

2014 Explanatory Notes

Office of the Chief Economist

Contents

Purpose Statement	2-1
Statement of Available Funds and Staff Years	2-2
Permanent Positions by Grade and Staff Years Summary	2-3
Salaries and Expenses	
Appropriations Language	2-4
Lead-Off Tabular Statement.....	2-4
Project Statement	2-4
Justifications.....	2-5
Geographic Breakdown of Obligations and Staff Years	2-7
Classification by Objects - Direct	2-8
Status of Program.....	2-9
Summary of Budget and Performance	
Statement of Department Goals and Objectives.....	2-17
Full Cost by Department Strategic Goal	2-26

OFFICE OF THE CHIEF ECONOMIST

Purpose Statement

The Office of the Chief Economist (OCE) was created by the Secretary of Agriculture on October 20, 1994, under the authority of the Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. OCE serves as a focal point for the Nation's agricultural economic intelligence and projections; risk analysis; climate change issues; and cost-benefit analysis related to domestic and international food and agriculture. OCE also supports the development of technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management activities; provides analysis for the Department's renewable energy, bioenergy, and biobased product programs; and is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Activities include: policy and program analysis; regulatory reviews; information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; coordination of weather, climate and remote sensing activities; coordination of sustainable development activities; coordination of global climate change research and issues; support for the development of environmental services markets; energy policy analysis and coordination of energy research and issues; and analysis of issues and developments affecting agricultural labor.

OCE produces, on a daily, weekly, and monthly basis, regularly scheduled information releases to advise the Secretary and the public on developments affecting agricultural markets and the rural economy. The office coordinates interagency development of forecasts and projections by drawing together a variety of experts to assure objective and sound analysis. The office uses memos and briefings to advise the Secretary of the consequences of market developments, program changes, and legislative proposals. The office provides economic analysis of Department policy positions to the Congress and the public.

The office participates in the development of reviews, clears all regulatory impact and risk analyses of Departmental significant, economically significant, and major rules to ensure they are based on objective, appropriate, and sound economic and risk analyses.

The office provides economic and policy analysis and helps to coordinate Departmental research in the areas of renewable energy, bioenergy, and biobased products and markets.

The office coordinates USDA's global climate change research program; conducts policy analysis on global climate change issues; supports the development of technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management activities in order to facilitate the participation of farmers, ranchers, and forest landowners in emerging environmental services markets; coordinates activities with other Federal agencies; represents USDA on U.S. delegations to international climate change discussions; oversees Department-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations; and facilitates communication and outreach to producers and agricultural interest groups.

OCE Headquarters is located in Washington, D.C. As of September 30, 2012, there were 48 full-time permanent employees, all stationed in Washington, DC.

OCE did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

OFFICE OF THE CHIEF ECONOMIST

Available Funds and Staff Years

(Dollars in thousands)

Item	<u>2011 Actual</u>		<u>2012 Actual</u>		<u>2013 Estimate</u>		<u>2014 Estimate</u>	
	Staff		Staff		Staff		Staff	
	Amount	Years	Amount	Years	Amount	Years	Amount	Years
<u>Salaries and Expenses:</u>								
Discretionary Appropriations.....	\$12,032	52	\$11,177	49	\$11,245	53	\$12,854	56
Rescission.....	-24	-	-	-	-	-	-	-
Transfers In.....	1,000	-	1,000	-	-	-	-	-
Total Available.....	13,008	52	12,177	49	11,245	53	12,854	56
Lapsing Balances.....	-311	-	-80	-	-	-	-	-
Obligations.....	12,697	52	12,097	49	11,245	53	12,854	56
<u>Obligations under other USDA appropriations:</u>								
Annual Outlook Forum.....	95	-	87	-	90	-	90	-
Joint Data Procurement	24	-	26	-	27	-	27	-
National Science Foundation	250	-	314	-	325	-	325	-
Climate Change	150	-	150	-	150	-	150	-
Environmental Markets	150	-	700	-	700	-	700	-
Alternative Bioenergy Pathways.....	-	-	5	-	110	-	110	-
Agricultural Policy Research.....	-	-	1,300	-	-	-	-	-
Total, Other USDA.....	669	-	2,582	-	1,402	-	1,402	-
Total, OCE.....	13,366	52	14,679	49	12,647	53	14,256	56

OFFICE OF THE CHIEF ECONOMIST
Permanent Positions by Grade and Staff Year Summary

Item	<u>2011 Actual</u>			<u>2012 Actual</u>			<u>2013 Estimate</u>			<u>2014 Estimate</u>		
	Wash.		Total	Wash.		Total	Wash.		Total	Wash.		Total
	D.C.	Field		D.C.	Field		D.C.	Field		D.C.	Field	
SES.....	5	-	5	5	-	5	5	-	5	6	-	6
SL.....	2	-	2	1	-	1	2	-	2	2	-	2
GS-15.....	21	-	21	19	-	19	23	-	23	23	-	23
GS-14.....	10	-	10	10	-	10	10	-	10	11	-	11
GS-13.....	3	-	3	4	-	4	3	-	3	4	-	4
GS-11.....	2	-	2	2	-	2	2	-	2	2	-	2
GS-10.....	3	-	3	3	-	3	3	-	3	3	-	3
GS-9.....	3	1	4	3	-	3	3	-	3	3	-	3
GS-8.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-7.....	-	-	-	1	-	1	1	-	1	1	-	1
GS-6.....	1	-	1	-	-	-	-	-	-	-	-	-
Total Perm.												
Positions.....	51	1	52	49	-	49	53	-	53	56	-	56
Unfilled, EOY.....	-	-	-	1	-	1	-	-	-	-	-	-
Total, Perm.												
Full-Time												
Employment,												
EOY.....	51	1	52	48	-	48	53	-	53	56	-	56
Staff Year Est.....	51	1	52	49	-	49	53	-	53	56	-	56

OFFICE OF THE CHIEF ECONOMIST

The estimates include appropriation language for this item as follows:

Salaries and Expenses:

For necessary expenses of the Office of the Chief Economist, \$12,854,000.

Lead-Off Tabular Statement

2013 Estimate.....	\$11,245,000
Budget Estimate, 2014.....	<u>12,854,000</u>
Change in Appropriation.....	<u>+ 1,609,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

	<u>2011 Actual</u>	<u>2012 Change</u>	<u>2013 Change</u>	<u>2014 Change</u>	<u>2014 Estimate</u>
Discretionary Appropriations:					
Office of the Chief Economist.....	\$12,008	-\$831	+68	+\$1,609	\$12,854

Project Statement

Appropriations Detail and Staff Years (SY)

(Dollars in thousands)

Program	<u>2011 Actual</u>		<u>2012 Actual</u>		<u>2013 Estimate</u>		<u>Inc. or Dec.</u>		<u>2014 Estimate</u>	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Appropriations:										
Office of the Chief Economist.....	\$12,008	52	\$11,177	49	\$11,245	53	+\$1,609 (1)	+3	\$12,854	56
Total Adjusted Approp.....	12,008	52	11,177	49	11,245	53	+1,609	+3	12,854	56
Rescission and Transfers (Net).....	24	-	-	-	-	-	-	-	-	-
Total Appropriation.....	12,032	52	11,177	49	11,245	53	+1,609	+3	12,854	56
Transfers In:										
Biodiesel Fuel Education Program..	1,000	-	1,000	-	-	-	-	-	-	-
Rescission.....	-24	-	-	-	-	-	-	-	-	-
Total Available.....	13,008	52	12,177	49	11,245	53	+1,609	+3	12,854	56
Lapsing Balances.....	-311	-	-80	-	-	-	-	-	-	-
Total Obligations.....	12,697	52	12,097	49	11,245	53	+1,609	+3	12,854	56

OFFICE OF THE CHIEF ECONOMIST

Project Statement
Obligations Detail and Staff Years (SY)
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Inc. or Dec.		2014 Estimate		
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY	
Discretionary Obligations:											
Office of the Chief Economist.....	\$11,697	52	\$11,097	49	\$11,245	53	+\$1,609	(1)	+3	\$12,854	56
Mandatory Obligations:											
Biodiesel Fuel Education Program..	1,000	-	1,000	-	-	-	-	-	-	-	-
Total Obligations.....	12,697	52	12,097	49	11,245	53	+1,609		+3	12,854	56
Lapsing Balances.....	311	-	80	-	-	-	-	-	-	-	-
Total Available.....	13,008	52	12,177	49	11,245	53	+1,609		+3	12,854	56
Transfers In:											
Biodiesel Fuel Education Program..	-1,000	-	-1,000	-	-	-	-	-	-	-	-
Rescission.....	24	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	12,032	52	11,177	49	11,245	53	+1,609		+3	12,854	56

Justification of Increases and Decreases

Base funds will allow the Office of the Chief Economist (OCE) to continue to advise the Secretary and Departmental Officials on the economic implications of the Department policies, programs and proposed legislation; and serve as the focal point for the Department’s economic intelligence, analysis and review related to domestic and international food and agriculture markets. Additionally, the base funding allows OCE to provide advice and analysis on bioenergy, new uses of agricultural products, sustainable development, agricultural labor, global climate change, and environmental services markets.

