Amendment 3585 -- Ensures that federal agricultural assistance is not misspent on golf courses, resorts, casinos, and junkets.

The U.S. Department of Agriculture (USDA) mission statement is to "provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management." Yet the Department has directed tens of millions of dollars in federal assistance towards unnecessary projects, such as golf courses, resorts, casinos, and junkets, that do not advance this goal.

This amendment will help the USDA focus on fulfilling its mission by prohibiting the funding of non-priority projects and activities related to golf courses, resorts, and casinos.

<u>Golf Courses, Resorts, and Casinos Should Not Be Priorities for the Department of Agriculture</u>

In the past 10 years, USDA has funded projects and activities that are completely unrelated to the core mission of the Department. The most egregious examples of this mismanagement is funding for projects relating to golf courses, resorts, and casinos.

More than $10 million in USDA assistance has been directed towards golf courses and more than $11 million towards resorts while the Department has spent more than $90.5 million to send bureaucrats on junkets, many at resorts in scenic vacation get-a-ways. USDA's loan guarantee to a golf course has resulted in one of the largest loan defaults in the program's 35-year history.

Not only are the construction and development of golf courses, resorts, and casinos a distraction for the Department of Agriculture, the private sector is already spending a substantial amount of capital for leisure activities like these and is likely to spend even more to attract retiring baby boomers.

After Default, Taxpayers Stuck with Paying Part of $1.8 Million Loan Made By USDA to a Golf Course in Georgia

The USDA's Community Facilities Loan Program was authorized in 1972 to help build or improve "essential community facilities" in rural areas with a population of fewer than 20,000 people.

The program provides loan guarantees to public entities and non-profit organizations that cannot get funding on their own at private banks. USDA guarantees 90 percent of the loan made by a private bank or lending institution.

In 1999, the previous Administration changed the loan guarantee program to include "recreational facilities" within its list of "essential community facilities."

Last year, USDA chose to guarantee 90 percent of a $6 million loan for a golf course at Whitewater Country Club in Fayetteville, Georgia. This loan ultimately defaulted leaving taxpayers to pick up a portion of the $1.8 million tab.[1]

This loan guarantee to a golf course resulted in one of the largest loan defaults in the program's 35-year history.

It is unclear how the development of a high-end golf course furthers USDA's mission of rural development of "essential community facilities."

This, incidentally, was not the first golf course guaranteed under this program. Since 1990, the USDA has guaranteed loans for nine golf courses — two in Georgia.

The program provides about $200 million annually in loan guarantees to various projects. According to USDA's website: "Loan funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services." Typical facilities constructed or improved under this program are: hospitals, schools,

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[1] Kevin Duffy. "Why did the federal government help this golf course?," Atlanta Journal-Constitution/ Cox News Service, November 13, 2006.

fire departments, city halls, courthouses, airports, bridges and community centers. A golf course is neither health care, public safety nor a public service. Providing federal support to the development of golf courses siphons away funding from higher priority local needs such as hospitals, schools, or fire departments.

When the government "guarantees" a loan for rural development, that means it is the government that has to ultimately pay for 90 percent of the defaulted amount. In the case of this program, the subsidy provided by taxpayers is somewhere between one and four percent because of loan insurance fees paid by borrowers. It does not make sense to duplicate the efforts of private lenders and banks by having the government intervene in the credit markets. When the government guarantees loans that default, any liability that is not covered by fees is the responsibility of the American taxpayer. Although the current subsidy rates for this program have been low there is nothing preventing them from increasing, which would then increase risk to taxpayers.

Another Golf Course in Georgia Received a $9 Million Loan from USDA

In 2003, a golf course development company in Georgia received a guaranteed loan of nearly $9 million from USDA's rural development to construct a golf course called Bartram Trail. This course is located near Augusta, Georgia, home to arguably the most prestigious golf tournament in the world, the Masters.

According the Bartram Trails website, the course is "a beautiful, rolling golf course located in Columbia County, Georgia, just minutes away from Augusta - one of the great meccas of the golfing world. Bartram Trail is the only public golf course in Columbia County to offer bent grass greens and features five par 5's and five par 3's."[2]

Given that this course is in the middle of a golfing and tourist hotbed and is ripe for development, the need for a federal assistance is

[2] http://www.bartramtrailgolfclub.org/

completely unnecessary, especially considering the American taxpayers are left on the hook if the loan goes into default.

