to nominate Kathleen Merrigan as the Deputy Secretary for USDA. The announcement was preceded with hill outreach by White House Legislative Affairs and USDA Congressional Affairs. USDA is currently working to appoint our internal confirmation team and will be working to coordinate closely with the White House Legislative and Public Affairs offices.

IV. Potential or Expected Legal Issues

IV. Travel /Speeches of the Secretary or Acting Under Secretaries

The Secretary addressed the Federation of Southern Cooperatives 26th Annual Georgia Farmers Conference on February 21 in Albany Georgia. This was Secretary Vilsack's first official travel, and it was an excellent selection as the meeting with the Federation of Southern Cooperatives Georgia Farmers Conference gave the Secretary an opportunity to announce and demonstrate his commitment to the civil rights issue personally.

V. Personnel Announcements

USDA has onboarded three schedule c appointees in the last week, and will be onboarding two SES appointees and 19 additional schedule c appointees in the next week. We were also delighted with the announcement of the intent to nominate Deputy Secretary Kathleen Merrigan. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

V. Message to the President from Secretary Vilsack -

Mr. President -

[REDACTED]

[REDACTED]

TJV

(b)(5)
↓

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 3/05/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

The Marketing and Regulatory Programs (MRP) Mission Area at USDA has undertaken several reform based steps in the past week amounting to approximately \$1.6 million dollars in savings through reduced, unnecessary travel, reduced postage by utilizing electronic communications, and reorganization of existing processes. For example, MRP eliminated the federal funds supporting first-point testing of cattle for brucellosis in low-risk states (based on evaluations and surveillance in those states) saving \$1.5 million, which will be immediately available for redirection in the brucellosis program.

The Rural Development (RD) Mission Area at USDA recently undertook "Basic Servicing Training" for newly-assigned staff in Indiana and Michigan. This effort reached about 40 staff and introduced them to the Rural Rental Housing and Farm Labor Housing Multifamily programs, and provided an overview of the complexities of loan account servicing and asset management. With field office realignments over the past year and a substantial number of experienced-staff retirements, training new staff in the fundamentals has become more important than ever.

II. Potential or Expected Press Stories

Secretary Vilsack joined the White House Briefing on March 4, to highlight reform efforts at the department during his first month as Secretary. The Department has realized many reform efforts resulting in money savings of nearly \$25 million to date, allowing the department to determine better priority spending for departmental and Presidential priorities. This will be followed by an interview with the Washington Post on Friday highlighting these efforts as well.

Secretary Vilsack highlighted USDA's role in economic stimulus activities and presented an overview of his vision for USDA during a 45-minute guest appearance on the inaugural program March 2 of an hour-long "Commodity Wrap" program for RFD-TV, which is carried in the U.S. on DirecTV and Dish Networks and many cable systems. Also, it was the first day of this RFD-TV program to be carried on Rural TV that covers 20 counties in Western Europe and the United Kingdom. During the broadcast, the Secretary answered questions from viewers who called in, and he took the opportunity to present key items of the Administration's 2010 budget. The Secretary's television appearance was uplinked from USDA's Broadcast Center for access by the RFD-TV studio in Nashville to downlink and include in their live national and international broadcast.

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On a date yet to be determined, USDA Rural Development and Fannie Mae will announce the First Fannie Mae loan securitization for \$990,000 under the Rural Development multifamily rural rental housing program.

Secretary Vilsack will announce this week up to \$145 million for the floodplain easement component of the Natural Resources Conservation Service's (NRCS) Emergency Watershed Protection (EWP) program. The funds, provided through the American Recovery and Reinvestment Act, will be used to restore an estimated 60,000 acres of frequently flooded land to its natural state. Once restored, the floodplains will increase flood protection, enhance fish and wildlife habitat, improve water quality, reduce the need for future public disaster assistance, decrease energy used on farms and ranches, and increase carbon sequestration on agricultural land. The goal is to have all floodplain easements acquired and restored within 12 - 18 months. More than 2,300 green jobs are expected to be created, mostly in the engineering, biology, and construction fields. Signups for easements will be held from March 9 - 27, 2009.

Secretary Vilsack participated in a national media tour February 25 to launch a new public service announcement designed to encourage parents and caregivers to move their families to a healthier lifestyle. Interviews included CNN radio, ABC radio, Wall Street Journal Radio, Disney Radio, and Univision.

ABC's Nightline ran a story related to a Louisiana firm being charged with violating the Animal Protection Act. We are investigating and will hold those responsible if abuse is found.

III. Expected Legislative or Policy Issues

On March 3, 2009, the National Parks, Forests, and Public Lands Subcommittee of the House Natural Resources Committee held a hearing on, "The Role of Federal Lands in Combating Climate Change." The USDA witness was Abigail Kimbell, Chief, U.S. Forest Service.

On Friday, February 27, Candy Thompson (Acting Deputy Administrator for Farm Programs), Dan McGlynn (Acting Director, PECD) and Brad Karmen (Assistant to Deputy Administrator for Farm Programs) met with Senate Agriculture staff to discuss adjusted gross income (AGI). Senate staff intends to meet with Internal Revenue Service (IRS) to discuss how the IRS might assist the Farm Service Agency (FSA) in determining farmers/ranchers with a gross income that exceeds \$500,000.

IV. Potential or Expected Legal Issues

No substantive legal issues are expected, though the department has received 7 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

Acting Under Secretary for Natural Resources and Environment Katherine Smith will be travelling to give the Elton R. Smith address at Michigan State University, College of Agriculture and Natural Resources.

No other travel is currently planned.

VI. Personnel Announcements

USDA is in the midst of onboarding 23 additional schedule c and SES appointees in the next week. We are also working with the appropriate departments at the White House and on Capitol Hill on the Kathleen Merrigan intent to nominate. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

VII. Other Items of Interest

The Secretary spoke to the National Congress of Native Americans this week and received a standing ovation as he highlighted initiatives at the Department and outreach to their community.

The Secretary spoke to the Food Research and Action Committee and School Nutrition Association about hunger and nutrition and emphasized the Department's role in promoting healthy lifestyles and reducing hunger.

The Secretary and his senior staff have begun a series of outreach sessions to minority farmer groups to ascertain how the Department might be more responsive to their needs as an ongoing effort to address the civil rights record at the department.

The Secretary and his senior staff have begun outreach to commodity groups that have expressed concern about some of the President's budget proposals, specifically relating to payment limitations.

The Secretary spoke to the Anti-Hunger Conference and the School Nutrition Association highlighting the President's pledge to end child hunger by 2015 and USDA's push to help reach that goal, and he also spoke to the rural development group from the Council of Governments in reference to the stimulus plan and its positive news for rural America.

VI. Message to the President from Secretary Vilsack -

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(b)(5)



MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 3/12/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

The Office of the Assistant Secretary for Civil Rights opened the orientation for new non-career USDA employees with a half-day session on March 10, 2009. Eleven non-career employees participated in the briefing. Diversity awareness, conflict resolution, equal employment opportunity and outreach, including the 1890 and 1994 Programs, were among the topics discussed.

On March 4, Departmental Administration, Office of Security Services (OSS) held a meeting with the National Finance Center's IT and Security team to finalize network requirements to move into the final phases of implementing new security precautions. Installation and operation of the new system at NFC New Orleans and Denver will provide USDA with a cost savings of approximately \$95,000.

Since December 1, 2008, importers of certain crops with required inspections have had the opportunity to use the Agricultural Marketing Service's new Marketing Order Online System (MOLS). The new online system has eliminated inefficiencies associated with multiple people filling out paper forms in triplicate, and is providing online, real-time exemptions to those wishing to divert imports to uses not subject to the regulation. AMS will save over \$60,000 the first year using the MOLS.

On March 9 and 11, Animal Plant Health Inspection Service (APHIS) Animal Care program will host a webinar to train 15 of its medical officers. The training via webinar (versus traveling) will result in a cost savings of \$20,000 in travel and meeting expenses.

Also, an USDA Tennessee area office obtained four Flex-Fuel vehicles that can use E-85 fuel. Using E-85 vehicles results in decreased reliance on imported oil and reduces environmental pollution.

II. Potential or Expected Press Stories

On March 9th, Secretary Vilsack spoke to the National Farmers Union Convention and held a press conference with three farmers to highlight the impact of the stimulus funds being released this week. He also participated in a press conference call to highlight stimulus.

On March 10th, the Secretary participated in a press conference with the Department of Commerce to discuss ARRA broadband funding.

On March 10th, Secretary Vilsack had a press conference to announce a partnership with Sesame Street Workshop and WIC Foundation as the PSA campaign they are launching. This is part of an aggressive USDA effort to get the message to parents and children about the importance of nutrition and eating balanced meals with an emphasis on fruits and vegetables.

The first phase of implementing the USDA People's Garden, an effort to encourage continued focus on nutrition, took place on March 4th when Departmental Administration, Office of Operations removed the asphalt driveway on the Jamie L. Whitten lawn. The asphalt was sent to D.C. Materials for recycling.

On March 11, Rural Development will announced the availability of funding for energy audits under Sec. 9007 of the Energy Title in the 2008 Farm Bill. These grants are the first step for farm and ranch operations to make a meaningful commitment to renewable energy for farm and ranch use.

Also, on March 11, the Secretary spoke to the National Corn Growers Association.

On a date yet to be determined, USDA Rural Development and Fannie Mae will announce the First Fannie Mae loan securitization for \$990,000 under the Rural Development multifamily rural rental housing program.

III. Expected Legislative or Policy Issues

USDA's Farm Service Agency (FSA) is taking a lead role within USDA in its ability to obligate \$145 million to a backlog of 2,042 loan applicants within the Direct Operating Farm Loan Program. The recently enacted American Recovery and Reinvestment Act provided FSA with approximately \$173 million for the loan program. FSA was able to obligate these funds within 24-hours of receiving the OMB apportionment and has processes in place to initiate funds disbursement during the week of March 15. One half of these loans are going to Beginning Farmers and ranchers and 13% are directed to socially disadvantaged farmers (higher than the 10% threshold set by congress).

USDA is expected to accelerate the sign up for the Average Crop Revenue Election (ACRE) program. This is designed to provide a stronger safety net for struggling farmers by focusing on both price and yields. It was slated for a June sign-up, but now will likely occur in April.

March 3, ERS economist participated at a meeting to discuss the new GAO study "The Federal Government's Response to Hunger in America." The objectives of the study are to estimate the population of food-insecure or hungry people in America, identify federal programs that support food and nutrition assistance, and evaluate the effectiveness of these programs in meeting their intended goals. Examples of ERS research on food insecurity and the nutrition and health outcomes of food assistance programs were provided to GAO. The study will be completed by the end of 2009.