(1) An increase of \$1,609,000 and 3 staff years for the Office of the Chief Economist (\$11,245,000 and 53 staff years available in 2013) consisting of:

(a) An increase of \$77,000 for pay costs which includes \$18,000 for annualization of the fiscal year 2013 pay raise and \$59,000 for the anticipate fiscal year 2014 pay raise.

This proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available to continue to provide advice to the Secretary and Department officials on the economic implications of Department policies, programs, and proposed legislation.

(b) An increase of \$700,000 and 1 staff year (\$1,629,000 and 5 staff years available in 2013) to fund oversight of Department-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations.

In response to Departmental Regulation 1070-001, “Policy Statement on Climate Change Adaptation,” OCE’s Climate Change Program Office (CCPO) is directed to oversee Department-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations. CCPO efforts will allow USDA to continue to meet requirements on Federal Agency Climate Change Adaptation Planning issued by the Council on Environmental Quality (CEQ). In June 29, 2012, USDA issued a Climate Change Adaptation Plan that outlines a multi-year strategy for integrating climate change adaptation considerations into USDA programs and policies. The initiative funding will enable CCPO to implement critical components of the plan. In 2014, CCPO will solicit input from the public on the plan and engage stakeholders on the actions to be implemented. The initiative funds will also enable CCPO to prepare technical information and decision support tools for use by USDA agencies. In particular, CCPO

in cooperation with National Oceanic and Atmospheric Administration and other agencies that are part of the US Global Change Research Program will provide USDA managers and technical staff with better access to regional climate change information and projections.

The initiative will fund the following items: an increase of \$130,000 for one staff year; an increase of \$100,000 for improved communications and stakeholder engagement; and an increase of \$470,000 to develop tools and programs to allow for improved access to regional climate change information and projections.

CCPO's climate change planning efforts to date have challenged USDA agencies to integrate climate change risks into program and resource management planning. However, access to consistent and detailed projections of climate change is a major area of uncertainty for our programs and agencies. New analysis and modeling of climate change at detailed regional levels is becoming available – but is difficult to use and technically complex. Work proposed under this initiative will create tools and interfaces for new regional and downscaled climate information to improve its usefulness to our agencies. Improved technical information on expected changes in climate at a regional level will improve our planning and responses to climate change. Tools developed under this initiative will have applications outside USDA as well and are expected to contribute to the US Global Change Research Program Climate Change Portal. Other specific benefits of the increases in funding include improved stakeholder and public involvement in USDA climate change adaptation efforts and better communication of the risks associated with climate change to the public.

- (c) An increase of \$900,000 and 2 staff years (\$426,000 and 2 staff years available in 2013) to fund development of scientifically defensible protocols for quantifying the environmental services produced by conservation practices.

The Section 2709 of the 2008 Farm Bill directed USDA to develop uniform guidelines for quantifying environmental benefits from conservation and land management activities. The Office of Environmental Markets (OEM) was established in direct response to this mandate. OEM's central mission is to develop the infrastructure to facilitate the participation of farmers, ranchers, and forest land owners in emerging environmental markets. OEM is working with stakeholders to develop specific protocols for landowner participation in environmental markets and scientifically defensible protocols for quantification of the ecosystem service benefits produced. Development of these protocols is critically important to ensuring landowner access to emerging environmental markets and to improving overall performance of conservation efforts. This initiative will benefit the environment and the economy by facilitating the development of programs to leverage existing conservation investments with private sector resources.

Protocols that specify conservation methods for land owner participation in markets, as well as metrics for quantification of environmental services produced by conservation practices, are critically important to ensuring land owner access to emerging environmental markets. Under the direction of the USDA Environmental Markets Coordination Council OEM developed an environmental markets strategy framework that will ensure the Department is a source of objective and accurate analytical assessments of the impacts of environmental market strategies. A funding increase of \$900,000 to implement this strategy framework will enable OEM to prepare the technical guidelines, standards, tools, and models needed to operationalize environmental markets.

The initiative will fund the following items: an increase of \$300,000 and 2 staff years; an increase of \$350,000 for guideline development; and an increase of \$250,000 for performance tools and other technology development

The funds will be used for salaries and benefits for 2 staff years, including a permanent Director and a technical analyst. In addition to supporting outreach, training sessions, and greater coordination of research and technical assistance, these funds will also be used to bring subject matter specialists together for development of scientifically defensible protocols – the underpinnings of a robust market. OEM will continue to coordinate the implementation of USDA's responsibilities with guidance from the USDA Environmental Markets Coordination Council. The proposed increase will enable OEM to respond to the

growing demand from USDA agencies and partners for scientifically defensible ecosystem services metrics and protocols.

(d) A decrease of \$68,000 in operating spending.

OCE will reduce operating spending in the amount of \$68,000, primarily in the areas of external cooperative research agreements and contract services by other Federal agencies. The office will also reduce travel and supply spending where possible.

OFFICE OF THE CHIEF ECONOMIST

Geographic Breakdown of Obligations and Staff Years

(Dollars in thousands)

State/Territory	<u>2011 Actual</u>		<u>2012 Actual</u>		<u>2013 Estimate</u>		<u>2014 Estimate</u>	
	Staff		Staff		Staff		Staff	
	Amount	Years	Amount	Years	Amount	Years	Amount	Years
Mississippi.....	\$85	1	-	-	-	-	-	-
District of Columbia.....	12,612	51	\$12,097	49	\$11,245	53	\$12,854	56
Obligations.....	12,697	52	12,097	49	11,245	53	12,854	56
Lapsing Balances.....	311	-	80	-	-	-	-	-
Total, Available.....	13,008	52	12,177	49	11,245	53	12,854	56

OFFICE OF THE CHIEF ECONOMIST

Classification by Objects

(Dollars in thousands)

	2011	2012	2013	2014
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$6,753	\$6,426	\$6,218	\$7,183
Field.....	53	-	-	-
11 Total personnel compensation.....	6,806	6,426	6,218	7,183
12 Personal benefits.....	1,726	1,656	1,552	1,804
13.0 Benefits for former personnel.....	18	5	-	-
Total, personnel comp. and benefits.....	8,550	8,087	7,770	8,987
Other Objects:				
21.0 Travel and transportation of persons.....	227	239	184	185
22.0 Transportation of things.....	10	2	1	1
23.3 Communications, utilities, and misc. charges...	164	94	123	125
24.0 Printing and reproduction.....	41	11	50	50
25 Other contractual services.....	248	265	654	1,350
25.1 Advisory and assistance services.....	455	468	419	420
25.2 Other services from non-Federal sources.....	2,688	2,619	1,745	1,435
26.0 Supplies and materials.....	281	281	276	276
31.0 Equipment.....	33	31	23	25
Total, Other Objects.....	4,147	4,010	3,475	3,867
99.9 Total, new obligations a/.....	12,697	12,097	11,245	12,854
Position Data:				
Average Salary (dollars), ES Position.....	\$171,132	\$174,975	\$175,000	\$175,000
Average Salary (dollars), GS Position.....	\$115,054	\$121,216	\$123,000	\$123,000
Average Grade, GS Position.....	14.6	14.6	14.6	14.6

a/ Obligations for the 2008 Farm Bill Biodiesel Fuel Education Program included in 2011 and 2012.

OFFICE OF THE CHIEF ECONOMIST

STATUS OF PROGRAM

The Office of the Chief Economist (OCE) advises the Secretary of Agriculture on the economic implications of Department policies, programs, and proposed legislation. OCE serves as the focal point for: the Nation's agricultural economic intelligence and projections related to agricultural commodity markets; risk analysis and cost-benefit analysis related to international food and agriculture; energy issues related to the agricultural economy; sustainable development; agricultural labor; global climate change; and environmental markets. OCE is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop Departmental outlook and situation material.

Current Activities:

OCE provides policy and program analyses and advice for the Secretary on major issues affecting agriculture and rural America. The Immediate Office (IO) addresses issues on: trade agreements and disputes; developments in agricultural commodity markets, such as effects of global weather developments and changes in production and trade patterns; economic issues related to plant and animal diseases; farm programs; crop insurance improvements; sustainable development in agriculture and rural communities; climate change and agriculture; conservation programs; ecosystem services markets; and agricultural labor.