With Georgia currently in the middle of a horrific draught, the priorities should lie with aiding farmers who might lose their crops, not golfers on vacation.

USDA Provided $647,000 to Finance a Golf Course in Montana

In 2002, Salish Kootenai College in Pablo, Montana received $647,000 to finance a college golf course.[3] The Silver Fox Golf Course is a 9-hole executive style golf course and the college provides youth golf training on campus.[4]

While playing golf and receiving lessons at college may be an enjoyable recreational activity, it is clearly not a priority for the college or the farmers of Montana.

The in-state tuition at Salish Kootenai is $5,359,[5] meaning that 120 students could have received a full scholarship for a year had the $647,000 loan been spent on tuition as opposed to financing a golf course.

More Than $260,000 Spent by USDA on Other Golf Projects

Other examples of agriculture spending misdirected towards golf courses include:

- $250,000 loan that assisted the Plum River Fault Line Golf Inc. in the development of a nine-hole community golf course and club house located in rural eastern Jackson County, Iowa;[6]

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[3] http://www.rurdev.usda.gov/MT/News/Montana/2002/100402CommFac.htm
[4] http://www.thegolfcourses.net/golfcourses/MT/176474.htm
[5] http://colleges.usnews.rankingsandreviews.com/usnews/edu/college/directory/brief/drglance_21434_brief.php
[6] http://www.rurdev.usda.gov/rd/newsroom/1998/redlist.htm

- $11,733 grant to the Wichita County Enterprise Community in Kansas for a municipal golf course water system project;[7] and

- $1,500 to conduct a golf feasibility study in South Dakota.[8]

The Golf Course Industry Earns $18 Billion Annually

There are currently 12,000 golf courses in the United States that generate combined annual revenues of about $18 billion. The average commercial course has annual revenue of about $1 million.[9]

Clearly, federal subsidies are not needed to promote or support the development of new golf courses.

This already thriving industry, in fact, is expected to see a substantial increase in demand with the baby boomer generation retirement. According to a recent study by the National Golf Foundation, about nine million boomers are golfers and they are about to move into the higher play frequency and golf spending years.[10]

The Foundation also estimates that, over the next 20 years, total rounds attributable to boomers will increase by 75 million to 100 million above what they are currently playing. The Foundation concludes that "the bottom line is that over the next 20 years there will be more golfers in the higher play frequency years than at any time in history."[11]

This influx of demand into the golf market will irrefutably increase the amount of capital into the industry, making government subsidies exponentially less necessary or compelling.

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[7] http://www.rurdev.usda.gov/cdp/ezec/02_Exec_Summaries/wichita.html
[8] http://www.rurdev.usda.gov/sd/icinvestments0906.doc
[9] http://www.hoovers.com/golf-courses/--ID__93--/free-ind-fr-profile-basic.xhtml
[10] http://www.worldgolf.com/newswire/browse/6637-NGF-newsletter-looks-at-future-impact-of-baby-boomers-on-golf
[11] http://www.worldgolf.com/newswire/browse/6637-NGF-newsletter-looks-at-future-impact-of-baby-boomers-on-golf

Nonetheless, federal funds intended to address the challenges facing farmers and rural America have been spent on golf course development and have consequently taken money away from farmers who desperately needed aid.

Funding Vacation Resorts Should Not be a USDA Priority

USDA has also been directing tons of millions of dollars towards vacation resorts.

The resort industry is not in dire need of federal assistance. Prominent resort groups possessed the following total assets from 2006:

- Disney, $59 billion;[12]
- Marriot, $8.5 billion;[13] and
- Loew's; $76.9 billion.[14]

Like golf courses, the resort industry is expecting to see a massive increase in development investments due to the retirement of the baby boomer generation, making federal subsidies exponentially less compelling for vacation spots.