The House Small Business Committee Subcommittee on Regulations and Health Care will hold a hearing March 11 on the impact of food recalls on small businesses. FSIS, the Food and Drug Administration, and representatives of the International Dairy Foods Association, the Food Marketing Institute, the National Restaurant Association, the Georgia Peanut Commission, and the National Farmers Union will testify.

Secretary Vilsack has been invited to testify on March 24th before the House Appropriations Subcommittee on Agriculture. Committee staff indicate the hearing will cover a wide range of issues, including implementation of the Recovery Act and budget proposals included in documents released on February 26. In addition, the Subcommittee has invited the acting Deputy Undersecretary for Food, Nutrition and Consumer Services to testify on March 12th, on the nutrition assistance programs.

IV. Potential or Expected Legal Issues

Single Stick, Inc. v. Johanns. On March 10, 2009, the government prevailed in this case in the United States District Court for the District of Columbia. The case involved the administration of the Tobacco Transition Payment Program (TTPP). Under the TTPP, the Commodity Credit Corporation (CCC) levies assessments on tobacco manufacturers and importers and then uses these funds to make payments to former tobacco quota holders and tobacco producers. Rejecting plaintiff cigar maker's arguments to the contrary, the Court ruled that: (1) the Secretary had acted within his authority in construing the statute to require that the cigar industry's share of the assessment be apportioned among cigar makers by numbers of cigars rather than the amount of tobacco used in the cigars; (2) plaintiff was not harmed in its effort to establish a lower assessment by its inability to obtain the market data of other companies; (3) the statute did not require CCC to take into account and apportion the market share of smuggled or unlawfully imported cigars; and (4) the

Information Quality Act (IQA) did not provide for private causes of action. Single Stick had argued that the IQA required that it be provide greater access to information on how the calculations were made and had also objected that its request for action under the IQA had been ignored

No other substantive legal issues are expected, though the department has received 18 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

As part of proposed "Food Safety Week" activities, FSIS is planning a poultry establishment tour for Secretary Tom Vilsack in the Shenandoah region of Virginia. He will be accompanied by FSIS Administrator Al Almanza. The plant tour will provide the Secretary an opportunity to see inspection operations in action and meet FSIS inspection program personnel. Washington, D.C.-based wire reporters will be invited to participate as will the USDA's Broadcast Media and Technology Center. In addition to the plant tours, FSIS is assisting in planning a "Bloggers Roundtable," where Secretary Vilsack will discuss food safety issues during a teleconference. Dates for the tour and roundtable are to be determined.

No other travel is currently planned.

VI. Personnel Announcements

USDA is in the midst of on boarding 7 additional schedule c and SES appointees in the next week. We are also working with the appropriate departments at the White House and on Capitol Hill on the Kathleen Merrigan intent to nominate, and anticipate the announcements of "intent to nominate" on two or three additional sub-cabinet PAS candidates. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

VII. Other Items of Interest

USDA will provide up to \$145 million in American Recovery and Reinvestment Act (ARRA) funds to restore an estimated 60,000 acres of frequently flooded land to its natural state and create jobs. The Natural Resources Conservation Service (NRCS) manages the funding through the floodplain easement component of its Emergency Watershed Protection program. Through these easements, environmentally sensitive lands will be converted into riparian corridors and wooded bottomlands that support fish and wildlife habitat and mitigate downstream flooding. NRCS' goal is to have all easements acquired and restored within 12-18 months.

The Forest Service has released almost \$100 million of the \$1.15 billion for projects in the American Recovery and Reinvestment Act. The stimulus funding will be used for hazardous fuels reduction, forest health protection, woody biomass production, and rehabilitation and hazard mitigation activities on federal, state and private lands. Over 1,500 jobs will be created through shovel ready projects that will be released this week for urban youth and individuals involved in urban forestry, restoration projects fire prevention, roads, bridges, buildings and recreation facilities. This is important as youth unemployment rates stand at 21%.

Departmental Administration, Office of Security Services represented USDA's personnel security interests at an Office of Personnel Management hosted intergovernmental meeting on March 5th. Topics of discussion focused on implementing Joint Security Reform, automating processes, and recent policy guidance requiring reinvestigations for persons in Public Trust positions. These changes will streamline the investigative process for all USDA background investigations.

In December 2008, nearly 31.8 million people received SNAP benefits, an increase of almost 690,000 people from November. This number exceeds the previous all-time peak level of September 2008 when participants included over a million persons who received disaster benefits. Increased SNAP benefits are set to be distributed on April 1, 2009.

VI. Message to the President from Secretary Vilsack –

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MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 3/19/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

USDA's Farm Service Agency (FSA) is in the process of revising the current Memorandum of Understanding (MOU) with the Federal Deposit Insurance Corporation (FDIC) in regards to failing agriculture banks that hold FSA guaranteed farm loans. The goal will be to find other banks to obtain and service these performing loans. FSA held meetings in mid-March with both the FDIC and the Office General Counsel to discuss these issues.

USDA's Farm Service Agency's (FSA's) Financial Management Division recently initiated several significant cost and time saving improvements in the distribution of the annual Food, Feed and Seed and Fertilizer Inventory Report. By changing the distribution and production process for the annual report, FSA saved over \$22,000, including savings of \$8,300 for labor and over \$14,000 for materials. The report was delivered to the customers 45 days earlier than the previous method. Previously, the production and distribution of the annual report took a total of 75 days and involved the handling and mailing of over 7,000 compact discs.

On March 19, an Agricultural Marketing Service (AMS) representative will participate in a video conference versus the usual in-person meeting with the California Avocado Commission to discuss its annual financial report and crop estimates. The approximate cost savings is \$800. AMS will also hire a part-time employee in a field office to replace a recently retired full time employee. Many of the full time position duties have been redistributed to several other employees allowing the new part time employee to provide customer support. The expected cost savings in 2009 is \$60,000.

The Animal and Plant Health Inspection Service (APHIS) has reached an agreement to provide office space to Food and Drug Administration (FDA) personnel in Mexico City. The agreement could save APHIS \$18,500 by sharing office expenses with FDA.

An APHIS office has contracted with a local hotel for long-term lodging arrangements to achieve a significant decrease in the total lodging cost for the year. Anticipated cost savings in the next year total more than \$10,000.

In order ensure timely and reliable reporting in accordance with guidance from the Office of Management and Budget, OCFO is working with USDA agencies to increase the frequency of reporting process supporting transparency purposes and to ensure compliance with the various reporting provisions of the American Recovery and Reinvestment Act of 2009. This activity will continue until approximately April 30, 2009.

The Agricultural Research Service (ARS) U.S. National Arboretum (USNA), Washington, D.C., recently reported that the initial installation of solar panels to provide power for its newly installed irrigation system for one of its nurseries has been completed. This alternative energy system was developed in collaboration with Alfred University in New York. The installation of the solar panels will not only save approximately \$300 per year, but also saved more than \$30,000 in the costs it would have taken to design and install traditional electrical service to the new nursery.

II. Potential or Expected Press Stories

In Wisconsin, County Official Calls Stimulus' Floodplain Easement Funding "A Dream Come True". A Jefferson County, Wisconsin official calls floodplain easement purchases available through the American

Recovery and Reinvestment Act (ARRA) “a dream come true” and the Emergency Watershed Protection Program a “fabulous, fabulous program” that will bring relief to people and land in the county’s many floodplains. Jefferson County Parks Director Joe Nehmer has said that many residents of Wisconsin floodplains want the State to get the full \$30 million that is available to individual States through the ARRA. Hit hard by 2008’s flooding, much Jefferson County land is eligible for easement purchases. Residents look forward to the program’s delivery of better floodplain functioning, water quality, flood-water storage, and the restoration of river corridors, as well as a cash infusion to local agriculture and small businesses that have agricultural interests.

Inquiries to AMS have continued on implementation of the Country of Origin Labeling (COOL) law (which went into effect March 16) and a COOL compliance survey, most notably, *CBS News, Washington, DC* and *Ft. Myers, FL*, *Fox News Radio, Washington Post*, *KYW Radio, Philadelphia*, *NBC News*, *Food Chemical News*, *WGNT-TV*, and *Meeting Place*.

On March 17, Secretary Vilsack is expected to announce that USDA Rural Development and Fannie Mae will finalize the First Fannie Mae loan securitization for \$990,000 under the Rural Development multifamily rural rental housing program. The loan is to rehabilitate a senior development in Two Rivers, Wisconsin.

On March 13, FSIS issued recall release, *California Firm Recalls Chicken Bouillon Products Imported From an Unapproved Source*. The recall included approximately 17,674 pounds of granulated chicken bouillon products that were ineligible for import to the United States. The granulated chicken bouillon products were recalled because the products do not meet poultry products inspection or poultry exemption requirements. The problem was discovered after FSIS identified a shipment of products containing poultry which were imported from an unapproved source. A similar release with a lesser amount of product was issued on March 12.

III. Expected Legislative or Policy Issues

On March 25, NRCS Acting Chief Dave White will testify before the House Subcommittee on Conservation, Credit, Energy, and Research on the Agency’s response to its audit called for by the General Accounting Office. How NRCS administers its programs also may be discussed in the testimony. Farm Service Agency and USDA Office of Inspector General will also testify.

To highlight their belief in the need for mandatory National Animal Identification, the House Agriculture Committee and House Homeland Security Committee have agreed to hold a joint hearing on Federal preparedness in response to a catastrophic animal disease outbreak. Although a date has not been finalized, APHIS is working with the Department of Homeland Security (DHS) to prepare.

On March 14, Secretary Vilsack announced a final rule to require a complete ban on the slaughter of cattle that become non-ambulatory disabled (downer) after passing initial inspection by FSIS inspection program personnel. A *Federal Register* notice announcing the rule will be published March 18.

The final rule, *Mandatory Country of Origin Labeling of Muscle Cuts of Beef (Including Veal), Lamb, Chicken, Goat, and Pork; Ground Beef, Ground Lamb, Ground Chicken, Ground Goat, and Ground Pork*, was published in the *Federal Register* March 17. Through this rule, FSIS is conforming its regulations to the AMS final rule on Country of Origin Labeling.

March 11, 2009, the House Small Business Subcommittee on Regulations and Healthcare (Dahlkemper, D-PA) held a hearing on the “Impact of Food Recalls on Small Businesses.” The Food and Drug Administration and USDA testified on “how their agencies have responded to the recent rash of food recalls and, in particular, how they work with small businesses.” Representatives of small firms testified on their efforts to ensure safety as well as the economic impacts of food recalls.