OCE clears all USDA significant, economically significant and major regulations for their regulatory impact analyses and risk analyses. OCE's Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) reviews and approves statutorily required risk assessments for all major USDA regulations. ORACBA is a focal point for Departmental activities related to risk analysis, including: inter-Departmental activities; risk communication; education on risk analysis methods; regulatory reviews to ensure cost-effective, less burdensome regulations; and the integration of economic analysis and risk assessment.

The Office of Energy Policy and New Uses (OEPNU) coordinates the economic analysis of energy issues across USDA and is responsible, with the National Institute of Food and Agriculture (NIFA), for implementing the Biodiesel Fuel Education Program. OEPNU conducts research on biofuel's net energy balance, biobased product markets, energy use in agriculture, life-cycle analyses, and renewable energy technologies. OEPNU, along with other USDA agencies and the Department of Energy, participates in the Biomass Research and Development Initiative. OEPNU coordinates and provides information, data, production and best management practices, and market and policy expertise for feedstocks being evaluated by the Environmental Protection Agency (EPA) under the Renewable Fuel Standards (RFS2).

The Climate Change Program Office (CCPO) coordinates the Department's climate change activities, represents the Department with other Federal Departments and Agencies, and provides analysis and advice on issues related to climate change for the Office of the Secretary. As directed under Departmental Regulation 1070-001, CCPO is responsible for producing the USDA Climate Change Adaptation Plan. CCPO coordinates USDA contributions to the U.S. National Climate Assessments, required under the 1990 Global Change Research Act. CCPO works with USDA agencies to integrate climate change and greenhouse gas reduction considerations into their activities, to establish program and research priorities, and to coordinate actions to address the risks of climate change and mitigation responses. CCPO facilitates USDA participation in the U.S. Global Change Research Program.

The Office of Environmental Markets (OEM) supports the Department's efforts to facilitate emerging markets for carbon sequestration, water quality, wetlands, biodiversity, and other ecosystem services. OEM continues to make good progress facilitating the participation of farmers and rural landowners in emerging environmental markets. OEM is working with stakeholders to develop scientifically defensible protocols for quantification of ecosystem service benefits produced and collaborates closely with the Natural Resources and Environment (NRE) Mission Area, including joint activities with the Forest Service and Natural Resources Conservation Service (NRCS).

Selected Examples of Recent Progress:

Agricultural Policy. IO staff provided assistance and analysis to Departmental agencies implementing commodity, conservation, renewable energy and other programs by reviewing and providing analysis of proposed program regulations, participating in inter-agency working groups, and helping to ensure effective and efficient program development. For example, the IO participated in the development and analysis of Departmental budget proposals; Conservation Reserve Program enrollment alternatives; options to assist dairy producers; sugar and other farm program issues; and the effects of climate change legislation on agricultural production, commodity prices, farm income, and retail food prices. The Chief Economist serves on the Department's Farm Bill Task Force, which coordinates the Department's policy regarding the next Farm Bill. IO staff provided assistance to the Department by reviewing and negotiating language for important rulemakings and actions by other agencies that affect agricultural and forest production in the U.S. For example, the Chief Economist and IO staff coordinated research and policy analysis with EPA on the renewable fuel standards. IO staff is responsible for clearing all USDA risk analyses and economically significant rules. The Chief Economist chairs the G20's Agricultural Market Information System initiative, meeting twice in FY 2012 to discuss market factors impacts of the U.S. drought on world prices.

Agricultural Labor Activities. IO staff provided analyses and information focused on the unique characteristics of agricultural production, including the diversity in the demand for labor across agriculture, the seasonal demand for labor, the presence of children in the seasonal labor force, the number of U.S. jobs attributable to agriculture, and the role of temporary workers in the agricultural sector. IO staff worked with the Department of Labor (DOL) to amend its regulations on child labor in agriculture, including reviewing and summarizing a DOL final rule on child labor regulations in agriculture, orders and statements of interpretation, child labor violations and civil money penalties.

World Trade Organization (WTO) and Trade Policy Support. During 2012, IO staff supported USDA WTO activities by providing economic analysis, and position papers, especially in the area of domestic support in key emerging markets. IO staff supported the Office of the United States Trade Representative (USTR) in the Country of Origin Labeling case brought before the WTO and supported the Under Secretary for Farm and Foreign Agricultural Service's Office and USTR in the negotiations with Brazil under the Framework Agreement for resolving the WTO cotton/GSM dispute. IO staff coordinated USDA's response to Peru's trade challenge to U.S. cotton support and the inter-agency process to prepare U.S. domestic support (DS) notifications to the WTO.

Analytical Assistance to Congress and Other Federal Agencies. The Chief Economist accompanied the Secretary at two Congressional appropriations hearings and drafted testimony for two hearings on the farm bill and energy policy. A total of 10 Congressional briefings and meetings were conducted in 2012 by the Chief Economist on the Farm Bill, WTO, drought, and economic outlook. IO staff conducted many additional briefings and analyses for Congress on issues such as climate change, WTO disputes, DS notifications to the WTO, weather and market situation and outlook, the 2012 drought and implications for farm income, and biofuels and biobased products.

Crop Insurance. The Chief Economist is the Chairman of the Board of Directors of the Federal Crop Insurance Corporation and presided over five public board meetings during 2012. The board approved a series of new programs in 2012 including: program changes, including premium subsidies, for livestock gross margin insurance for dairy; new crop insurance products for pistachios, olives, popcorn, cottonseed and specialty trait soybeans; and approval of endorsements that would allow trend-adjustment of yield and revenue guarantees. IO staff provided analysis to the Risk Management Agency (RMA) on topics including the Standard Reinsurance Agreement, premium rates, and methods for forecasting indemnities.

Outreach Activities. The IO and Chief Economist made numerous public speeches and policy briefings to government officials. In particular, a large number of drought information briefings were delivered during the summer based on the World Agricultural Outlook Board's *World Agricultural Supply and Demand Estimates (WASDE)* reports. Other outreach activities included presentations to the Food and Agriculture Organization (FAO), Organization for Economic Co-operation and Development (OECD), European Union (EU) Commission, Oxford Farming Conference, the University of Illinois, the American Association of Crop Insurers, opening session at the USDA Agricultural Outlook Forum, the Informa Spring Outlook, the American Association of Agricultural

Economists, the National Farmers Union, the American Baker's Association, the Fertilizer Institute, and Farm Bureau. The Chief Economist also chaired the steering committee for USDA's 2012 Agricultural Outlook Forum.

Sustainable Development Activities. During 2012, the Director of Sustainable Development took primary responsibility for the Department's input to and representation at Rio+20, the United Nations' (UN) conference on Sustainable Development held in Rio de Janeiro in June 2012. The Director drafted and cleared USDA's position on each element of the Rio+20 negotiated outcome document, made sure that USDA's views were accurately integrated into all documents prepared by the State Department, and represented the Department at Interagency Policy Committee-level meetings convened by the National Security Council on the outcome document. The Director was the primary U.S. negotiator on the section in the outcome document on *Food security, nutrition, and agricultural sustainability*, coordinated with USDA agencies to identify key Department activities for the State Department's "compendium of commitments," and then prepared and cleared nine USDA commitments. The Director prepared USDA's input into the State Department's *National Report on Sustainable Development*, working across USDA agencies to compile information on notable sustainable development activities and partnerships. And finally, the Director also coordinated the development and communication of USDA's position on a key Rio+20 Initiative – the "White House Challenge to Reduce Deforestation through Sustainable Supply Chains" (now called "Tropical Forests 2020").

Climate Change Adaptation Planning. In 2012, CCPO prepared the first USDA Climate Change Adaptation Plan, which was submitted to the Council on Environmental Quality in June, 2012. The plan includes a high-level climate change vulnerability assessment and detailed agency plans. The plan reviewed each of USDA's mission and goals and evaluated potential vulnerabilities due to climate change. The plan examines the effects of climate change on USDA infrastructure, functions, marketing and trade, and capacity building. The plan outlines priorities and actions and provides detailed plans for 11 USDA agencies and offices. Each agency plan includes a summary of actions, scale, timeframe, and performance metrics.

National Climate Assessment. CCPO oversaw the preparation of six major reports that contributed to the 2013 National Climate Assessment. In 2012, USDA provided reports and technical input on the following topics: agriculture, forests, rural communities, biogeochemical cycles, land use and land cover change, and regional impacts of climate change. CCPO represented the Department on the Federal Advisory Committee tasked with producing the 2013 Assessment. CCPO staff served as one of two convening lead authors on the section of the National Climate Assessment which addresses the effects of climate change on rural communities.