According to Harry S. Dent, author of The Roaring 2000s, "The sector of the population that will most influence real estate values in the next decade are affluent baby boomers who are moving into their vacation home buying years at the fastest growth rate. This will make resort areas the hottest properties for investors."[15]

Bob Waun, CEO of Birmingham, Michigan, based Vacation Finance said "We believe that condo hotel and resort fractional or timeshare

[12] https://clients.moultoncommerce.com/disney/pdfs/200610K.pdf
[13] http://ir.shareholder.com/mar/downloads/2006AR.pdf
[14] http://library.corporate-ir.net/library/10/102/102789/items/238111/LTR_2006ARfull.pdf
[15] http://www.rockypointluxury.com/wst_page2.html

second home options will be a wave of the future, embraced by retiring Baby Boomers as the retirement residence of choice”.[16]

USDA Approved $10 Million Federal Loan for a 4-star Hotel with an Indoor Water Park

In June, the USDA announced that it had approved a $10 million guaranteed loan for the $38 million Hope Lake Lodge Resort and Indoor Water Park in New York.[17]

According to its web site, Hope Lake Lodge is a truly unique first-class luxury family resort featuring a four star hotel, Central New York’s first Indoor Waterpark, a state-of-the-art Fitness & Training Center, and the Cascades Health Spa.

The hotel brags that it will be your best vacation ever as everything is designed for your comfort, relaxation, and enjoyment. The lodges “Northwood styling takes you to the pristine simplicity of an airy, open home in the woods. Located adjacent to Hope Lake Recreation Area, Hope Lake Lodge is everything you’ve ever dreamed of in a vacation.”[18]

The park also contains an indoor water park, which includes such amenities as:

- 3 story tall tube slides;
- Body slides;
- Waterfall;
- Indoor hot tub;
- Wading pool;

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[16] http://coachingtip.blogs.com/so_baby_boomer/travel/index.html
[17]http://www.rurdev.usda.gov/NY/toolbarpages/pressreleasepages/2007/HopeLake_groundbrkg_FINAL_6.15.07.doc
[18] http://www.hopelakelodge.com/

- Activity pools;
- Indoor/Outdoor Pool; and
- Lap lanes.[19]

The hotel boasts that “with more than 140,000 gallons of water and over 500 feet of slides, the fun never ends indoors! Splash and tumble down the 3-story tube slide. Immerse yourself in the hot tub to soothe your tired muscles. Swim leisurely laps or hold a family relay race. Play tag or just float along in the wave pool. Stretch out poolside and watch the kids play on the activity tower. Staying indoors has never been this much fun for everyone in the family!”[20]

Splashing in an indoor water park may be fun, but that is of little comfort to struggling farmers.

The Third Largest Ski Resort Company in the U.S. Received a $415,000 Federal Loan for an “Automated Snow Making System”

On July 31, a study released by the business research firm Research and Markets found that the U.S. ski resort industry boasts about 350 companies, over 400 ski areas, and combined annual revenue of $2 billion.[21]

While this booming private enterprise does not appear to need government interference or assistance, the USDA provided a $415,000 loan to Boyne USA to assist with the financing of an automated snowmaking system as part of an expansion of the Boyne Mountain Resort in Michigan.[22]

This specific Boyne resort in Michigan received a 4 star rating for possessing accommodations with distinctively refined design, quality and an upscale sense of comfort and character.[23]

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[19] http://www.hopelakelodge.com/
[20] http://www.hopelakelodge.com/
[21] http://www.firsttracksonline.com/index.php?name=News&file=article&sid=2661
[22] http://www.rurdev.usda.gov/rd/newsroom/2001/redlgreciplist.html
[23] http://www.boyne.com/Lodging/Boyne_Stars.html

“The engaging decor features a massive wood-burning fireplace in the expansive lobby, custom wrought iron gates and accents, chandelier and sconce lighting, hand-painted murals, and natural wood throughout. The Mountain Grand's interior offers 220 luxurious one-, two-, and three-bedroom suites. These spacious accommodations carry the resort's theme with engaging colors, handmade tiles, custom furniture, and solid pine doors. European style and comfort is waiting around every corner.”[24]

The loan is for Boyne USA resorts, the third largest resort network in North America. The company boasts that “From coast to coast, Boyne USA Resorts features some of North America's biggest and best snowsports destinations, championship golf courses, luxurious spas and a full menu of active lifestyle amenities.”[25]

The company’s goal is to become the "best four-season resort company in the world by 2015.”[26]

The resort is clearly not in need of federal assistance as the Boyne USA is one of the most successful and lucrative ski resort companies in the U.S.