IV. Potential or Expected Legal Issues

During the week of March 9, USDA's Risk Management Agency took actions to recover \$28,456 of Federal crop insurance program funds for crop years 2006, 2007, and 2008 due to overpayments by reinsured companies.

No other substantive legal issues are expected, though the department has received 18 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

On March 26–27, USDA's Foreign Agricultural Service and the Office of the U.S. Trade Representative will participate in formal World Trade Organization (WTO) meetings on the Russian Federation's agricultural commitments in connection with its application to join the WTO. The meetings will focus on sanitary and phytosanitary disciplines, and they will also include how to incorporate meat tariff-rate quotas into the Russian tariff schedule.

March 16-22, USDA employees representing the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES), the US Forest Service (FS), and the Office of the Secretary (OSEC) will join more than 60 representatives from a variety of Federal agencies as part of the US Delegation to the 5th World Water Forum (WWF) in Istanbul, Turkey, led by the U.S. Department of State. Fifteen heads of state, including the President of Iraq, and at least two crown princes are among the 25,000 expected attendees at the largest forum devoted to water resource issues, including agriculture, in the world. USDA agencies represented have contributed to sponsoring a USDA booth in the US Pavilion at the WWF. The Department of State will send reports, summarizing meetings attended by US delegates and other WWF events, back to the US on a daily basis.

The Secretary travelled to St. Paul MN with VPOTUS for a Middle Class Task Force Meeting on March 19, 2009

On March 26, 4:30pm, USDA will be the site host (Whitten patio) for an event hosted by the Australian Prime Minister. The Australians are hosting the event to recognize USG contributions to firefighting efforts in Australia.

USDA is the site host as the Australians did not have a location suitable for the event. Secretary Vilsack is confirmed to attend. DOI Secretary Salazar is invited but not confirmed. DOD will attend, we do not have confirmation who will attend at this time. Firefighters from FS and DOI will also attend as well as officials from their respective Agency/Department. State Dept employees are also invited. The Australian PM and Ambassador will be in attendance.

VI. Personnel Announcements

USDA is in the midst of on boarding 6 additional schedule c and SES appointees in the next week. We are also working with the appropriate departments at the White House and on Capitol Hill on the Kathleen Merrigan intent to nominate, and recently had the announcements of "intent to nominate" on two additional sub-cabinet PAS candidates – Miller for Under Secy. Of Farm and Foreign Agriculture Service and Tonsager for Under Secy. Of Rural Development. We continue to work to process more personnel into the department and are currently awaiting vetting on the majority of our sub-cabinet and a number of lower level employees.

VII. Other Items of Interest

An APHIS risk analyst reported to his new post as the Provincial Reconstruction Team Agricultural Advisor in Afghanistan as part of USDA's efforts to recruit qualified candidates to provide technical assistance for the reconstruction of Afghanistan's agricultural sector.

On March 11, the Food and Nutrition Service (FNS) released \$25 million in administrative support funding to State agencies for the Emergency Food Assistance Program. FNS plans to release \$145 million in Supplemental Nutrition Assistance Program (SNAP) administrative support funding to State agencies this week. Forest Service (FS) has begun to obligate funding from its first set of projects (totaling almost \$100 million) for restoration projects; road, trail, and facilities projects; and wildland fire management projects.

The Food and Nutrition Service (FNS) has contracted with Neutron Media to design, produce, and display four 15 second commercial spots that will appear on the CBS Jumbotron, a 520 square foot super screen overlooking Times Square in New York City. The public service messages will run 18 times a day over a period of 122 days. The initial messages focus on promoting expansion of the Summer Food Service Program.

VI. Message to the President from Secretary Vilsack –

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TJV

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 3/26/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

On March 25, Secretary Vilsack is expected to announce that approximately 200 million pounds of nonfat dry milk (NDM) will be transferred from the Commodity Credit Corporation to USDA's Food and Nutrition Service (FNS) for use in domestic feeding programs. The goal is to help care for U.S. citizens who are struggling to put nutritious food on their tables. FNS will use the NDM to assist the National School Lunch Program; the Emergency Food Assistance Program, which services the food bank, soup kitchen and food pantry outlets; the Commodity Supplemental Food Program, which serves elderly clients, some women, infants and children; and the Food Distribution Program on Indian Reservations. Farm Service Agency (FSA) will assist FNS in acquiring the desired dairy products.

On March 20, Food and Nutrition Service began developing options for the next Supplemental Nutrition Assistance Program (SNAP) trafficking study. The study will cover the period from 2006 to 2008. Previous studies have indicated that while participation and total SNAP benefit issuance has increased, trafficking has steadily declined.

On March 18, the Food and Nutrition Service (FNS) received Government Accountability Office's (GAO) draft report on sponsor deeming and non-citizen eligibility for public benefits. The law requires income of persons who sponsor immigrants to be deemed as available to certain immigrants regardless of whether financial support is provided. FNS is reviewing the draft and will provide comments to GAO by April 1.

On March 25, Departmental Administration will hold a Facilities Workgroup meeting -- one of four workgroups that report to USDA's Sustainability Operations Council. The U.S. Environmental Protection Agency is discussing new storm water management requirements from the Energy Independence and Security Act of 2007. The presentation will assist USDA in developing strategies to meet statutory requirements. In addition, the Natural Resources Conservation Service National Landscape Architect will discuss the People's Garden and its impact on furthering USDA sustainability efforts.

The Lease Consolidation Source Selection Board completed the review and scoring of prospective offers. Best and final offers will be reviewed by the General Services Administration, with a lease award anticipated in June 2009. The Lease Consolidation combines 1500 USDA employees from seven leased locations into a single facility. A cost avoidance of \$62 million will be realized over the 15 year lease. Efficiencies and economies of scale will be achieved by reducing the amount of leased space, sharing common areas, and by reducing duplicative services such as physical security, shuttle and courier services. Move-in is tentatively scheduled for January to March 2011.

The Chief Financial Officer Group has coding ready in the financial system, and funds have been allotted to begin obligating direct and guaranteed Single Family Housing loans. Loans may be obligated as soon as state distributions are loaded to Production Flexibility Contracts by the Program Staff and requisite American Recovery and Reinvestment Act (ARRA) reporting requirements and other program legal requirements are satisfied.

USDA is working to re-establish its Energy Reduction Challenge. This challenge last fall resulted in Headquarters savings of 9,000 kWh in a 24 hour period, nearly enough electricity to power an average home for a year. If those savings were annualized, it would equate to more than \$300,000 in savings per year.

II. Potential or Expected Press Stories

On a date (or dates) to be determined, Secretary Vilsack is expected to announce initial funding obligations for the Single Family Housing Program and the Water and Environmental Programs under ARRA.

Staff and Office of Communications is working on an inquiry from AP reporter Jennifer Kerr (received March 20) on expected timeline for when USDA Rural Development will begin to issue ARRA funds for Broadband.

Secretary Vilsack hosted a news teleconference to announce a plan benefitting dairy farmers and nutrition programs. By coordinating with Congressional press secretaries, the message was spread to dozens of media markets in dairy states.

Secretary Vilsack interviewed with rural radio networks to promote the stimulus package, reaching more than 100 radio stations in rural America.

Secretary Vilsack hosted a press conference with the Prime Minister of Australia to honor the US volunteer firefighters who assisted Australia. News stories of the event were distributed through several wire services, including Bloomberg, Dow Jones, and Reuters.

Economic Research Service (ERS) sociologist Mark Nord is lead author of a research article, "What Should the Government Mean by Hunger," which will appear this week in the *Journal of Hunger and Environmental Nutrition*. Nationally representative survey data indicate that the average voter thinks the Government should use the word "hunger" in official reports to refer to a condition in which people sometimes could not afford to eat enough and had stomach pains, even if they did not feel weak or dizzy. However, opinions about the appropriate meaning of "hunger" were not concentrated in a narrow range but ranged widely, from the inability to afford nutritious meals to experiencing sickness and loss of weight.

Next week, the Natural Resources Conservation Service (NRCS) begins a post-hurricane cleanup project in The Woodlands, a suburb of Houston, Texas, removing fallen trees and debris that could obstruct drainage during heavy rains this summer. Goals are to protect the lives and property of nearly 600 residents and return the land to much the same condition it was in before Hurricane Ike struck in September 2008. An estimated 1,500-2,000 damaged or dead trees will be chipped onsite and turned into mulch. NRCS manages the project and provides 75 percent of the project's costs; the San Jacinto River Authority provides the rest of the funding. Initial cost estimates carried a \$500,000 price tag, but bids came in substantially lower; the accepted bid was under \$250,000.

III. Expected Legislative or Policy Issues

On Tuesday, March 31, 2009, USDA Secretary Vilsack will be testifying before the House Agriculture Appropriations Subcommittee (DeLauro, D-CT), about the President's FY 2010 budget request for USDA

On Thursday, April 2, at 9:30 a.m. the Subcommittee on Communications, Technology and the Internet, House Energy and Commerce Committee. Oversight hearing on implementation of the ARRA broadband initiative. David Villano will testify for USDA Rural Development.

On April 23, 2009, the Senate Interior Appropriations Subcommittee will hold a hearing to review the Administration's Fiscal Year 2010 Budget Proposal for the U.S. Forest Service. USDA witness: Abigail Kimbell, Chief, FS.

The Senate Agriculture Committee is holding a hearing on March 31 on the topic "Beyond Federal School Meal Programs: Reforming Nutrition for Kids in Schools". Witnesses will provide perspectives from the food and beverage industry, schools, and health professional organizations. No USDA witnesses will be invited.

IV. Potential or Expected Legal Issues

No other substantive legal issues are expected, though the department has received 18 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

March 27, Secretary Vilsack will provide the keynote address at the Small Farmer Agricultural Leadership Training Institute graduation ceremony. The Leadership Training Institute is a funded project of the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Program, and guides small, socially disadvantaged, limited resource and/or minority farmers through the transformative process of becoming more successful agricultural entrepreneurs through enhanced decision-making skills and leadership development.

Secretary Vilsack will address the USDA Mid-Year Partners meeting on March 26, 2009, at 9:15am, in the back of the South Building cafeteria. The Acting Deputy Assistant Secretary for Civil Rights will deliver welcoming remarks, and the Director of the Office of Outreach and Diversity will provide an assessment overview. The meeting will continue the dialogue begun by the USDA/Partners Assessment Team convened in February and comprised of USDA and external constituents, to conduct a comprehensive evaluation of the Partners meeting process and set forth the basis for a revitalized Partners meeting.