Climate Change Analysis and Advice. CCPO continued to serve as a Department-wide coordinator for agriculture, rural, and forestry-related climate change issues and activities. CCPO provided leadership by coordinating USDA's research, programmatic, and policy support. CCPO staff made numerous presentations and speeches to commodity groups, farm organizations, and forest and conservation groups on a wide range of climate change issues. CCPO made progress in developing new farm level greenhouse gas estimation guidelines. In 2012, CCPO completed the review draft of the new guidelines and initiated the production of estimation tools and software.

Global Change Task Force. The Director of CCPO continued to chair the USDA Global Change Task Force, utilizing the task force to ensure that all USDA agencies with a responsibility for climate change are kept informed of Departmental and Administration priorities and are included in reviews, assessments, analyses, and communication efforts. Task force participants include the Agricultural Research Service, Economic Research Service, National Agricultural Statistics Service, NIFA, Forest Service, NRCS, Farm Service Agency, Foreign Agricultural Service, RMA, Animal and Plant Health Inspection Service, and Agricultural Marketing Service, among others.

International Climate Change Negotiations. CCPO continued to represent the Department in international climate change negotiations. CCPO helped to secure U.S. contributions to the Global Research Alliance on Agricultural Greenhouse Gases. This international consortium includes over 30 countries. CCPO led USDA preparations for the 17th Conference of the Parties to the Framework Convention on Climate Change (COP-16) in Durban, South Africa. The meeting secured a decision to cooperate on issues related to climate change and agriculture.

Supply and Demand Monitoring and Reporting. WAOB continued publishing the monthly *WASDE* report providing official world and U.S. supply and utilization estimates and forecasts for grains, oilseeds, and cotton and official estimates and forecasts for U.S. sugar, red meat, poultry, eggs, and milk. All *WASDE* reports were released as scheduled. WAOB staff cleared all USDA economic outlook reports released in 2012. WAOB issued 12 monthly *WASDE* reports, 52 weekly *White House Memos* on the current situation in U.S. agricultural markets, and 250 *Daily Highlights of Agricultural Developments*. End-users reported no errors and no significant criticisms at USDA forecasts. Post-lockup briefings were presented monthly to the Secretary and multiple radio interviews were recorded by WAOB staff. During 2012, the *WASDE* report was downloaded an average of 50,000 times per month from the OCE website and 58,000 times per month from the USDA-Cornell website, a site operated by Cornell University through a partnership with USDA. In addition, 13,000 subscribers to a Cornell-managed Listserve system received the *WASDE* report every month.

WAOB staff prepared numerous special economic reports and weather assessments for the Secretary, the Chief Economist, and other U.S. Departments and Agencies. For example, WAOB analyses included “Impact of the 2012 Drought on the U.S. Livestock Sector,” “Impact of 2012 Spring Freeze on the Upper Midwest Fruit Crop,” and “Impact of the 2012 Drought on Processing Vegetables (Sweet Corn, Green Beans, Tomatoes, etc.)”. WAOB also prepared weekly (presented bi-weekly) weather and market briefings for staff in the Office of the Secretary.

Baseline Projections. In February 2012, WAOB oversaw publication of the inter-agency 10-year baseline economic projections, providing timely insight and strategic planning information for the President’s budget, agricultural producers, other agribusinesses, and policy officials.

Briefings and Media Events. The WAOB Chairman recorded approximately 30 interviews for USDA radio and the Berns Bureau Radio, and along with other WAOB staff, delivered numerous speeches and briefings explaining USDA’s commodity situation and outlook projections to industry groups. WAOB staff also provided briefings on USDA’s commodity analysis program to visiting foreign delegations from Argentina, China, India, Sweden, and South Korea, among others. WAOB meteorological staff received broad television, radio, and print media coverage related to the historic U.S. drought of 2012. Major television appearances included The Weather Channel (multiple dates), CBS Evening News (July 8, 2012), and NBC Nightly News (April 13 and July 16, 2012). On September 19-20, WAOB staff presented at the Colorado Water Conservation Board’s statewide drought conference in Denver, Colorado, where the Secretary of Agriculture made a Conservation Reserve Enhancement Program announcement.

Weather Analysis. WAOB and the National Weather Service (NWS) jointly prepared and published 52 *Weekly Weather and Crop Bulletins (WWCB)*, while WAOB meteorologists issued 250 *Morning Weather Summaries*, prepared national agricultural weather summaries, and contributed to 52 weekly *U.S. Drought Monitors (USDM)*, produced jointly by WAOB, NWS, and the Drought Mitigation Center in Lincoln, Nebraska. The weather components of the *Daily Agricultural Highlights* and the *Weekly Weather and Economics Briefing* were delivered as scheduled to the Office of the Secretary and other senior USDA staff. During 2012, the *WWCB* was downloaded an average of more than 31,000 times per month from the OCE website and 4,250 times per month from the USDA-Cornell website, while 5,590 subscribers received the bulletin through the Cornell Listserv service. And finally, *Major World Crop Areas and Climatic Profiles* was downloaded an average of 56,250 times per month from the OCE website.

The *USDM* gained visibility and utility for disaster relief in 2012. The Food, Conservation, and Energy Act of 2008 authorized the Livestock Forage Disaster Program (LFP), with payments disbursed based on *USDM* assessments. Although the LFP lapsed after September 30, 2011, several new *USDM*-triggered initiatives were introduced in 2012. Specifically, in July 2012 the Secretary announced a simplified process for secretarial disaster declarations, reducing the time it takes to designate counties affected by disasters by an estimated 40 percent. Producers in drought-affected counties nearly automatically qualify for low-interest loans with a *USDM* designation of D3 to D4 (extreme to exceptional drought), or eight consecutive weeks of D2 (severe drought). Also in July 2012, the Secretary announced a new authorization trigger for emergency haying and grazing on Conservation Reserve Program (CRP) land. Under the amended rule—a *USDM* D0 (abnormally dry) designation during the growing season—CRP land in nearly all counties and parishes in the U.S. qualified for emergency haying and grazing.

WAOB meteorologists prepared early warnings and assessments of significant weather events that affected agriculture for the Chief Economist and other senior USDA staff, including: the worst U.S. agricultural drought since 1988; the demise of La Niña (spring 2012); a Florida freeze (January 4-5, 2012); Western U.S. water supply forecasts (winter 2011-12 and spring 2012); Hurricane Isaac (late-August 2012); La-Niña related weather extremes in South America, including severe drought in Argentina; drought in several major global crop production areas, including Australia and Russia; and an intense, untimely heat wave across southern Europe's primary corn areas. WAOB continued to actively participate in the World Meteorological Organization (WMO) Commission for Agricultural Meteorology (CAgM), which promotes the use of weather and climate information to improve sustainable food production worldwide. A WAOB meteorologist serves on the eight-member WMO CAgM Management Group, which formulates commission policy, develops strategic plans, and evaluates program area progress. A WAOB meteorologist attended WMO meetings in Japan and Brazil in support of CAgM activities. WAOB remained a leading contributor to the World Agrometeorological Information Service, a dedicated web server hosting agrometeorological data, products, and bulletins prepared by WMO member countries.

USDA Agricultural Outlook Forum. WAOB staff planned, coordinated, and chaired the program committee for USDA's 2012 Agricultural Outlook Forum: *Moving Agriculture Forward*. The Forum commemorated the 150th anniversary of USDA's founding in 1862 at the plenary session where the Secretary of Agriculture moderated a panel that featured seven former Secretaries of Agriculture. Forum registration exceeded 2,000. The 2-day program included 25 sessions on major issues affecting rural America, including commodity economics, rural communities, conservation, nutrition, food price trends, farm income, organics, and food safety.

Analyses Reviewed. In 2012, ORACBA staff provided substantive reviews of economic analyses and proposed regulations to improve food safety, nutrition, and cost control in USDA food assistance and school feeding programs, economic analyses and proposed regulations to change the status of various nutrients and minerals used in the National Organic Program, risk assessments and economic analyses supporting designation of roadless areas in Colorado. ORACBA provided economic and scientific review in support of regulations to modernize poultry slaughter inspection systems, trace livestock in inter-State commerce, prevent bioterrorism through restrictions on use of select agents, revise the nutrients and minerals allowed in the National Organic Program and ensure appropriate and cost-effective risk mitigations, and enable trade and control of invasive species and animal diseases, e.g. importation of solid wood packing material from Canada, and brucellosis testing of cattle. ORACBA staff regulatory reviews supported implementation of new programs and delivery of existing programs across all USDA mission areas. In 2012, ORACBA reviewed analyses for 31 USDA proposed and final rules, 11 EPA proposed and final rules, and scientific and economic documents, 6 Food and Drug Administration (FDA) proposed rules, scientific and economic documents, among others.