“One of the Finest Ski Centers” Received a $600,000 Grant from the USDA to Refinance Its Debt

In 1998, the USDA provided $600,000 for the Salmon Hills Cross Country Ski Resort in Oswego, New York to develop the property and to refinance its existing debt.[27]

According to its website, Salmon Hills is “A four season lodge/resort where families and kids can have fun and Nordic Ski, Snowshoe, Dog Sled, do Biathlon, Snowmobile, Ice Climb, Hike, Mountain Bike,

[24] http://www.boyne.com/BoyneMountain/index.html
[25] http://www.boyneusaresorts.com/
[26] http://www.boyneusaresorts.com/
[27] http://www.rurdev.usda.gov/rd/newsroom/1998/oswego.htm

Kayak, Canoe, White Water Raft, Fish, or Hunt, in the pristine nature of the New York."[28]

Salmon Hills has become a recognized destination for thousands of Nordic skiers, from recreational to world class. According to Trails.com, Salmon Hills is **"**One of the finest commercial cross-country ski centers in New York State is also its newest."[29]

Co-owner Elizabeth Turner says the resort does a "great business during the winter" and has about 8,000 skiers a season. She notes that "We never really marketed the cross-country skiing because we didn't have to. This is arguably one of the best areas in the country for crosscountry skiing."[30]

Turner hopes that by opening the resort year round, she'll double the amount of people who annually visit Salmon Hills as well as double the resort's yearly revenue. "If we can make enough money during the spring, summer, and fall to equal what we make during the winter, I'll be very happy." Turner says she anticipates up to 16,000 visitors this year. An average one-night stay at the resort is between $30 and $55, adds Turner.[31]

Clearly, such a successful resort does not need federal assistance.

The USDA Provided a Federal Loan for an Indian Casino Purchase in Montana

The casino industry in the United States is a wildly popular and growing industry. In 2005, Indian casinos took in $22.6 billion, while the casino industry in totality received $84.65 billion.[32]

[28] http://www.salmonhills.com/
[29] http://www.trails.com/tcatalog_trail.asp?trailid=SGN019-044
[30] Paul Allen. "Ski Resort Expands to Conference Center," The Business Journal - Central New York, July 7, 2000; http://www.allbusiness.com/north-america/united-states-new-york/959405-1.html
[31] Paul Allen. "Ski Resort Expands to Conference Center," The Business Journal - Central New York, July 7, 2000; http://www.allbusiness.com/north-america/united-states-new-york/959405-1.html
[32] http://www.americangaming.org/Industry/factsheets/statistics_detail.cfv?id=7

In 2002, a loan from the USDA was used to purchase real estate consisting of an existing restaurant and casino located in Livingston, Montana. The building was remodeled to provide a 24 hour restaurant, a casino with a full beverage liquor license, a convenience store with six fueling depots and a RV dump station.[33]

According to USDA, the Business and Industry (B&I) guaranteed loan program which provided the assistance for this restaurant and casino provides up to an 80 percent guarantee on traditional lender loans to businesses. "The primary purpose of the program is to create and maintain employment and improve the economic climate of the rural community by providing financial backing for new and expanding businesses." USDA expects this restaurant/casino will employ 15 full time and 5 part time positions.[34]

A federally backed casino would not appear to be a high priority for Livingston with a median household income is $32,000- $7,000 below the state average[35] and $16,000 below the national average![36]

This is especially true considering that 15 of Montana's 56 counties are under a drought alert while 17 counties are in the middle of a severe drought that will undoubtedly adversely affect the crops of farmers. Instead of the USDA building golf courses and casinos, they should help aid farmers who are in dire need of financial assistance.

This is clearly an egregious example of the blatant lack of prioritized spending by USDA.

Certainly there is enough capital in the private sector to purchase a casino in Livingston if there is a desire or demand for a casino is the area. Federal assistance, however, should tend to more urgent needs.