Secretary Vilsack will address the Small Farmer Agricultural Leadership Institute's Graduation Ceremony on March 27, 2009, at 1:00pm on the Whitten Patio. The Acting Deputy Assistant Secretary for Civil Rights will provide welcoming remarks. The Leadership Institute's two-year course of study is specifically designed to guide small, socially disadvantaged, limited resources and/or minority farmers through the transformative process of becoming successful agricultural entrepreneurs, and to promote the sustainability of small family farms through enhanced business management skills and leadership development. The graduation ceremony will honor 26 graduates from 13 States.

From March 20–April 2, USDA's Foreign Agricultural Service (FAS) and the Egyptian Ministry of Agriculture and Agricultural Pesticides Committee are hosting a workshop in Alexandria, Egypt on global pesticide maximum residue level (MRL) initiatives for specialty crops in African countries. The workshop is focused on how to facilitate the registration of new and safer pesticides; strengthening regionalization and partnerships, and establishing relevant MRLs for Africa through the Codex system.

VI. Personnel Announcements

On March 24, 2009, a sub-work group composed of representatives from the Office of the Assistant Secretary for Civil Rights, Office of Ethics, Farm Service Agency (FSA), Rural Development (RD) and the Natural Resources Conservation Service (NRCS) met to continue development of a briefing for incoming FSA State Executive Directors (SED), RD State Directors and NRCS State Conservationists on their civil rights and ethical responsibilities. The training will cover topics such as equal employment opportunity complaints, alternative dispute resolution, ethics, diversity and outreach. The sub-work group drafted a memorandum to the Acting Deputy Assistant Secretary for Civil Rights recommending a fixed training schedule. The full working group meets on March 25, 2009.

In the past week, USDA has onboarded three schedule C appointees and one Non-career SES appointees, and has 7 SES ready to onboard and 4 schedule C SKC candidates ready to onboard in the coming days. In addition, we have designated 15 of our 16 Presidential Appointments requiring Senate confirmation (PAS). Five of those have been announced as intents to nominate, and 4 of those five have been sent to the hill. The Senate Agriculture Committee will be holding their confirmation hearings en masse next week in the hopes that we can get confirmation before the upcoming congressional recess. Excluding PAS candidates, we currently have a total of 45 SKC and SES onboarded or ready to be onboarded in Washington, and are working with Presidential Personnel and members of Congress on our regional appointments that include 104 excepted SKC positions. We hope to have these designated in the next two weeks.

VII. Other Items of Interest

On March 27, the FAS administrator will meet in Washington, D.C. with Dan Clune, chargé d'affaires, ad interim, of the U.S. Embassy in Australia. The purpose of the meeting is to discuss market access for U.S. beef and beef products.

A 3-year biomass management project that also improves soil and water quality is now underway at Iowa State University thanks to an NRCS Conservation Innovation Grant. The \$500,000 grant is paying for the development of a profitable and environmentally-sound model for biomass ethanol production, as well as for management and removal of residue at the production sites. The Leopold Center for Sustainable Agriculture and the Iowa Learning Farm (ILF) coordinate the project and will inform Iowa's energy industry specialists, farmers, crop consultants, and technical service providers of the project's findings. Partners with NRCS, the Leopold Center, and the ILF include Iowa State University Extension, the Iowa Department of Natural Resources, the Iowa Department of Agriculture and Land Stewardship, and the conservation districts of Iowa.

On April 22, Sid the Science Kid and Woodsy Owl are teaming up to celebrate Earth Day at the USDA's Farm to Fork Festival. With the People's Garden as the backdrop, the Forest Service and PBS Kids will promote earth-friendly activities about tree care, gardening, and bees as pollinators. The Forest Service and PBS Kids are looking at joining efforts to help children gain an early foundation in science and caring for the environment. PBS TV programming and web content provides children, parents and teachers a variety of characters and themed programming.

Departmental Administration, Office of Small and Disadvantaged Business Utilization (OSDBU) staff will attend and participate as a panelist and in meeting one-on-one with small businesses at the Pennsylvania 7th Congressional District Business Procurement Summit. Congressman Joe Sestak will sponsor this procurement summit in Springfield (Delaware County), PA on March 27. The purpose of this summit is to provide training and networking opportunities for regional small businesses interested in marketing to government and large business contractors. Congressman James L. Oberstar (MN) Chairman of the House Transportation and Infrastructure Committee; and Senator Robert P. Casey, Jr. have preliminarily accepted the invitation. During the last summit over 20 prime and 15 government agencies, and 400 small businesses attended the event.

On March 27-28, staff will be participating in the Oklahoma Black Historical Research Project Inc.'s Annual Small Farm Conference. Participation is anticipated at over 250 small farmers, ranchers, and rural community leaders. The conference objective is to inform participants of Department and Rural Development programs available to small and socially disadvantaged farmers and ranchers and how to access those programs and services.

On March 17, 2009, a Montana Department of Public Health and Human Services (MDPHHS) employee was sentenced to 24 months in Federal prison, followed by 36 months of probation, and was ordered to pay restitution of \$9,282 to MDPHHS. In August 2008, she was charged with making false statements, Supplemental Nutrition Assistance Program (SNAP) fraud, student loan fraud, and bankruptcy fraud. The investigation revealed that she had failed to disclose income and received benefits to which she was not entitled. The judge went outside Federal sentencing guidelines and ordered that she be immediately taken into custody. This investigation was one of a group of SNAP recipient investigations prosecuted by the U.S. Attorney's Office, District of Montana, for their deterrent value.

As of March 19, 2009, FAS has announced \$3.5 billion in FY 2009 Export Credit Guarantee (GSM-102) Program allocations, of which approximately \$2.9 billion has been awarded to U.S. agricultural exporters. FAS is preparing to announce an additional \$850 million in available GSM-102 credit guarantees by the end of March 2009. The upcoming announcements will include additional programming for Latin America, China/Hong Kong, and South Korea. The previously announced programs for these regions have been fully utilized by U.S. agricultural product exporters, reflecting the high demand for the GSM-102 program because of the world economic crisis and need for trade finance.

On March 19, USDA staff at the U.S. embassy in Baghdad, Iraq, reported that the United States has sold 120,000 metric tons of rice to Iraq, the first major sale since late 2007. From 2005–2007, the United States sold several hundred thousand tons annually. Recently, the United States has been unable to make sales in this million-ton market because of the much lower prices offered by Vietnam and Thailand. U.S. rice is now competitive due to Vietnam restricting new sales and artificially high Thai prices under its domestic purchase program.

VII. Message to the President from Secretary Vilsack –



(b)(5)

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 4/02/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

As of March 31, 2009, OIG has conducted briefings with all Department of Agriculture (USDA) agencies receiving Recovery Act funding on its plans to conduct oversight of the affected programs. On an ongoing basis, the Offices of Audit and Investigations are conducting outreach on oversight issues through the liaisons with those USDA agencies. OIG also participates on the Department of Agriculture Recovery Team. On February 27, 2009, the Inspector General transmitted a guide recently issued by the National Procurement Fraud Task Force on grant oversight and best practices for combating grant fraud. By letter of March 9, 2009, the Inspector General advised the USDA agencies of a fraud scheme pertaining to Recovery Act funds.

In response to a recommendation by the Government Accountability Office, the Office of the Assistant Secretary for Civil Rights (OASCR) is conducting a study to determine the potential for establishing an Ombudsman Office within USDA. The Conflict Prevention and Resolution Center is leading an Ombudsman Working Group composed of members from FSA, ARS, FS, FNS, GIPSA, and NRCS. Based on the results of the study, the office will develop a plan for the department-wide structure and implement best practices. Developing the plan using in-house resources will result in a cost savings of approximately \$100,000 which can be used for other civil rights initiatives.

As part of Secretary Vilsack's commitment to civil rights and accountability, the Civil Rights Services Division formed an Equal Employment Opportunity (EEO) Counselor's Report Committee and met on March 27, 2009. The purpose of the committee is to provide recommendations for a standard EEO Counselor's Report to establish uniformity throughout USDA, and improve the EEO complaint process.

The People's Garden Implementation Group recently met to discuss Earth Day events scheduled in April and the installation of an organic vegetable garden (the first phase of the People's Garden). This is a combined effort of the Office of Secretary, Departmental Administration/Office of Operations, Agricultural Marketing Service, Forest Service, Agricultural Research Service and the Natural Resources Conservation Service.

On March 17-19, the Agricultural Marketing Service (AMS) conducted training for supervisors in Lakewood, Colorado. Staff shuttled 22 travelers to and from the airport using government vehicles, thereby saving \$1,320 by not using a commercial shuttle service.

II. Potential or Expected Press Stories

The American Recovery and Reinvestment Act of 2009 provides \$20 billion in additional SNAP funding over the next five years. Beginning April 1, current SNAP recipients will see their benefits increase. For example, the average four-person household will receive an \$80 increase in its monthly SNAP allotment.

Food Nutrition Consumer Service (FNCS) Public Service Advertising (PSA) campaign with the Ad Council to promote nutrition and daily physical activity completed its first year in December 2008. FNCS partnered with Disney Home Entertainment and utilized Jungle Book characters to promote the nutrition and physical activity messages. In 2008, the PSA campaign earned over \$46 million in donated media in television, radio and print advertisements. Secretary Vilsack launched the 2009 campaign in February.

On March 25, President Obama issued a disaster declaration, providing for direct federal assistance and reimbursement of eligible costs associated with emergency protective measures such as flood fighting, sheltering, and evacuations. The assistance is granted to 34 counties and the Standing Rock and Spirit Lake

Reservations. On March 26, FNS approved a waiver request from the State of North Dakota, extending the period of time households have to complete a signed affidavit for replacement of food, purchased with Supplemental Nutrition Assistance Program benefits, that was destroyed in the flood. Approximately 17,264 households receive \$4.3 million in monthly SNAP benefits in the affected counties.

On March 30, 2009 Secretary of Agriculture Tom Vilsack announced the expansion of National Wilderness Preservation and Wild and Scenic Rivers systems on federal land, including the U.S. Forest Service. "President Obama has signed a sweeping public lands law that dramatically expands wilderness areas and wild and scenic rivers on designated federal lands," said Secretary Vilsack. "This landmark legislation will help to provide for better management of water resources and related climate change issues, while preserving the beauty and uniqueness of our Nation's natural resources for future generations."

On March 23, the operators of Goodson Farms, Inc. of Hillsborough County, Florida pled guilty to participating in a scheme to defraud the U.S. government by wire fraud. From 2001-04, Goodson Farms obtained Federal crop insurance for pepper crops, and concealed and failed to report total pepper production by providing false information to their crop insurance company. Goodson Farms then sold the unreported production through cash sales. As a result of the fraudulent claims, Goodson Farms received \$1,098,441 in crop insurance indemnity payments. Goodson Farms was sentenced to pay restitution to USDA, Risk Management Agency in the amount of \$1,098,441, and ordered to pay a \$400 special assessment.