Risk Analysis Leadership and Consultation. ORACBA provided guidance to USDA agencies developing risk assessments, National Environmental Policy Act analyses, and economic analyses related to forest planning and land management, nutrition assistance programs, agricultural marketing programs, foodborne pathogens, and animal diseases, including foot-and-mouth disease. ORACBA participated in the scientific review of the EPA and Forest Service pesticide risk assessments. ORACBA also actively participated in the 18-agency Risk Assessment Consortium to enhance communication and coordination among the agencies with food safety responsibilities and promote scientific research that will facilitate risk assessments. ORACBA also supported the Codex Committee on Food Hygiene as members serving on international expert panels on microbial (*Campylobacter and Salmonella*) risk assessment and served as a resource to the U.S. delegation to Codex.

During 2012, ORACBA staff provided scientific expertise and advice in support of food safety and trade, including serving on the Joint FAO-World Health Organization (WHO) expert panel on the food safety implications of nanotechnology in food and agriculture and development of criteria for determining the applicable regulatory standard for *Listeria monocytogenes* in ready-to-eat food; serving on UN technical committees to reduce the use of ozone depleting substances and adopt sustainable agricultural practices; supporting agencies conducting risk assessments and cost-benefit analyses; and providing analysis to USDA and other Federal agencies to evaluate environmental issues affecting agriculture and matters pertaining to agriculture and environmental quality (air and water quality), pesticide use, and endangered species. This included reviews of EPA chemical and pesticide risk

assessments and performance standards for prions. ORACBA staff served on an EPA FIFRA Scientific Advisory Panel reviewing a watershed model proposed for estimating exposure to antimicrobial uses of copper. ORACBA provided advice on statistical approaches for sampling schemes for microbial pathogens in meat and poultry, and served as a risk assessment consultant to the National Advisory Committee on Microbiological Criteria for Food.

Risk Communication and Outreach. ORACBA continued to improve communication among USDA analysts concerning developments in risk assessment and economic analysis. ORACBA conducted seminars, workshops, and consultations on risk analysis for government groups and land-grant universities. ORACBA staff presented risk assessment results and regulatory analyses at professional meetings for government, industry, and university scientists and economists. ORACBA staff published articles on modeling negligible probability under the WTO Sanitary and Phytosanitary Agreement in peer reviewed scholarly journals and on surveying existing risk assessments for enterohaemorrhagic *Escherichia coli* in meat and meat products in the FAO/WHO *Micobiological Risk Assessment Series*. ORACBA staff also contributed to articles on the impact of the precautionary principle in feeding current and future generations and judging weight of evidence approaches, reviewed scientific and economic papers for professional journals and USDA publications, and disseminated a newsletter informing approximately 700 subscribers of developments in risk assessment and training opportunities.

Risk Assessment Education and Training. At the annual meeting of the Society for Risk Analysis, ORACBA scientists presented research on modeling negligible probability under the WTO Sanitary and Phytosanitary Agreement, and retrospective regulatory review of pesticide restrictions. ORACBA worked with the Joint Institute for Food Safety, the University of Maryland, and the FDA to promote both basic and advanced courses in risk assessment methods. ORACBA's Risk Forums featured nationally prominent speakers on risk assessment in the fields of risk communication, public health, economics, and ecological risks.

Biobased Products. OEPNU continued its involvement in biobased products research, focusing on better understanding the current use of biobased products in complex assemblies, such as automobiles, electronics assemblies, powered equipment, and building construction. A workshop was held with the automotive industry to better understand the opportunities for biobased components. OEPNU staff also continued to provide feedback to USDA's Departmental Management in the development of its labeling program for biobased products and biobased product designation for federal procurement (BioPreferred).

During 2012 workshops were conducted in partnership with the Milken Institute to explore public and private policy initiatives for moving potential biobased products toward commercial development and to develop biobased chemicals and to launch those chemicals in the commercial market. OEPNU also produced and published a report exploring the potential demand for biobased components in complex assemblies and quantifying the drivers of that demand by the automotive industry. Two other reports were developed analyzing the results of surveys of biobased manufacturers and trends in biobased manufacturing identified among those manufacturers. And finally, a report was produced identifying the skills and skill requirements associated with "green jobs" created by the biobased and renewable energy industries. Potential sources of the identified skill enhancements were explored.

Biodiesel Fuel Education Program. During 2012, OEPNU, along with NIFA, continued to track activities, outcomes, and coordinate efforts under the national Biodiesel Fuel Education Program – a program to educate the public and other stakeholders on the benefits of biodiesel. Twice a year OEPNU convenes a USDA inter-agency panel to review progress on program goals and develop an education outreach system that delivers useful and consistent information about the benefits of biodiesel. A 4-H Elementary Curriculum developed in FY 2011 is now being tested and reviewed at the state level to prepare it for national 4-H consideration and a High School Chemistry Curriculum is undergoing testing. Funding for the Biodiesel Education Program expired under the 2008 Farm Bill.

Energy and Bioenergy Analysis. In 2012, OEPNU staff produced or published documents for a variety of outlets as well as respond in a timely manner to requests from stakeholders. A sample of output completed in 2012 includes: OEPNU staff coordinated and contributed to a research paper called *Price Effects of Biofuel Tax Credits and Blending Mandates* (published as a book chapter in *Advances in Energy Research, Volume II*); co-authored with ARS and the Federal Aviation Administration an article entitled *A Feedstock Readiness Level Tool to Complement*

the Aviation Industry Fuel Readiness Level Tool (published in the journal *Energy Policy Research*), as well as developing and/or presenting a series of posters and papers at professional and industry meetings.

During 2012, OEPNU coordinated Departmental interaction with the EPA on the 2012 EPA Regulation of Fuels and Fuel Additives (2012 Renewable Fuel Standards [RFS2]) and on the 2013 interim and final rules for the Renewable Fuel Standards of the Energy Independence and Security Act of 2007. OEPNU coordinated meetings bringing together USDA subject matter experts for EPA's feedstock pathways evaluations. OEPNU was a point of contact for the RFS waiver analysis (requested by 11 States), in conjunction with the EPA, that began in 2012.

OEPNU responded to 532 control letters in 2012, and reviewed and provided comments on approximately 50 testimonies prepared for administration officials. OEPNU also provided follow up answers to questions arising from testimony; interim and final rulemaking packages; and interagency regulatory reviews. OEPNU also reviewed proposed legislation; prepared numerous Departmental correspondences; completed numerous staff analyses for the Office of the Secretary and the Chief Economist, including work on biodiesel, sugar and corn ethanol, fertilizer issues, bioproducts, energy legislation, wind, and energy use; and reviewed a number of requests for funding renewable energy projects for the Rural Development (RD) Mission Area. OEPNU staff participated in numerous inter-agency working groups and committees, workshops, and conferences sponsored by Federal agencies, academic institutions, and industry organizations. These addressed a wide range of energy issues, including biomass production, indirect land use and policy, feedstocks, infrastructure, transportation, investment, and rural wealth.

Due to a staff member's chairmanship of the OECD's Task Force on Industrial Biotechnology, OEPNU played a major role in the Task Force's development of and the OECD Council's approval of the June 2012 report *Recommendations on Assessing the Sustainability of Bio-based Products*. OEPNU also partnered with RD in a joint OECD/USDA project to evaluate the potential for renewable energy projects in the United States to serve as a launching pad for broader based and sustainable rural economic development.

Cooperative Energy Research. In 2012, OEPNU conducted cooperative research work with Iowa State University, University of Idaho, Purdue University, University of Tennessee, University of Minnesota, University of West Virginia, and the national Center for Food and Agriculture Policy. The research topics included life cycle analysis, green jobs, land-use, policy simulations, price collinearity (commodity and energy prices), biobased market analyses, bioindicators, reducing greenhouse gas emissions associated with indirect land uses, policy, and on-farm greenhouse gas reduction strategies. The cooperative research resulted in the publication of 6 articles and e-reports.

Chesapeake Bay Executive Order. OEM is leading environmental market development efforts through the Chesapeake Bay Executive Order (EO) Strategy. During 2012, OEM chaired and hosted monthly meetings of the Interagency Environmental Markets Team to facilitate collaboration among 12 Federal agencies. OEM guided the EMT in the development of issue papers on Credit Verification and Environmental Credit Registries. OEM also accepted an invitation by the Chesapeake Bay Commission to be a member of their Advisory Council for a study on the Economics of Trading. OEM participated in multiple Advisory Council meetings and provided input into several key topics to help frame the economic study. The study was finalized and released in May of 2012. OEM also developed a draft report on *Agricultural Land in the Chesapeake Bay – Historical and Projected Land Use Change by State* for use in responding to EPA's request under its Chesapeake Bay Plan of Work.