[33] http://www.rurdev.usda.gov/MT/News/Montana/2002/Smiley's022802.htm
[34] http://www.rurdev.usda.gov/MT/News/Montana/2002/Smiley's022802.htm
[35] http://www.city-data.com/city/Livingston-Montana.html
[36] http://pubdb3.census.gov/macro/032007/hhinc/new04_001.htm

Since 2000, USDA Has Spent More Than $90.5 Million to Send Bureaucrats on Junkets, Many at Resorts in Scenic Vacation Get-a-Ways

In addition to the funding of questionable projects, USDA has misspent its resources by sending tens of thousands of Department employees to unnecessary conferences in up-scale locations.

There are 112,000 employees at USDA, and in 2006, USDA sent 20,959 employees to thousands of conferences and meetings across the nation and around the world.

USDA revealed to a Senate oversight subcommittee that it had spent more than $90 million on conferences from 2000- 2006. Department conference expenditures increased more than $4 million, or 60 percent, between 2001- 2002. The amount has more than tripled between 2001 and 2006, when conference expenses surpassed $19.4 million.

USDA Conference Spending 2000-2006

Fiscal Year	Amount Spent
2000	$6,675,134
2001	$6,005,287
2002	$10,621,506
2003	$13,537,628
2004	$15,946,157
2005	$18,348,119
2006	$19,440,333[37]
Total	$90,574,164

Many of these conferences took place at vacation resorts.

According to data submitted to a Senate oversight committee, 60 USDA employees traveled to Hawaii on the taxpayers' dime in 2006, to attend approximately 28 separate conference or training events.

[37] Reported February 12, 2007.

Additionally, 145 USDA employees attended approximately 94 separate conference or training events in Las Vegas in 2006.

One example of a USDA Las Vegas conference excursion was for “The Photoshop World Conference & Expo” that was held September 7-9, 2006 in Las Vegas at the Mandalay Bay Resort & Casino and one Forest Service employee was on hand for the event.[38] The total taxpayer-funded expenses for this USDA employee equaled $1,261.[39]

The Photoshop World Conference & Expo is produced by the National Association of Photoshop Professionals, “a dynamic trade association and the world’s leading resource for Adobe® Photoshop® training, news, and education. It is led by a world-class team of Photoshop experts, authors, consultants, trainers, and educators whose focus is to ensure that NAPP members are on the cutting edge of Adobe Photoshop techniques and technology.[40]

The Mandalay Bay Resort and Casino in Las Vegas “offers unmatched luxury, fine dining, renowned entertainment, personal service, and gaming excitement dreams are made of.”[41]

Its 135,000 square-foot “gaming environment was designed to make waves along the Strip. You'll play in a tropical setting of flowing water, lush foliage, and exotic architecture. And whether you prefer slots or tables, blackjack or poker, you'll find a full selection of your favorite games.”[42]

It is not clear how a Photoshop conference fits in with the Forest Service’s priorities, nor what if any role the USDA employee had at the conference.

USDA resort junkets have not been limited to Las Vegas or Hawaii.

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[38] August 29, 2006 Press Release, http://lightroom-news.com/2006/08/29/adobe-sneak-peek-at-photoshop-world/.
[39] USDA’s February 5, 2007 response to Ranking Member Coburn regarding FY2006 Conference and Training Activity, page 152 of 254.
[40] Photoshop World 08 website, http://www.photoshopworld.com/2008/sponsorships.html.
[41] Mandalay Bay description on google.com link.
[42] Mandalay Bay, Casino webpage, http://www.mandalaybay.com/casino/.

USDA spent $1,656 to send one employee to the Society of Competitive Intelligence Conference (SCIP) in 2006. While the Agency listed the conference location as Lake Buena Vista, Florida, a quick Google search reveals that while the April 26-29, 2006 conference was in fact in that town, it was not at an ordinary conference center but at the Disney's Coronado Springs Resort.

Disney's Coronado Springs Resort invites its guests to "Embrace the legendary cultures of Mexico and the American Southwest amidst Mayan architectural flourishes at this lakeside Resort hotel."[43]

The conference sponsor, SCIP, "is a global nonprofit membership organization for everyone involved in creating and managing business knowledge. Our mission is to enhance the success of our members through leadership, education, advocacy, and networking."[44]

SCIP "provides education and networking opportunities for business professionals working in the rapidly growing field of competitive intelligence (the legal and ethical collection and analysis of information regarding the capabilities, vulnerabilities, and intentions of business competitors)."[45]

It is not known why the Animal and Plant Health Inspection Service found it a priority to spend $1,600 for this conference, nor what role, if any, the federal employee who attended played.