Animal Plant Health Inspection Service (APHIS) will begin working with BBC Broadcasting during the week of March 30th for a program called Human Planet that looks at how communities interact with the environment. One of the program's topics will feature APHIS' brown tree snake control program. APHIS officials in Guam inspect all departing U.S. military cargo shipped from Guam to the Hawaiian Islands to ensure that no brown tree snakes hitchhike to the islands. The brown tree snake, with no natural predators in Hawaii, could have a devastating impact on native flora and fauna.

Secretary Vilsack announced at the March 31 appropriations hearing that USDA (through an Agricultural Marketing Service (AMS) program) will be purchasing lamb, turkey, pork, and walnuts, to be distributed to federal feeding programs.

III. Expected Legislative or Policy Issues

On April 1, the U.S. Senate held confirmation hearings for Jim Miller, President Obama's selection for the position as USDA Under Secretary for Farm and Foreign Agricultural Services, Joe Leonard, Jr. President Obama's selection for the position of Assistant Secretary for Civil Rights, and Kathleen Merrigan, President Obama's selection for the position of Deputy Secretary of Agriculture. The hearings went well and USDA expects all to be confirmed by Unanimous consent later this week before the congressional recess.

Secretary Vilsack provided testimony to the House Agriculture Appropriations Sub-committee related to the President's budget.

The House Agriculture Committee is scheduled to hold a hearing on April 2 to discuss Federal food safety programs.

IV. Potential or Expected Legal Issues

No other substantive legal issues are expected, though the department has received 12 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

On April 1, Vice President Joe Biden, Secretary of Agriculture Tom Vilsack, and Acting Deputy Under Secretary Bill Hagy traveled to North Carolina to highlight how the Recovery Act is helping rural America. They will be visiting Pikeville, North Carolina where ARRA funds are going to provide direct operating loans to farmers and ranchers, single family housing loans to rural residents and infrastructure support. They will also be traveling to Goshen Medical Center in Faison, North Carolina.

On April 5, Secretary Vilsack will address the *American Public Human Services Association Spring Conference* and share the Administration's plans and priorities for USDA programs. On April 6, Deputy Under Secretary O'Connor will participate on a panel along with other Federal agencies that administer human services programs to discuss plans for the Supplemental Nutrition Assistance Program.

From April 6–8, Secretary Vilsack and Acting Deputy Under Secretary for Farm and Foreign Agricultural Services Carolyn B. Cooksie will attend the 2009 International Food Aid Conference in Kansas City, Missouri. On April 7, Secretary Vilsack will deliver the keynote address.

On March 26, 2009, Secretary Vilsack addressed the USDA Mid-Year Partners meeting at USDA Headquarters. The Secretary took questions from participants that covered topics such as the 2501 Program and discussed restructuring the Office of the Assistant Secretary for Administration.

Secretary Vilsack addressed the Small Farmer Agricultural Leadership Institute's Graduation Ceremony on March 27, 2009, at 1:00pm on the Whitten Patio. The graduation ceremony honored 26 participants from 13 States, who completed a 2-year course of study to become successful agricultural entrepreneurs, and to promote the sustainability of small family farms through enhanced business management skills and leadership development.

On April 3, Secretary Vilsack will travel to Philadelphia to participate in a tour and press conference at Reading Market. The press conference will surround SNAP benefits and increases in those benefits as a result of the ARRA legislation.

VI. Personnel Announcements

USDA has designated its entire subcabinet, is anticipating 3 subcabinet members – Joe Leonard, Jr. Asst. Secy. Of Civil Rights; Jim Miller, Under Secy. Of Farm and Foreign Agriculture Service; and Kathleen Merrigan, Deputy Secretary of Agriculture to be confirmed by weeks end.

In addition, nearly 50 Non-Career SES and Schedule C positions have been filled. USDA anticipates an additional 5-10 job offers to be accepted in the coming week.

The USDA White House Liaison in conjunction with Presidential Personnel and White House Legislative Affairs will be doing outreach to Democratic Congressional members and other Democratic elected officials to communicate the process by which the regional positions in USDA will be filled. That outreach will start on April 2, and we will hope to have all letters of recommendation for these positions by April 20, so that selections can be made.

VII. Other Items of Interest:

USDA has been made aware that John Boyd and his group of African American Farmers will protest at USDA on April 28 in re: civil rights at the Department.

The Recovery Act made available \$173.3 million of direct operating loan funds for use by family farmers and ranchers to purchase farm equipment, seed, feed, and pay normal operating and family living expenses to promote economic recovery in rural areas. With the additional funding offered by the Recovery Act, USDA provided 2,539 loans totaling more than \$169.6 million to farmers and ranchers who can now meet their operating needs. Prior to the release of these funds, FSA had a backlog of 1,873 approved direct operating requests totaling more than \$135.8 million. Utilizing funding provided under the continuing

resolution and the Recovery Act, more than \$486.5 million in direct operating loans has been provided to 8,386 family farmers and ranchers.

On a date to be announced, Secretary Vilsack will announce \$84.8 million in Recovery Act funds for 54 projects that will bring the benefits of natural resources conservation to watersheds in 20 States and Saipan. The assistance this funding provides means better water quality, more dependable water supplies, and less soil erosion in communities across the country. The Natural Resources Conservation Service (NRCS) will direct technical and financial assistance available through the funding toward projects that are ready to begin as soon as possible and that will create jobs and relieve stress on local economies. The project locations and numbers in each are: Arkansas (1), California (2), Colorado (5), Idaho (1), Iowa (3), Kansas (1), Kentucky (1), Louisiana (2), Minnesota (2), Missouri (5), Montana (1), Nebraska (1), New York (1), North Carolina (1), Oklahoma (3), Pennsylvania (4), Saipan (1), Texas (12), Virginia (3), Washington (1), and West Virginia (3).

Oklahoma conservation officials expect to receive \$12.1 million in Recovery Act funding for dam rehabilitation projects that protect the public from floods and create 160 to 200 jobs, mostly in rural areas. Funding comes through the Natural Resources Conservation Service. "Oklahoma has 2,105 upstream flood control structures – more than any other State," said Trey Lam, the president of the Oklahoma Association of Conservation Districts. "We are pleased that the President and the Congress have appropriated this stimulus money to rehabilitate some of these structures," Lam said. State officials say a proposed \$25 million bond program will help the State government provide matching funds for dam rehabilitation.

A \$1.5 million project funded through the Recovery Act will soon be underway in Scott County, Arkansas. The Poteau River dam and reservoir prevents flooding, protects poultry operations and farms, and provides water for nearly 4,000 people in the Town of Waldron. The rehabilitation work will extend the dam's service life. NRCS delivers this assistance through its Watershed Rehabilitation Program, directing the funding toward the most cost-effective projects that have the greatest need.

NRCS will fund nearly \$1.1 million for repair of Fannin County, Texas roadside infrastructure damaged by summer floods in 2007. Funded projects will provide flood protection and improve drainage along important local roads near the Town of Bonham. Fannin County, where nearly 15 percent of county residents live below the poverty line, has set aside more than \$37,000 of its own money for the projects.

An eroding Gulfport, Mississippi levee will be restored with \$672,000 in funding from NRCS. Built decades ago, the levee protects 205 households from flooding after heavy rains. The 6-month construction project, set to begin after all rights of way are secured, will restore the levee to 16.5 inches above sea level. The levee top will be widened to 12 feet and the sides sloped so maintenance vehicles will have access. Grass also will be planted on the levee.

Sierra Pacific Industries, the second largest lumber producer in the country will close two sawmills in the Sierra Nevada this summer. Slowing lumber demand and fewer timber harvests are contributing factors to the closures. A spokesman for the company said that the closures will affect approximately 300 employees. Earlier this month, the company announced that their small-log mill in Quincy would close on May 4, affecting 150 employees.

The Outreach and Diversity Director spoke on behalf of the Office of the Assistant Secretary for Civil Rights at the 4th Annual Economic Development Conference March 27-28, 2009, in Wewoka, Oklahoma. A State Senator also participated in the conference, sponsored by the Oklahoma Black Historical Research Project, Inc. Topics of discussion included conducting a community assessment to identify areas where stimulus funds are needed to assist rural minority farmers and ranchers, youth programs and tribes; development of an operational plan to highlight examples of success; a pilot program to showcase and expand local markets, and the importance of public/private partnerships. As a result of the discussion at the conference, the Senator and members of the Black Historical Research Project, Inc., will meet with the Governor to discuss their ideas and concerns.

APHIS has been involved in the emergency response efforts related to flooding in North Dakota. To assist the National Guard with area ice jams, APHIS provided explosives and helped teams prepare the charges. APHIS personnel have also joined volunteers on the sandbag teams and helped erect barriers around homes in the flood prone areas.

On March 24, FSIS issued a recall press release, *California Firm Recalls Smoked Chicken Sausage Products Due to Package Mislabeling*. The recall included approximately 3,456 pounds of a smoked chicken sausage product because the product may contain an allergen, wheat. The mislabeling occurred as the front of the package states "NO GLUTEN." However, the ingredients' statement on the back of the package indicates that the product "CONTAINS SOY AND WHEAT." The problem was discovered by the establishment. FSIS has received no reports of illness due to consumption of these products.

After extensive efforts by FAS and FSIS staff, on Friday, March 27, the Government of Japan relisted Swift's Grand Island, Nebraska beef plant that had been suspended on October 27, 2007 for shipping sweetbreads in boxes labeled as "tongues". Japan is unique in requiring USDA investigative reports for this type of mistake. Such reports usually result in multiple revisions to the text before Japan finally approves the report in order to make it easier to "explain" the incident to their stakeholders. Japan required 5 revisions to the report on the Swift plant over a period of 5 months. Staff from Senators Ben Nelson (D-NE) and Mike Johanns (R-NE) asked for briefings from FAS and subsequently asked for an explanation from the Japanese Embassy for the delay. The Senators' offices, as well as Congressman Adrian Smith (R-NE) whose district includes Grand Island, were updated by FAS/Legislative Affairs on the successful resolution. In 2008, U.S. exports to Japan were \$382 million.

VIII. Message to the President from Secretary Vilsack –

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MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 4/08/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

During March 2009, the Animal and Plant Health Inspection Service (APHIS) realized approximately \$23,500 in travel cost savings by, among other things, hosting a Web conference instead of an in-person meeting; having employees share rides or use government vehicles instead of rentals during official travel; and using hotels below current per diem costs.

On a date to be determined, Agriculture Secretary Tom Vilsack is expected to announce recipients of Rural Economic Development Loans and Grants (REDLG) and Intermediary Relending Program (IRP) funds. IRP funding is for \$12.7 million for 20 projects in 15 states. REDLG funds are for more than \$15 million and cover 18 projects in 11 states.