In partnership with NRE, OEM is working with the Department of Transportation (DOT) to assess the feasibility of using Federal Highway or other public funds in the State of Virginia to purchase and trade nutrient credits. Such agreements would help the state comply with highway construction permit requirements for storm water runoff. Recently, OEM and NRE leadership met with the Deputy Assistant Secretary of Transportation and the White House Council on Environmental Quality to explore a potential Virginia Department of Transportation (VDOT) pilot water quality trade between VDOT and local landowners. In this proposed pilot, landowners will generate nutrient credits and VDOT will purchase them to offset part of their sediment and phosphorus loading requirements at lower cost.

Coordination and Collaboration. OEM continues to coordinate efforts within USDA toward the development of technical guidelines and protocols, research priorities, and other market infrastructure to ensure consistent rules and procedures are developed based on sound science through the USDA Environmental Markets Coordination Council. During 2012 OEM hosted monthly USDA Environmental Markets workgroup meetings. OEM and the USDA Chief Scientist have co-led the development of an ecosystem services science plan. The plan synthesizes the ecosystem service related activities of USDA research agencies and begins to identify potential areas of collaboration.

Water Quality Guideline Development. In the summer of 2012, OEM released a new report, titled *In It Together: A How-To Reference for Building Point-Nonpoint Water Quality Trading Programs*. *In It Together* lays out guidelines for groups who want to build water-quality trading programs and aims to help groups who are in the planning stages of implementing a trading or offset program reduce start-up times and increase efficiencies.

Environmental Markets Analysis. OEM and OCE economists are evaluating the Chesapeake Bay State Watershed Improvement Plans in terms of their potential costs related to agricultural practices and the potential for USDA programs to support these needs. This work will describe the potential for markets to contribute to meeting future needs through water quality credits. Phase I of the Economic Study has been completed, which compiled and synthesized basic data from Bay state Watershed Implementation Plans, the Chesapeake Bay Model inputs, and Best Management Practice (BMP) cost estimates. Phase II of the study has begun and will focus on conducting Monte Carlo simulations of the cost-effectiveness of BMPs, ranking of practices by cost-effectiveness, and development of algorithms distributing BMP adoption across space and time.

OFFICE OF THE CHIEF ECONOMIST

Summary of Budget and Performance
Statement of Department Goals and Objectives

The mission of OCE is to advise the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation; to ensure the public has consistent, objective and reliable agricultural forecasts; to promote effective and efficient rules governing Departmental programs; to coordinate Departmental energy policy, programs, and strategies; coordinate Departmental climate change policy, programs, products, and strategies; and foster the development of environmental markets.

OCE has 6 strategic goals and 9 strategic objectives that contribute to all of the Secretary’s strategic goals, but specifically to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving and ensure our national forests and private working lands are conserved, restricted, and made more resilient to climate change, while enhancing our water resources.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Ensure the Secretary of Agriculture receives timely, independent, objective economic analyses on critical Departmental program and policy issues.	Provide economic intelligence and analysis to support Departmental policy and program decisions.	Chief Economist and Immediate Office (IO)	Senior USDA leadership understands markets and the economic impacts of policy options.
Significant and economically significant regulations affecting the public are based on sound, objective, and appropriate risk assessments and economic analysis.	Review and support regulatory impact analyses and risk assessments for significant and economically significant USDA regulations.	Office of Risk Assessment and Cost-Benefit Analysis (ORACBA)	Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis.

USDA Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining repopulating and economically thriving.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets.	Coordinate release of timely and objective agricultural commodity supply, demand, and price estimates.	World Agricultural Outlook Board (WAOB)	12 monthly World Agricultural Supply and Demand Estimates (WASDE) reports issued.
Coordinate Departmental energy policy, programs, and strategies.	Analyze renewable energy, biobased product, and bioenergy policies, programs, and markets.	Office of Energy Policy and New Uses (OEPNU)	Timely, objective energy policy analysis meets the needs of senior USDA leadership.

USDA Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Coordinate Departmental climate change policy, programs, products, and strategies.	<p>Coordinate USDA climate change policy, programs, and products.</p> <p>Establish technical guidelines measuring GHG benefits from conservation and land management activities.</p> <p>Develop regional climate change decision support tools.</p>	Climate Change Program Office (CCPO)	Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets.
Support Departmental efforts to develop environmental markets.	<p>Support development of guidelines for establishing a market infrastructure that facilitates market-based approaches to agriculture, forest, and rangeland conservation.</p> <p>Develop national water quality technical metrics for agriculture.</p>	Office of Environmental Markets (OEM)	Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets.

Key Outcome 1: Senior USDA leadership understands markets and the economic impacts of policy options.

Key Performance Measures and Targets:

The Secretary of Agriculture and other senior USDA leadership are satisfied with Chief Economist and IO staff support of Departmental programs across all mission areas. Measurement of the performance of the Chief Economist and IO staff is qualitative and provided by direct feedback to the Chief Economist from the Secretary and other senior leadership. The baseline performance is providing excellent support. The target performance is to continue to provide excellent support.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. Economic policy, program analysis, and advice for the Secretary of Agriculture	N/A						
b. Dollars (in thousands)	\$1,674	\$1,886	\$1,871	\$1,931	\$1,877	\$2,122	\$1,892

Selected Past Accomplishments toward Achievement of the Key Outcome:

The Chief Economist and IO supported Departmental programs across all mission areas by reviewing and providing economic analysis of proposed program regulations, participating in interagency working groups, and helping to ensure effective and efficient program and policy development. Selected past accomplishments include:

- Chief Economist and IO staff provided policy and program analysis and advice to the Secretary in the areas of international trade agreements, risk-sharing institutions, crop insurance, commodity and conservation programs, sustainable development, climate change, agricultural labor, and alternative/renewable energy;
- Chief Economist chaired the Board of Directors of the Federal Crop Insurance Corporation (FCIC), the Capper-Volstead Act Committee, and served on the USDA Energy Council;
- Provided regular oral and written briefings to the Secretary and other key leaders on legislation, market developments, and key economic events affecting agriculture, forestry, and rural America;
- Assisted the Secretary's communication office in developing speech text and in the use of economic information for speeches of top officials and in press releases and provided subcabinet officials with economic intelligence relevant to the administration of their program areas and USDA in general;
- Reviewed Congressional testimony of executive branch officials and Department correspondence for economic content, testified before Congress, and prepared analyses for members of Congress, their staffs, and Agriculture and Appropriations Committee staffs on the impacts of legislative proposals;
- Represented the Department on U.S. delegations to international discussions of sustainable development, international trade or other issues and served as a source of objective, analytical assessments of the effects of proposals made in international forums that would affect agreements, treaties or other obligations of the Department; and
- Led and coordinated cross-mission area work on sustainable development and agricultural labor markets, including chairing the USDA Council on Sustainable Development, representing USDA in international multilateral environmental negotiations, and other issues as requested by the Secretary.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

The Chief Economist and IO expect to provide substantially the same level of support in 2014 to Departmental programs across all mission areas. Key expected accomplishments are:

- Provide analysis and advice to the Secretary in the areas of commodity and conservation programs, agricultural market conditions, climate change, alternative/renewable energy, agricultural labor, sustainable development, international trade agreements, risk-sharing institutions, and crop insurance;
- Testify before Congress and prepare analyses when requested for Members of Congress and their staffs on the effects of legislative proposals or other topics of interest;
- Chair the Board of Directors of the FCIC and the Capper-Volstead Act Committee;
- Represent the Department on U.S. delegations to international discussions of sustainable development, international trade, or other issues and provide objective assessments of the effects of proposals made in international forums that would affect agreements, treaties or other obligations of the Department;
- Lead and coordinate cross-mission area work on sustainable development, including chairing the USDA Council on Sustainable Development; and
- Support Departmental efforts on issues related to agricultural labor and immigration reform.

Key Outcome 2: Significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis.