It is known that the conference wasn't all about managing business knowledge but included a martini bar and cigar reception as well as a golf event.

The conference included a "South Beach Fiesta Evening Reception" that was advertised as a reception:

> that is sure to put some fiesta in your conference experience. This party combines the sizzle of Latin culture with the sleek

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[43]http://disneyworld.disney.go.com/wdw/resorts/resortLanding?id=CoronadoSpringsResortLandingPage
[44] Conference Webpage, http://www.scip.org/2_overview.php
[45] Conference Webpage, http://www.scip.org/2_overview.php

> sophistication of Florida's trendy South Beach. Our South Beach party is a combination of stylish ambiance, insatiable delights and rhythmic dance music. You and your guests will enjoy this high-energy party, surrounded by a vivid kaleidoscope of dazzling lights, tropical greens and hip dance club décor. Spice up the night with Latin dance instructors, or move and groove to the driving rhythms of a hypnotic salsa band. From the moment the martini bar opens until the last cigar is rolled, you and your guests will certainly remember this "hot, hot, hot" celebration.[46]

On Saturday, following on two days of sessions and "active dialogs," attendees were invited to a four-hour golf event at Disney's Palm Golf Course. It is not known whether or not the USDA attendee participated in this activity.[47]

Misspending federal funds on construction of and junkets to resorts, golf courses, and casinos siphons assistance away from helping farmers and rural communities. The USDA should focus its attention and resources on helping struggling farmers and rural areas rather than paying for unnecessary junkets to vacation get-a-ways for government bureaucrats.

Misplaced Priorities and Misspent Funds Siphon Away Resources Intended to Help Farmers and Rural Communities

Misspending federal funds on construction of and junkets to resorts, golf courses, and casinos siphons assistance away from helping farmers and rural communities.

In recent years, American farmers and those living in rural America have faced serious issues. These include crop losses, drought, and other natural disasters.

The Senate Committee on Agriculture, Nutrition and Forestry notes, "Today, rural communities face enormous challenges, with loss of

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[46] Conference Webpage, South Beach Fiesta webpage http://www.scip.org/06annual/e_fiesta.php
[47] Conference Webpage, Schedule of Events, http://www.scip.org/06annual/sch.php

population and jobs contributing to a negative cycle which feeds on itself. Investments in rural development can help reverse this dynamic.[48]"

According to USDA's Economic Research Service:

- Per capita income in rural areas is $26,147; For urban areas, the per capita income is $36,153.

- Average earnings per job in rural areas is $31,596; For urban areas, that number rises to $48,340; and

- In rural areas throughout the U.S., 23.5 percent have not completed high school; in urban areas, that numbers drops to 18.8 percent. [49]

Addressing these are clearly more important priorities that should not have to compete for federal agricultural and rural assistance with questionable costs associated with construction of or junkets to golf courses, resorts and casinos.

Congress Appropriates Billions of Dollars in Emergency Farm Aid Every Year

It is irresponsible to borrow billions of dollars every year when simple prioritization could save the taxpayers money and provided needed assistance to farmers. Yet that is what has been happening.

From Fiscal Year 1989 through Fiscal Year 2007 (to date), 34 appropriations, authorization, or farm disaster acts added approximately $59.04 billion in supplemental funding for USDA programs, according to the Congressional Research Service.[50]

Approximately $46.7 billion, or just under 80 percent of the total amount, was for FY1999-FY2007 alone. The most recent

[48] http://www.agriculture.senate.gov/ : Summary of Rural Development Title
[49] http://www.ers.usda.gov/StateFacts/US.htm
[50] Ralph M. Chite. "Emergency Funding for Agriculture: A Brief History of Supplemental Appropriations, FY1989-FY2007," Congressional Research Service, June 27, 2007.

supplemental agricultural appropriation was a $3.65 billion package included in the FY2007 Iraq war supplemental appropriations act (P.L. 110-28), signed into law in May 2007, primarily to assist crop and livestock producers who suffered weather-related losses in either 2005, 2006, or early 2007.