On April 14, Agricultural Marketing Service (AMS) training specialists will host a commodity refresher training session using LiveMeeting. This distance-learning approach is being used for all fiscal year 2009 refresher training to AMS fresh produce inspectors and federal/state market licensees. This online presentation saves AMS and our state counterparts in travel related expenses. The estimated savings is approximately \$1,080 per student or \$27,000 per class.

The American Recovery and Reinvestment Act made available \$173.3 million of direct operating loan funds for use by family farmers and ranchers to purchase farm equipment, seed, feed, and to pay normal operating and family living expenses. USDA provided 2,636 loans totaling more than \$173.1 million to farmers and ranchers who can now meet their operating needs. Prior to the release of these funds, the Farm Service Agency (FSA) had a backlog of 1,873 approved direct operating requests totaling more than \$135.8 million. By utilizing all direct operating funding provided this fiscal year, FSA provided more than \$629.3 million in direct operating loans to 10,596 family farmers and ranchers.

On a date to be announced, Secretary Vilsack will announce \$84.8 million in Recovery Act funds for 54 projects that will bring the benefits of natural resources conservation to watersheds in 20 States and Saipan. The assistance this funding provides means better water quality, more dependable water supplies, and less soil erosion in communities across the country. The Natural Resources Conservation Service (NRCS) will direct technical and financial assistance available through the funding toward projects that are ready to begin as soon as possible and that will create jobs and relieve stress on local economies. Project States and the numbers of projects in each State are: Arkansas (1), California (2), Colorado (5), Idaho (1), Iowa (3), Kansas (1), Kentucky (1), Louisiana (2), Minnesota (2), Missouri (5), Montana (1), Nebraska (1), New York (1), North Carolina (1), Oklahoma (3), Pennsylvania (4), Saipan (1), Texas (12), Virginia (3), Washington (1), and West Virginia (3).

II. Potential or Expected Press Stories

Secretary Vilsack announced several initiatives this week. On a conference call with more than 50 reporters, Vilsack announced stimulus funds for watershed rehabilitation projects, which resulted in dozens of news stories in rural communities in states as varied as Massachusetts, West Virginia, and Texas.

Secretary Vilsack also met with the editorial boards of the Kansas City Star and the New York Times, to discuss how ARRA can revitalize rural communities and the need to invest in food nutrition programs.

The *Kansas City Star* interviewed an APHIS wildlife biologist located at the Kansas City airport, on efforts to prevent birdstrikes at airports. The biologist worked with the airport's public information team addressing questions for the story that will appear during the week of April 6, 2009.

APHIS expects media calls in regards to the detection of avian influenza at a breeder/broiler operation in Western Kentucky. Preliminary tests indicate an H7 virus of a low pathogenic strain. Samples are at USDA's National Veterinary Services Laboratory (NVSL) for confirmatory testing and full characterization.

The Food and Nutrition Service (FNS) hosted a Sustainable Agriculture/Farm to School conference call on Thursday April 2nd with numerous stakeholders from across the nation, including advocacy groups, state agencies, departments within USDA, and others. This call brought together ideas and strategies to work toward effective sustainable agriculture approaches such as Farm to School initiatives.

III. Expected Legislative or Policy Issues

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On April 7, USDA announced that an additional 51,700 tons of agricultural commodities valued at nearly \$80 million will be allocated under the U.S. Department of Agriculture's McGovern-Dole International Food for Education and Child Nutrition (McGovern-Dole) Program for fiscal year 2009. This assistance is in addition to fiscal 2009 McGovern-Dole allocations previously announced in December 2008. This announcement will benefit children, women and school communities in Angola, Guinea-Bissau, Niger and Uganda. This allocation and the one announced earlier this fiscal year together will feed nearly 4.2 million children in 19 countries in Africa, Asia, and Latin America. To date, the McGovern-Dole program has provided meals to more than 22 million children in 41 countries and boosted school attendance by an estimated 14 percent overall, and by 17 percent for girls.

During the week of April 6, the Foreign Agricultural Service (FAS) is expected to announce a final rule that clarifies and streamlines program operations under the Food for Progress program and the McGovern-Dole International Food for Education and Child Nutrition program. The Food for Progress program provides U.S. agriculture commodities to developing countries and emerging democracies committed to introducing and expanding free enterprise in the agricultural sector. The McGovern-Dole International Food for Education and Child Nutrition Program helps support education, child development and food security in low-income, food-deficit countries that are committed to universal education. It provides for donations of U.S. agricultural products, as well as financial and technical assistance for school feeding and maternal and child nutrition projects.

The House Agriculture Committee's Subcommittee on Livestock, Dairy and Poultry (Scott, D-GA) and House Homeland Security Committee's Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology (Clark, D-NY) have agreed to hold a joint hearing on federal preparedness in response to a catastrophic animal disease outbreak such as foot-and-mouth disease, in order to highlight the need for mandatory NAIS. USDA, the Department of Homeland Security, and state officials from Michigan and New York will likely be invited to testify. A date has not been finalized, but it is expected to occur in late April or early May. APHIS is working with DHS to prepare for the hearing.

IV. Potential or Expected Legal Issues

On March 27, Catalyst Energy, Inc., a suburban Pittsburgh energy company filed claims in a federal lawsuit that the US Forest Service is illegally refusing to allow the company to drill for gas and oil in the Allegheny National Forest (PA) where the company owns mineral rights. Catalyst Energy, Inc., stated the Forest Service is requiring the company to obtain a notice to proceed, but is not issuing the notice. Catalyst also stated the notice is unauthorized and that the Forest Service's refusal to issue the notice is depriving them of their rights to access their minerals.

No other substantive legal issues are expected, though the department has received 13 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

Secretary Vilsack also spoke at the International Food Aid Conference in Kansas City, Missouri, where he announced \$80 million school lunches in developing nations (McGovern-Dole program). His remarks at the event and interviews on the announcement were covered by national news outlets such as the Associated Press, Reuters, and National Public Radio.

While in Missouri, Secretary Vilsack also hosted a press event at a local family farm. He announced millions of dollars in grants for beginning farmers and spoke to the various ways in which ARRA is helping to keep farmers on the land. The event was covered by local print, radio, and television stations, with the local Fox news station running a story titled "Ranchers, Farmers Have Stake in Economic Recovery Act."

On April 3, Secretary Vilsack highlighted the SNAP benefit increases as the result of ARRA at Reading Terminal Market in Philadelphia.

Secretary Vilsack spoke to the American Public Human Services Association (APHSA) conference in Washington, DC, on April 5. On April 6, the FNCS Acting Deputy Under Secretary presented at the same conference about the Recovery Act and SNAP.

On April 8, Secretary Vilsack joined New York City Mayor Michael Bloomberg for a press event focused on green jobs and restoring natural environments in urban areas. The Secretary discussed the \$2 million federal investment in this innovative program, which trained and graduated dozens of employees this week.

Secretary Vilsack will attend the G-8 Agriculture Ministerial meeting starting next week. He will attend from April 17th – 21st. The G8 Agriculture Ministers' Meeting aims to identify a joint strategy for containing spiralling prices and limiting the impact of future world food crises. Food safety and security will also be a major topic of discussion, since a final statement on world food safety was approved at the 2008 G8 Summit in Japan. The G8 leaders acknowledged the grave problem caused by rising agricultural commodity prices and called on the agriculture ministers to draw up concrete proposals on world food security.

On April 22, Secretary Vilsack will speak to the National Press Club for Earth Day. He will also hold an event in relation to the USDA People's Garden project.

On April 24, Secretary Vilsack will join Maryland Governor Martin O'Malley for a tree planting in Carroll County, Maryland for Arbor Day.

Secretary Vilsack is also planning a potential trip to the Philippines in mid-May for trade issues.

Farm and Foreign Agriculture Service Under Secretary Jim Miller travelled to North Dakota this week to survey the flood damaged areas of that state.

VI. Personnel Announcements

On April 6, James W. "Jim" Miller was sworn in as USDA's Under Secretary for Farm and Foreign Agricultural Services.

Joe Leonard, Jr., was sworn in as Assistant Secretary for Civil Rights by Secretary Vilsack on April 6, 2009.

Kathleen Merrigan was sworn in as Deputy Secretary on April 8, 2009.

Krysta Harden, designee for Assistant Secretary for Congressional Relations was sent to Capitol Hill last week, and we are currently scheduling a hearing for her.

USDA currently has onboarded or has in the pipeline 69 of its 104 political appointee slots in WDC, and is ramping up efforts to fill the regional positions across the country. We hope to have those positions designated by April 20, 2009.

VII. Other Items of Interest:

A partnership that includes Natural Resource Conservation Service (NRCS) will make available nearly \$1 million in financial and technical to land owners in 22 central and southeastern Ohio counties who want to remove invasive plant species and provide for healthy forests. Property owners with 5 or more acres of wooded land will receive help with identifying plant identification invasive plants, recommendations for treatment and control, and how to qualify for NRCS cost-share assistance through the Environmental Quality Incentive Program. Ohio's Division of Forestry estimates that invasives every year cause billions of dollars in damage to the environment, forests, agriculture, industry, and recreation. Benefiting from the NRCS funding are: Adams, Athens, Champaign, Clark, Fairfield, Fayette, Franklin, Gallia, Highland, Hocking, Jackson, Lawrence, Madison, Meigs, Morgan, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington Counties.

From April 16–26, FAS Administrator Michael V. Michener will attend meetings of the United Nations Food and Agriculture Organization's Committee on Commodity Programs and Committee on Agriculture in Rome, Italy.

From April 11–18, seven Turkish Parliamentarians will learn about U.S. regulation of agricultural biotechnology, food and environmental safety of agricultural biotechnology, and why U.S. farmers have adopted biotech crops through USDA's Cochran Fellowship Program. The Cochran Fellows will be in Washington, D.C., for meetings with the U.S. Food and Drug Administration, U.S. Environmental Protection Agency, the American Seed Trade Association, the Cotton Council International, US Grains Council, and USDA's Animal Plant Health and Inspection Service and Packers and Stockyards Administration, among others. The Fellows will also visit with Monsanto, the National Corn Growers and American Soybean Association in St. Louis, Missouri, for a series of meetings.

North Dakota continues to deal with severe flooding. The river crested in the southern basin and is now moving to crest up north. The National Weather Service is expecting that a second crest will occur due to the recent snowfall of six to 18 inches. The County Emergency Boards are taking reports on the agricultural losses, including livestock. The record-setting wet weather from last fall to this spring will ultimately result in significant acres of prevented plantings of crops. Secretarial disaster declarations have been requested for 34 counties because of losses sustained to public infrastructure from snow and flooding. All FSA offices in Minnesota remained secure and not at risk of flooding.