Key Performance Measures and Targets:

Review 60 regulatory impact analyses and risk assessments for the Department. The baseline performance is reviewing 60 regulatory impact analyses and risk assessments. The target performance is to continue to review 60 regulatory impact analyses and risk assessments.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. Review cost-benefit analyses and risk assessments	60	60	60	60	60	60	60
b. Dollars (in thousands)	\$814	\$805	\$773	\$803	\$766	\$684	\$790

Selected Past Accomplishments toward Achievement of the Key Outcome:

ORACBA staff reviewed significant and economically significant regulations primarily intended to affect human health, safety or the environment to ensure they are based on appropriate risk assessments and economic analyses that can serve as a basis for selecting cost-effective management options for hazards managed by USDA. Selected past accomplishments include:

- Performed substantive reviews of economic analyses and proposed regulations to improve food safety, nutrition, and cost control in USDA food assistance and school feeding programs, economic analyses and proposed regulations to change the status of various nutrients and minerals used in the National Organic Program, and risk assessments and economic analyses supporting designation of roadless areas in Colorado;
- Provided economic and scientific review in support of regulations to modernize poultry slaughter inspection systems, trace livestock in inter-State commerce, prevent bioterrorism through restrictions on use of select agents, and enable trade and control of invasive species and animal diseases; and
- Provided analysis to the Department and other Federal agencies to evaluate environmental issues affecting agriculture and matters pertaining to agriculture and environmental quality (air and water quality), pesticide use, and endangered species. This included reviews of Environmental Protection Agency (EPA) chemical and pesticide risk assessments and performance standards for prions.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

ORACBA expects to provide substantially the same level of support in 2014 to Departmental programs across all mission areas by ensuring that all significant and economically significant regulations proposed by USDA are based on sound scientific and economic analysis. Key expected accomplishments are:

- Review approximately 60 cost-benefit analyses and risk assessments; and
- Produce 12 issues of *ORACBA News* and hold periodic risk forum training seminars.

Key Outcome 3: 12 monthly *WASDE* reports issued.

Key Performance Measures and Targets:

Issue 12 monthly *WASDE* reports each year providing timely, comprehensive, objective agricultural commodity supply, demand, and price estimates, providing a benchmark for U.S. and global markets to respond to expected changes in commodity supply and demand and thereby contributing to efficient price discovery in agricultural markets. The baseline and target performances are issuing 12 *WASDE* reports.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. <i>WASDE</i> reports issued	12	12	12	12	12	12	12
b. Dollars (in thousands)	\$3,728	\$3,644	\$3,812	\$3,540	\$3,592	\$3,569	\$3,610

Selected Past Accomplishments toward Achievement of the Key Outcome:

WAOB staff coordinated the development and release of consistent and accurate market-sensitive agricultural commodity estimates in the monthly *WASDE* report, a Principle Federal Economic Indicator. Selected past accomplishments include:

- WAOB staff issued 12 monthly *WASDE* reports, 52 *Weekly Weather and Crop Bulletins*, 52 weekly *White House Memos* on the current situation in U.S. agricultural markets, and nearly 250 *Daily Highlights of Agricultural Developments* and *Daily U.S. Agricultural Weather Highlights*;
- Reviewed and assured consistency across the situation and outlook products issued by other USDA agencies, including written reports, market updates, special analyses, and long-range forecasts;
- Provided an annual comprehensive situation and outlook forum for agriculture that incorporates the viewpoints of and participation by analysts from USDA, academia, and the private sector; and
- Prepared numerous special economic reports and weather assessments for the Secretary and Chief Economist, as well as presenting weekly weather and market briefings to senior staff in the Office of the Secretary and the Mission Areas. WAOB staff also spoke on U.S. and world agriculture situation and outlook at numerous commodity industry annual meetings. WAOB staff also recorded about 150 radio and television interviews following the release of various WAOB or other key USDA reports.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

WAOB expects to provide substantially the same level of support to the Department in 2014 by serving as USDA’s focal point for economic intelligence and the commodity outlook for U.S. and world agriculture. Key expected accomplishments are:

- Issue 12 monthly *WASDE* reports;
- Deliver 52 weekly Weather and Economics Briefing reports to the Chief Economist and senior staff;
- Issue daily national agricultural weather summaries;
- On a rotating basis, prepare issues of the weekly *U.S. Drought Monitor*, produced jointly with the National Weather Service and the National Drought Mitigation Center in Nebraska;
- Organize the annual USDA Agricultural Outlook Forum; and
- Prepare economic assessments of current issues or weather events at the request of the Chief Economist and other senior Department staff.

Key Outcome 4: Timely, objective energy policy analysis meets the needs of senior USDA leadership.

Key Performance Measures and Targets:

The Secretary of Agriculture and other senior USDA leadership are satisfied with OEPNU energy policy analysis and coordination activities. Measurement of the performance of the Office of Energy Policy and New Uses (OEPNU) is qualitative and is provided by direct feedback from the Chief Economist and other senior USDA leadership. The baseline performance is providing excellent energy policy analysis and coordination. The target performance is to continue to provide excellent energy policy analysis and coordination.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. Economic analyses, reports, studies, and conferences on agriculture and energy issues	N/A						
b. Dollars (in thousands)	\$1,548	\$1,321	\$1,290	\$1,115	\$1,001	\$1,010	\$1,125

Selected Past Accomplishments toward Achievement of the Key Outcome:

OEPNU staff supported coordination of Departmental energy policy, programs, and strategies. Selected past accomplishments include:

- Coordinated Departmental energy policy, programs, and strategies by providing assessments, reports, briefings, speeches, control letters, and analyses;
- Co-sponsored the Life-Cycle Analysis Conference with Argonne National Laboratory, October 2011;
- Sponsored a workshop innovation lab through Milken Institute to assess financing needs and potential for growth in the bio-economy (*Opportunities for Growth: Leveraging the Power of the Bio-Economy*);

- Published reports and papers from cooperative/sponsored research: *Biomass Supply from Corn Residues: Estimates and Critical Review of Procedures*; *Development of a Purchasing Managers' Index for Biobased Products*; *Occupational and Workforce Characteristics of Green Jobs*; and *A Feedstock Readiness Tool to Complement the Aviation Industry Fuel Readiness Tool (jointly authored by OEPNU, ARS, and the Federal Aviation Administration)*;
- Delivered and responded to follow-up queries on *Biobased Economy Indicators: Report to U.S. Congress*;
- Provided leadership to the Departmental group developing the USDA Energy Website and the Energy Council Coordinating Committee (supporting the Office of the Secretary and the Secretary's Energy Council);
- Coordinated Departmental interaction with the EPA on the Interim and Final Rules of EPA Regulation of Fuels and Fuel Additives: 2012 Renewable Fuel Standards (RFS2) of the Renewable Fuels Standards of the Energy Independence and Security Act of 2007; and
- Coordinated Departmental interaction with the EPA on new feedstock pathway analyses.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

OEPNU expects to provide substantially the same level of support to the Department in 2014 serving as the focal point for energy and agriculture issues. Key expected accomplishments are:

- Coordinate Departmental energy policy, programs, and strategies by providing assessments, reports, briefings, speeches, and analyses for senior USDA staff and other policymakers;
- Continue cooperative research activities on renewable energy and biobased products with academic and other institutions, expanding understanding of bioenergy and biobased feedstock markets; and
- Sponsor/help coordinate 1-2 workshops a year supporting infrastructure and finance to increase renewable energy and biobased production and use.

Key Outcome 5: Increased participation of farmers, ranchers, and forest landowners in greenhouse gas markets.

Key Performance Measures and Targets:

(1) The Secretary of Agriculture and other senior USDA leadership are satisfied with the Climate Change Program Office (CCPO) climate change policy analysis and coordination activities. Measurement of the performance of CCPO is qualitative and is provided by direct feedback from the Chief Economist and other senior USDA leadership. The baseline performance is providing excellent climate change policy analysis and coordination. The target performance is to continue to provide excellent climate change policy analysis and coordination. (2) Percent completion of development of technical guidelines for measuring the GHG benefits from conservation and land management activities. The target performance for 2014 is 100 percent completion of the technical guidelines. (3) Percent completion of development of regional climate change decision support tools. The target performance for 2014 is establishing the program and 10 percent completion of the decision support tools.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. Coordinate USDA climate change policy, programs, and products	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Dollars (in thousands)	-	-	\$665	\$495	\$1,092	\$540	\$475
a. Percent completion of development of technical guidelines for measuring GHG benefits from conservation and land management activities	N/A	N/A	Establish Baseline	50%	65%	90%	100%
b. Dollars (in thousands)	-	-	\$1,359	\$1,011	\$670	\$600	\$655
a. Percent completion of development of regional climate change decision support tools	N/A	N/A	N/A	N/A	N/A	N/A	10%
b. Dollars (in thousands)	-	-	-	-	-	-	\$605

Selected Past Accomplishments toward Achievement of the Key Outcome:

CCPO staff coordinated USDA climate change policy, programs and strategies and began planning for the new program establishing technical guidelines to measure the GHG benefits from conservation and land management activities. Selected past accomplishments include:

- Represented the Department at the 17th Session of the United Nations Framework Convention on Climate Change and secured a decision to cooperate on issues related to climate change and agriculture;
- Continued the multi-year effort to develop science-based methods and technical guidelines for quantifying greenhouse gas sources and sinks in the forest and agriculture sectors; and
- Prepared the first USDA Climate Change Adaptation Plan, providing a high-level climate change vulnerability assessment and detailed agency plans.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

With the requested \$700,000 increase, CCPO will be able to provide oversight of Department-wide efforts to integrate climate change adaptation planning and actions into USDA programs, policies, and operations, including providing USDA managers and staff with better access to regional climate change information and projections. Key expected accomplishments are:

- Develop revised technical greenhouse gas reporting guidelines that can meet the needs of voluntary greenhouse gas registries, USDA programs, and a potential federal greenhouse gas offsets market;
- Coordinate Departmental climate change policy, programs, strategies, and products;
- Conduct analysis, long range planning, research, and response strategies related to climate change mitigation and adaptation and liaison with other Federal agencies;
- Coordinate with NRCS, Forest Service, and FSA integrating greenhouse gas considerations into USDA conservation programs; and
- Initiate the development of tools and programs to allow for improved USDA agency access to regional climate change information and projections.