Since FY1989, the vast majority ($43.2 billion) of the total supplemental funding has been paid directly to farmers, primarily through two mechanisms: "market loss payments" ($21.4 billion, all from FY1999 to FY2001) to compensate for low farm commodity prices, and crop disaster payments ($21.75 billion) paid to any producer who experienced a major crop loss caused by a natural disaster.

The remaining $15.8 billion has funded a wide array of other USDA programs, including livestock feed assistance programs, farm conservation programs, specialty crop assistance, farm loans, and non-farm USDA programs such as overseas food aid, food and nutrition programs, and rural development and housing assistance.

In recent years, virtually all of the supplemental spending has been provided under an emergency designation from Congress and the Administration, meaning that the new spending did not have to be offset with comparable reductions in other programs. However, in some cases a portion of the supplemental is offset by spending reductions in other programs.

Total Annual Funding Additions Providing Farm Disaster Assistance Since 1989[51]

Fiscal Year	Emergency Agriculture Appropriation Amount
1989	$ 3.4 billion
1990	$ 1.5 billion
1991	$ 0
1992	$ 1.0 billion
1993	$ 1.9 billion
1994	$ 3.1 billion
1995	$ 0.6 billion
1996	$ 0.1 billion
1997	$ 0.5 billion
1998	$ 0.2 billion
1999	$ 6.6 billion
2000	$ 14.8 billion
2001	$ 11.3 billion
2002	$ 0.6 billion
2003	$ 3.6 billion
2004	$ 0.2 billion
2005	$ 3.8 billion
2006	$ 2.2 billion
2007	$ 3.65 billion
Grand Total, 1989 to Date	**$ 59.0 billion**

[51] Ralph M. Chite. "Emergency Funding for Agriculture: A Brief History of Supplemental Appropriations, FY1989-FY2007," Congressional Research Service, June 27, 2007.

Atlanta Journal-Constitution
Monday, November 13, 2006

Why did the federal government help this golf course?

By KEVIN DUFFY
Cox News Service

ATLANTA — With its grand clubhouse and 18-hole course that Arnold Palmer helped design, the former Whitewater Country Club near Peachtree City, Ga., didn't seem to be the kind of project that would need help from the federal government.

Yet when a businessman wanted to revive the struggling club, the U.S. Department of Agriculture, through its Rural Development branch, agreed to guarantee 90 percent of his $6 million loan.

The turnaround plan flopped — leaving taxpayers on the hook.

The federal government lost $1.8 million after making good on its guarantee and reimbursing a local bank and four other note holders.

The government closed the book on the sour deal in September, marking the fourth-largest loss in the loan program's 16-year history.

What was the USDA doing helping a golf course in a metro Atlanta enclave where some homes top $1 million?

Just following the rules.

Loans guaranteed by the USDA are earmarked for "essential community facilities," such as nursing homes, schools, hospitals and community centers, according to the agency's literature. A "success story" on its Web site describes a clinic built for Eskimos living above the Arctic Circle.

Since 1990, the USDA has guaranteed 553 loans, including those for nine golf courses — two in Georgia.

The public, nonprofit courses qualified because the USDA believed they would provide a boost to the local economy and improve the quality of life. In the case of the Whitewater Country Club, the owner promised to donate some of the revenue to local charities.

The USDA doesn't take into account an area's wealth, so Whitewater Country Club got a guaranteed loan in 2003 — even though it's bordered by 300 high-end homes. Less than a year later, the owner defaulted when he couldn't attract enough players.

"It sounds like to me some people have learned how to scam the system," said Rep. Lynn Westmoreland (R-Ga.), whose district includes Fayette County. "If you fill out the forms correctly and all the numbers add up, they're going to do something. It's a little bit scary."

John Boykin, the former golf instructor and magazine publisher who secured the loan to buy the country club, declined to discuss the project.

"There's really nothing more to say," the 54-year-old said. "We made a go of it, and it didn't work."

Heritage Bank, the lender, turned down repeated requests for comment.

Without the guarantee, though, the bank would not have made the loan, according to USDA documents, some of which were obtained by The Atlanta Journal-Constitution through the Freedom of Information Act.

"The projections showed the course could make it on its own," said Jack Stanek, who works for the USDA and handles loan applications. "It just didn't work out that way."

Unpopular owners

The Whitewater community began more than 20 years earlier through the efforts of John Blanchard, a dentist, and Joel Cowan, a key figure in Peachtree City's early development. In the early 1990s, Robert Brooks, the late owner of the Hooters restaurant chain, bought the course, which Palmer helped design.