The eruption of Mt. Redoubt continues to affect south central Alaska. Health and vehicle damage from the ash fall top the list of concerns. Due to the time of year, no farm crops are affected. FSA offices remain open.

After years of a ban, poultry exports to the EU could begin to be certified beginning May 7. Since 1997, U.S. poultry exports to the European Union (EU) member states have been banned based on concerns about 1) the use of chlorinated water in the processing of U.S. poultry and 2) deficiencies in the U.S. system regarding verification of on-farm practices. In 2005, AMS, in collaboration with the poultry industry, the National Chicken Council, the National Turkey Federation, and other USDA agencies, drafted the Quality System Assessment and Poultry Export Verification (PEV) procedures to address the on-farm issues, which were accepted in the fall of 2005. In 2008, a major poultry company, Jennie-O Turkey Store, Melrose, MN, met all PEV requirements. The EU has confirmed that certification could start next month.

The Food and Nutrition Service (FNS) is examining the alleged selling of repackaged contract infant formula to WIC participants in some Puerto Rico WIC-only stores, which resulted in the withholding of

rebates from the manufacturer. The Food and Drug Administration is responsible for addressing any issues regarding infant formula repackaging.

VIII. Message to the President:

Mr. President -

[REDACTED]

TJV

(b)(5)

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 4/16/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

Secretary Vilsack will issue a memorandum to all employees on April 16th, outlining his plan to take action to address the civil rights issues that have plagued this department for decades. The memo will include details of the plan analyze program delivery, review of program complaints, prioritize processing of program complaints, address lingering issues of Pigford, suspense foreclosure proceedings on all USDA loans for 90 days, fully incorporate RESNODA (with OBM approval) for data collection, set up specific timeframes for claim resolution, streamline data systems, streamline correspondence systems, track and monitor client services, and establish an ombudsman, and ensure employment EEO and Civil rights law is emphasized. This memo and the information therein was developed in-house with the knowledge of the White House.

The Chief Financial Officer is working with USDA agencies on implementing the second installment of the OMB guidance of the ARRA.

On April 15, Secretary Vilsack will hold a listening session to gather input from affected parties regarding the future of the National Animal Identification System. The system, established by the Animal and Plant health Inspection Service (APHIS) is designed to quick track animal diseases.

During the week of April 6, 2009, APHIS conducted the latest in a series of webinar training sessions for Smuggling Interdiction and Trade Compliance Officers. The webinar, in lieu of a face-to-face meeting, resulted in a cost saving of approximately \$12,000 for APHIS.

The Agricultural Marketing Service (AMS) relocated a scheduled April IT senior managers' meeting to discuss future Agency IT needs and improving internal customer service from Denver, Colorado to Shepherdstown, West Virginia, to save about \$2,600. Although the original destination was selected to allow the managers to visit the Agency's off-site server room, the Department's Lakewood enterprise data center, and learn about livestock grading operations, the meeting was moved to the West Virginia location to reduce travel costs.

An AMS Branch held its semi-annual management meeting last week in Washington, DC, rather than Baltimore, MD as originally planned, where managers reviewed current and future budget needs, established work groups for recruitment strategy and retention, and developed plans for future training of marketing specialists to reduce Federal Register costs through the use of shortened documents. Moving the meeting saved \$9,000 by reducing the number of staff on travel status from 13 to 4.

In 2008, the Animal Plant Health Inspection Service laboratories in Ames, Iowa recycled 21.97 tons of waste materials, including 20.27 tons of paper. The recycling efforts saved 345 trees, 141,904 gallons of water, 1216 lb. of air pollution, 83115 KW hours of electricity, and 67 cubic yards of landfill space. The Ames laboratories have an active recycling program that includes multiple materials, such as paper, glass and aluminum

The Office of the Assistant Secretary for Civil Rights (OASCR) will hold an all-employees meeting on Thursday, April 16, 10:00-11:30am, in the back of the South Building cafeteria. The meeting will formally introduce the new Assistant Secretary for Civil Rights (ASCR) to the OASCR staff. The President and Chief Executive Officer of the Black Leadership Forum, Inc., will also make remarks. In an effort to improve transparency and keep employees informed, the ASCR plans to hold all-employee meetings on a monthly basis.

USDA will postpone its Sixth Annual Partners meeting scheduled to take place August 4-7, 2009, until FY 2010. The Secretary directed an assessment of all prior Partners meetings, and appointed an Assessment

Conversations Team (ACT), comprised of USDA and community-based organization representatives, to review the function, content and structure of previously held meetings and outline recommendations that better serve USDA and its constituents. Past Partners meetings brought USDA officials and organized groups representing small, minority, socially disadvantaged and low-income farmers and ranchers together to engage in frank and honest dialogue about critical farm policies and practices. The postponement provides a savings of nearly \$400,000, which will be redirected toward the Secretary's comprehensive plan to improve USDA's civil rights performance.

Rural Development's Recovery Act website has been activated: <http://www.rurdev.usda.gov/recovery.html>, and has posted on its Recovery Act website a Statement on Ensuring Transparency of Registered Lobbyist Communications.

- During the week of April 13, the Risk Management Agency issued final compliance findings to recover \$541,531 in Federal crop insurance program indemnity overpayments and \$335,357 in overstated premium for crop years 2006, 2007, and 2008.

II. Potential or Expected Press Stories

Univision Radio (New York City, New York) requested an interview with a FNS official about SNAP. The Food and Nutrition Service provided background.

The New York Times (New York City, New York) requested information on SNAP latest participation figures. The Food and Nutrition Service provided background. No publication date has been set.

Food Chemical News (Washington DC) requested information on recent changes in the process for product labels for processed products provided to the Child Nutrition programs. The Food and Nutrition Service provided background. There is no information on a publication date.

III. Expected Legislative or Policy Issues

On Thursday, April 23, the House Subcommittee on Livestock, Dairy, and Poultry will hold a hearing to review Federal food safety programs at USDA. FSIS Administrator Al Almanza has been invited to testify.

On April 9, FSIS published a final rule in the Federal Register to amend its administrative regulations to add a part that establishes regulations governing the submission of petitions for rulemaking to FSIS. This action is necessary to help ensure the filing of well-supported petitions that contain the type of information the Agency needs to timely proceed with consideration of the requested rulemaking.

IV. Potential or Expected Legal Issues

On April 14, USDA FOIA officers will meet to develop the criteria to be used in making "foreseeable harm" determinations and the key points to include in any correspondence regarding the new FOIA standard. This is in response to guidelines issued on March 19 by Attorney General Eric Holder reaffirming the Administration's commitment to accountability and transparency in administering the FOIA. The guidelines establish a new standard for the Department of Justice (DOJ) to defend Federal agencies—DOJ will defend a denial of a FOIA request only if the agency reasonably foresees that disclosure would harm an interest protected by one of the statutory exemptions or disclosure is prohibited by law.

AMS reports that, on April 6, Radlo Foods, Watertown, MA, announced that they will no longer purchase eggs from any Maine Contract Farming (MCF) facilities. One such facility, Quality Egg of New England, is being investigated for animal cruelty violations. Because of Radlo's relationship with MCF, Eggland's Best had announced that it was dropping Radlo as a franchisee. The impact of Radlo's announcement on its relationship with Eggland's Best is unknown. Radlo has said it will buy eggs from other producers. Radlo, the nation's 41st largest producer, with 1.6 million hens, also stated that they intend to make all of

their production cage-free within 10 years. They are currently one of the nation's leading producers of cage-free eggs with more than 500,000 cage-free layers.

On April 2, the Grain Inspection, Packers and Stockyards Administration (GIPSA) contacted C. J. Oakwood of CattleCo Marketing, concerning his appeal seeking disclosure of the numbers of classes of livestock auction markets sell annually. Mr. Oakwood was referred to the Agricultural Marketing Service's (AMS) Livestock and Grain Market News and National Summary Reports, and provided the Packers and Stockyards Program's 2008 annual report.

AMS reports that, on March 30, District Judge James L. Graham, Southern District of Ohio Eastern Division, ruled against the International Dairy Foods Association (IDFA) in their lawsuit against the Ohio Department of Agriculture. On June 30, 2008, IDFA filed a motion on behalf of fluid milk processors seeking an injunction against the Ohio Department of Agriculture's newly issued rules for dairy labeling. The new rules require processors to use FDA approved statements that there is no functional difference between rBST and non-rBST produced milk. The rules were the result of rBST and other "absence" labeling being employed by processors marketing fluid milk in the State of Ohio.

On March 27, the Center for Biological Diversity filed a lawsuit against APHIS and the U.S. Fish and Wildlife Service with the U.S. District Court in Arizona. The Center wants APHIS and FWS to reinstate consultation under the Endangered Species Act (ESA), in order to promote riparian restoration efforts that will avoid jeopardizing the southwestern willow flycatcher, a songbird listed as endangered under the ESA.

The department has received 7 FOIA requests on a variety of topics this week, in addition to the above.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

Secretary Vilsack hosted a meeting with more than 25 stakeholders to discuss a national policy on animal identification and traceability. Secretary Vilsack also announced that as part of the Administration's greater effort to involve communities in policy development, he would hold listening tours around the country on the animal ID issue. The meeting was covered by wire services including the Associated Press and Reuters, and radio and television sound bites were sent to stations around the country.

On a conference call with dozens of news outlets, Secretary Vilsack also announced ARRA funding for water operations projects. Coverage included local radio and newspapers papers from several states including California, Missouri, Texas, and Virginia.

The Secretary will travel to the G-8 summit in Italy this week, where he will discuss the United States' commitment to ending world hunger and efforts to increase food security. While at the Summit, the Secretary will interview with the Financial Times, National Public Radio, and Reuters.

Upon his return, the Secretary will celebrate Earth Day by officially opening the People's Garden, a vegetable and flower garden on USDA property that will serve as a living example of the commitment to sustainable agriculture. The opening of the People's Garden will be covered exclusively by the Washington Post's Food section. The Secretary will also be the keynote speaker at the National Press Club, where he will discuss stimulus programs that support green jobs. Throughout the day, USDA agencies will host exhibits on the mall as part of the Farm to Fork Festival.

On April 7 Deputy Under Secretary Janey Thornton visited the Capital Area Food Bank (CAFB) in Washington, DC and met with Lynn Brantley, CAFB president and CEO, who explained how the organization operates. Dr. Thornton toured the facility and also met with representatives from Feeding America and local agency directors, who talked about their part in the chain to deliver food to those in need.