Under Brooks' ownership, the country club was losing members, some of whom had grown disenchanted with him, according to loan documents and interviews with residents in the Whitewater community.

Brooks had built a grand clubhouse and another nine holes — altering the Palmer design — but failed to build relationships with the home- owners and even fought their efforts to make Whitewater a gated community.

"He didn't seem to have a lot of friends," said Dave Davis, a retired Delta pilot who's lived in the Whitewater community for 18 years. "You'd see him up there eating dinner by himself."

In September 2003, Boykin bought the club from Brooks, who died this past July. "Just like a chef wants his own restaurant, this is a lifelong fulfillment of a dream," Boykin said at the time of the purchase.

In his loan application, Boykin said Brooks was one of Whitewater's biggest problems. "It has often been stated on many occasions 'as long as Bob Brooks owns Whitewater Country Club, I won't spend a dime there,' " he wrote.

Boykin figured he could woo back the departed golfers, attract new ones and boost revenue-producing rounds. His résumé describes a career devoted to golf: former editor and publisher of Golf Industry Magazine, inventor of The Scoring Academy course, owner of the Business Golf International consulting firm, and an instructor who, during one six-year period, said he taught 200,000 golfers.

The USDA figured Boykin had what it took to make Whitewater a success.

Its loan guarantee was contingent on Boykin forming a nonprofit organization — Wyant Golf Enterprises — and agreeing to open the course to the public and donate any excess profits to charity.

What went wrong?

The business plan flopped.

Boykin blamed extreme weather, construction delays, stiff competition from three courses in Peachtree City and the "Delta Air Lines scare" over cutbacks.
Those problems could not have been predicted, the USDA explained.

"It looked like a very good loan for us to do or we wouldn't have done it," said Stone Workman, the state director of the USDA's Rural Development program.

But Heritage Bank also faulted Boykin's management.

One memo called the financial record-keeping "a disaster." According to interviews and documents, Boykin, like Brooks, failed to make friends — a fatal misstep at a facility that's all about social interaction.

"Members obviously don't want John around and are hard-pressed to recognize change with him there," the bank's vice president, Benson Freeman, wrote in a Dec. 23, 2004, memo to the USDA. "I plan on calling John Boykin and encouraging him to begin spending much less time at the facility."

Retired Delta pilot Herb Summers recalled Boykin's first meeting with home-owners. "He said, 'Folks, I can make this project work with or without you,' " Summers said. "That's a heck of a way to start out with a new endeavor."

Boykin made his last loan payment in July 2004 — less than a year after getting the money. Later that year, Heritage Bank hired a new management company to run the course, as the bank tried to find a buyer.

In the summer of 2005, the bank repossessed the course, then sold it to Canongate Golf Clubs, which owns three courses in Peachtree City and 13 others across Georgia.
The course, now private and called Whitewater Creek Country Club, is doing well, according to Ken Guerra, Canongate's vice president for marketing.

"We've had hundreds of new members join," he said. "The rounds are going great."

In a separate deal, the bank also sold Whitewater's swim and tennis facility to the Whitewater homeowners association.

The proceeds from both sales, however, were not enough to recoup the entire investment, so the USDA made up most of the shortfall — $1.8 million.

The money came from institutions that have applied for loan guarantees and paid a fee — 1 percent of the guaranteed portion of each loan. Many of those institutions are public bodies that get their money from taxpayers.

Boykin's loan was the 20th to default since the USDA began its loan guarantee program in 1990, a failure rate of 3.5 percent. The defaults have cost the government $16.9 million.

Among the casualties: a hospital in Pennsylvania, an assisted-living facility in Florida, a community center in Michigan.

Boykin was crushed that his dream of owning a Palmer-designed course had collapsed, said Jerry Thomas, Rural Development's community programs director in Georgia.

"This was really devastating to him," Thomas said.

Bill Bozarth, executive director of the government watchdog group Common Cause Georgia, questioned why the government would lend a hand to a golf club in such an affluent setting.

"It kind of bothers me," he said, "that a loan guarantee is going to something that's not eradicating poverty, but to something that otherwise probably is not economically viable."

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