On April 9 Deputy Under Secretary Janey Thornton visited the Cheverly WIC clinic, the largest WIC clinic in Prince George's County, Maryland, serving over 6,000 women, infants and children each month. The Cheverly Clinic Supervisor and the Maryland WIC Program Coordinator explained how the WIC program

works, provided a description of upcoming changes to the nutritional requirements in WIC packages, and gave a tour of the clinic's operations.

VI. Personnel Announcements

USDA currently has onboarded or has in the pipeline 73 of its 104 political appointee slots in WDC, and is ramping up efforts to fill the regional positions across the country. We hope to have those positions designated by April 20, 2009.

VII. Other Items of Interest:

The Deputy Director of USDA's Center for Nutrition Policy and Promotion met with HHS officials as the co-USDA representative on the Healthy People 2020 interdepartmental initiative to discuss the ways that USDA can support the initiative, which is aimed at achieving measurable objectives for all people to live longer, healthier lives. The Federal Interagency Working Group, made up of representatives of the various Federal departments that are providing oversight to setting meaningful objectives across the government next meets on April 15, 2009.

On April 9, staff from the Food and Nutrition Service attended the first Text4Baby meeting. The Text4Baby initiative was introduced by representatives from the National Healthy Mothers, Healthy Babies Coalition, Centers for Disease Control and Prevention, Voxiva, and the White House Office of Science and Technology Policy. The goals of the initiative are to demonstrate the potential of using mobile technology to provide critical health information to low-income populations and to catalyze new models for public/private partnerships in the area of mobile health. Women would "opt in" to receive text messages that are designed to help reduce infant mortality and improve the health of mothers and babies. The project period for the initiative is 18 months, with an anticipated launch on Mother's Day (May 10th) in 2 to 3 pilot locations, including WIC clinics and Community and Migrant Health Centers.

VIII. Message to the President:

Mr. President –

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- TJV

MEMORANDUM

To: Brandon Hurlbut, Cabinet Affairs
Fr: John Berge, White House Liaison
Date: 4/29/09
Subject: Chief of Staff Report from USDA

I. Reform Based Actions

On a date to be announced, Secretary Vilsack will announce that USDA will release an additional \$40 million for watershed operations to help State and local governments create jobs, improve water quality, increase water supply, decrease soil erosion, and improve fish and wildlife habitat in rural communities as part of the American Recovery and Reinvestment Act (ARRA) of 2009. Other major benefits include improved community safety and health, flood mitigation, and sediment control. Through the Natural Resources Conservation Service (NRCS), ARRA funds will pay for construction of flood-control dams and a variety of conservation measures including those that improve irrigation efficiency, conserve water, and flood-proof homes.

On April 28 and April 30, 2009, the Office of the Assistant Secretary for Civil Rights will conduct training for politically appointed Senate confirmed (PAS) employees at USDA. The training will cover topics such as equal employment opportunity and program complaints, alternative dispute resolution, outreach, 1890 and 1994 programs, tribal consultation and diversity.

The Office of the Assistant Secretary for Civil Rights has prepared a statement of work to migrate all program complaint data into one system and incorporate additional data elements to improve the usefulness of the system. This is in accordance with Item Number 8 of Secretary Vilsack's April 21, 2009, memorandum to all USDA employees, "A New Civil Rights Era for USDA."

The Animal and Plant Health Inspection Service (APHIS) saved \$30,000 on an upcoming training in Frederick, Maryland by decreasing the training's duration, choosing a location with a low per diem rate, and selectively using government vehicles instead of shuttle services.

The APHIS program in Panama has reached an agreement with the Agricultural Research Service (ARS) to share an ARS building. Rather than constructing a new building, the agreement will allow APHIS to use the existing building as a repair facility to support USDA's screwworm efforts in Panama. The agreement will save in excess of \$300,000 in new construction.

APHIS coordinated nine webinar training sessions and trained 151 employees on the use of new government purchase cards. The webinars resulted in travel cost savings of \$16,600.

On April 28, Agriculture Secretary Vilsack announced the selection of 193 water and wastewater infrastructure projects totaling \$615.8 million to be funded immediately through the American Recovery and Reinvestment Act.

On a date to be determined, Agriculture Secretary Tom Vilsack is expected to announce the selection of 28 organizations in 11 states to receive \$12 million in Rural Economic Development Loans and Grants (REDLG) to create or retain jobs and spur economic development in rural communities. Recipients are from WI, MS, IL, AL, TN, IA, ND, KS, MN, IN, and SC. The release was sent to clearance April 27.

On April 28, 2009, Agriculture Secretary Vilsack announced the availability of \$13.4 million in Community Connect broadband grants for FY 2009. The grants may be used for facilities and end-user equipment, and two years of operating expenses to transmit broadband service to rural areas where such service currently does not exist

On a date to be determined, Agriculture Secretary Vilsack is expected to announce that USDA Rural Development is seeking applications for Rural Cooperative Development Grants. The maximum award per grant is \$200,000. Matching funds are required. USDA plans to award up to \$4.4 million.

II. Potential or Expected Press Stories

Upon learning of outbreaks of A (*H1N1*) in Mexico and the United States that have resulted in death and sickness in Mexico, and sickness in the United States, Food Safety officials have been offering support to their public health partners and following the situation closely. On April 26, Secretary Vilsack issued a statement to reassure the public that "there is no evidence at this time showing that swine have been infected with this virus." He added: "USDA has in place, and did so before the last week's events, a surveillance system to monitor animal health. As an additional precautionary measure, I have asked USDA to reach out to agriculture officials in every state to affirm that they have no signs of this virus type in their state." In addition to the statement, a list of questions and answers has been posted on the USDA Web site.

News media from across the country continue to cover Recovery Act assistance available from Natural Resources Conservation Services. As of the morning of April 27, 347 media outlets have reported on NRCS funding for watershed rehabilitation, watershed operations, and floodplain easements, highlighting that this assistance will create jobs and support local businesses that supply products and services; enhance water quality and create more dependable water supplies; decrease soil erosion, and other conservation benefits. Most feature quotes from Secretary Vilsack, while many have interviews (in print and audio) with NRCS' national and State leadership as well as technical specialists. Legislators interviewed include Sen. Tom Harkin (IA), Cong. Brian Higgins (NY), Cong. Patrick Murphy (PA), Cong. Lloyd Doggett (TX), and Gov. John deJongh Jr. (VI). **This level of media coverage of NRCS exceeds any in recent memory.**

III. Expected Legislative or Policy Issues

The Assistant Secretary for Civil Rights (ASCR) will testify on the Office of the Assistant Secretary for Civil Rights before the U.S. House of Representatives' Subcommittee on Department Operations, Oversight, Nutrition and Forestry on Wednesday, April 29, 2009. Following the meeting, the ASCR will meet with the Senate Agriculture Committee staff.

HR-1989 was introduced the week of April 20th. This bill would reverse the restriction on the use of the 2009 Omnibus bill funding for the Multi-Family Housing Guaranteed Rural Rental Housing program, which prohibited the Agency from providing interest credit and charging fees. However it does not provide the same level of funding that was provided in 2008; therefore the 2009 program level is 40% of the program level in 2008.

IV. Potential or Expected Legal Issues

No substantive legal issues are expected, though the department has received 21 FOIA requests on a variety of topics this week.

V. Travel /Speeches of the Secretary or Acting Under Secretaries

On April 28, 2009, Under Secretary Jim Miller addressed the National Black Farmers Association Annual Legislative Conference in Washington, DC.

The Assistant Secretary for Civil Rights (ASCR) will address the National Organization of Black County Officials (NOBCO) 25th Annual Economic Development Conference on May 1, 2009, in Miami, Florida. While in Florida, the ASCR will visit with local Farm Service Agency, Natural Resources and Conservation Service and Rural Development personnel, and the Dean of the College of Engineering Sciences, Technology and Agriculture, Florida A&M University.

On May 21, Acting Deputy Under Secretary for Food Safety Ronald F. Hicks, will provide opening remarks during an Asian Pacific American Heritage Month observance.

VI. Personnel Announcements

On Wednesday, May 6th the Senate Agriculture Committee will hold hearings on Pearlie Reed, designee for Asst. Secy. Of Administration; Krysta Harden, designee for Asst. Secy. For Congressional Affairs; Raj Shah, designee for Under Secy. Of Research Education and Economics. Also nominated last week were Ed Avalos as Under Secretary of MRP and Kevin Concannon, Under Secretary of FNCS. USDA currently has 103 people in the pipeline or onboarded at the Department.

VII. Other Items of Interest:

Public demand for funding through the Recovery Act floodplain easements by far exceeds the \$145 million available. As of April 26, nearly \$1.4 billion has been requested through more than 4,200 applications. Nearly 475,000 acres are covered by these applications. The top five States in the number of applications submitted are: Iowa (650), Ohio (444), Tennessee (353), Illinois (309), and Wisconsin (271). The total demand in dollars for Iowa alone is nearly twice the amount of funding available for the entire U.S. as well as its territories.

On April 21, students from Lake Tahoe Environmental Science Magnet School planted hundreds of native trees on land burned in the 2007 Angora Fire, beginning the Lake Tahoe Basin's reforestation efforts in the area. The Nevada Tahoe Conservation District and the Tahoe Resource Conservation District worked with the Forest Service to obtain funding and develop the Angora Fire Urban Forest Stewardship Project. The National Forest Foundation, Project Learning Tree, and GreenWorks provided grants for the program, which will result in the planting of 9,000 seedlings. The planting sites are on National Forest lands located within the community as well as on adjacent forest lands. Much of the planting will occur with the help of more than 700 local school children. Before heading to their outdoor classroom to plant trees, the children, as well as other volunteers, learned basic tree planting techniques, plant ecology and plant identification. The Forest Service nursery near Placerville, CA, supplied the Jeffrey pine, sugar pine, incense cedar, and red fir seedlings, which will grow about a foot each year. Motivation for the project to promote defensible space and healthy forests for erosion control came from the community. The Angora Fire was ignited by an illegal campfire on June 25, 2007. More than 250 structures and 3,100 acres were burned.

During the week of April 26, representatives of the Office of the U.S. Trade Representative (USTR) and USDA's FAS are meeting in Geneva, Switzerland, with representatives of the European Commission to negotiate remaining issues in regard to the World Trade Organization dispute settlement rulings in the European Union-Beef Hormones dispute. On April 22, USTR announced that the suspension of imposition of new retaliatory duties against the EU has been delayed until May 9. The delay allows FAS and USTR to continue to work towards an agreeable solution with the EU that will benefit the U.S. beef industry.

VIII. Message to the President: Mr. President – [REDACTED] TJV

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