Key Outcome 6: Make substantial progress in the development of technical water quality metrics and guidelines that can meet the needs of emerging environmental markets.

Key Performance Measures and Targets:

(1) Prepare technical reports on issues related to farmer and landowner participation in emerging environmental markets. The target performance for 2014 is 3 reports. (2) Develop national water quality metrics for agriculture. The target performance for 2014 is establishing the program and 10 percent completion of the water quality metrics.

Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
a. Technical reports completed on issues related to farmer and landowner participation in emerging environmental markets	N/A	N/A	N/A	New Program	Establish Baseline	3	3
b. Dollars (in thousands)	-	-	-	\$339	\$412	\$426	\$851
a. Percent completion of national water quality technical metrics for agriculture	N/A	N/A	N/A	N/A	N/A	N/A	10%
b. Dollars (in thousands)	-	-	-	-	-	-	\$475

Selected Past Accomplishments toward Achievement of the Key Outcome:

OEM staff engaged stakeholders to sustain support for the development of uniform standards and market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation.

Selected past accomplishments include:

- Chaired and hosted monthly meetings of the Interagency Environmental Markets Team, under the Chesapeake Bay Executive Order (EO) Strategy, in order to facilitate collaboration among 12 Federal agencies;
- Coordinated efforts within USDA toward the development of technical guidelines and protocols, research priorities, and other market infrastructure to ensure consistent rules and procedures are developed based on sound science through the USDA Environmental Markets Coordination Council;
- Released a new report, titled *In It Together: A How-To Reference for Building Point-Nonpoint Water Quality Trading Programs*, aimed at laying out guidelines for groups in the planning stages of implementing a water-quality trading or offset program in order to reduce start-up times and increase efficiencies; and
- Completed Phase I of the economic evaluation of the Chesapeake Bay State Watershed Improvement Plans in terms of their potential costs related to agricultural practices and the potential for USDA programs to support identified needs.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

With the requested \$900,000 increase, OEM will hire staff and bring subject matter experts together to accelerate USDA efforts to develop uniform standards and market infrastructure necessary to facilitate market-based approaches to agriculture, forest, and rangeland conservation. Key expected accomplishments are:

- Catalyze development of the infrastructure for environmental markets;
- Provide administrative and technical assistance to the Secretary in implementing Section 2709 of the 2008 Farm Bill by supporting the development of guidelines for market infrastructure that will facilitate market-based approaches to agriculture, forest, and rangeland conservation; and
- Initiate a program to develop national water quality metrics for agriculture, which are needed in order to operationalize environmental markets.

OFFICE OF THE CHIEF ECONOMIST

Strategic Goal Funding Matrix
(Dollars in thousands)

Program/ Program Items	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
All Department Strategic Goals (Activities that support all Department goals)					
Immediate Office.....	\$2,347	\$2,336	\$2,480	-\$225	\$2,255
Staff Years.....	7	8	8	-	8
Office of Risk Assessment and Cost-Benefit ..	1,037	890	879	+119	998
Staff Years.....	6	5	6	-	6
Total Costs, All Strategic Goals.....	3,384	3,226	3,359	-106	3,253
Total Staff Years, All Strategic Goals..	13	13	14	-	14
Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.					
World Agricultural Outlook Board.....	4,782	4,353	4,696	+54	4,750
Staff Years.....	28	25	27	-	27
Office of Energy Policy and New Uses.....	2,286	2,125	1,135	+49	1,184
Staff Years.....	5	5	5	-	5
Total Costs, Strategic Goal.....	7,068	6,478	5,831	+103	5,934
Total Staff Years, Strategic Goal.....	33	30	32	-	32
Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.					
Climate Change Program Office.....	2,208	2,218	1,629	+708	2,337
Staff Years.....	5	4	5	+1	6
Office of Environmental Markets	348	255	426	+904	1,330
Staff Years.....	1	2	2	+2	4
Total Costs, Strategic Goal.....	2,556	2,473	2,055	+1,612	3,667
Total Staff Years, Strategic Goal.....	6	6	7	+3	10
Total Costs, All Strategic Goals...	13,008	12,177	11,245	+1,609	12,854
Total FTEs, All Strategic Goals....	52	49	53	+3	56

OFFICE OF THE CHIEF ECONOMIST

Full Cost by Department Strategic Goal

(Dollars in thousands)

All Department Strategic Goals (Activities that support all Department goals)

Program / Program Items	2011	2012	2013	2014
	Actual	Actual	Estimate	Estimate
Immediate Office				
Economic Analysis.....	\$1,931	\$1,962	\$2,122	\$1,892
Sustainable Development and Agricultural Labor.....	355	356	358	363
Total Costs.....	2,286	2,318	2,480	2,255
FTEs.....	7	8	8	8
Performance Measure:				
Provide policy and program analysis and advice for the Secretary of Agriculture	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	2,286	2,318	2,480	2,255
Office of Risk Assessment and Cost-Benefit Analysis				
Review Regulatory Impact Analyses.....	330	283	281	325
Review Risk Assessments/Economic Analyses.....	473	406	403	465
Risk Seminars, Training, and Research Collaboration.....	207	195	195	208
Total Costs.....	1,010	884	879	998
FTEs.....	6	5	6	6
Performance Measure:				
Measure.....	60	60	60	60
Cost per measure (unit cost).....	13	11	11	13
Total Costs, All Strategic Goals.....	3,296	3,202	3,359	3,253
Total FTEs, All Strategic Goals.....	13	13	14	14

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Program / Program Items	2011	2012	2013	2014
	Actual	Actual	Estimate	Estimate
World Agricultural Outlook Board				
WASDE Reports Issued.....	\$3,540	\$3,285	\$3,569	\$3,610
Weekly Weather and Crop Bulletins Issued.....	391	363	394	399
Weather/Crop Impact Assessments.....	727	674	733	741
Total Costs.....	4,658	4,322	4,696	4,750
FTEs.....	28	25	27	27
Performance Measure:				
WASDE reports issued.....	12	12	12	12
Cost per measure (unit cost).....	295	274	297	301

Program/ Program Items	2011	2012	2013	2014
	Actual	Actual	Estimate	Estimate
Office of Energy Policy and New Uses				
Bio-/Renewable Energy/Biobased Product Analysis.....	1,115	994	1,010	1,125
Biodiesel Fuel Education Program.....	1,075	1,067	68	-
Increase Biobased Product Purchases/Labeling.....	63	56	57	59
Total Costs.....	2,253	2,117	1,135	1,184
FTEs.....	5	5	5	5
Performance Measure:				
Economic analyses, reports, studies, conferences, and workshops on agriculture/energy issues	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	2,253	2,117	1,135	1,184
Total Costs, Strategic Goal.....	6,911	6,439	5,831	5,934
Total FTEs, Strategic Goal.....	33	30	32	32

Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

Program/ Program Items	2011	2012	2013	2014
	Actual	Actual	Estimate	Estimate
Climate Change Program Office				
Coordinate USDA Climate Change Policy, Prgms, Prdcts....	\$495	\$1,092	\$540	\$475
Climate Change Mitigation Analysis, Advice, Projections....	645	440	489	602
Establish Greenhouse Gas Guidelines, Tools.....	1,011	670	600	655
Develop Regional Climate Change Decision Support Tools..	-	-	-	605
Total Costs.....	2,151	2,202	1,629	2,337
FTEs.....	5	4	5	6
Performance Measure:				
Coordinate USDA climate change policy, programs, and products	N/A	N/A	N/A	N/A
Cost per measure (unit cost).....	495	1,092	540	475
Performance Measure:				
Percent completion of development of technical guidelines for measuring the GHG benefits from conservation and land management activities	50%	65%	90%	100%
Cost per measure (unit cost).....	1,011	670	600	655
Performance Measure:				
Percent completion of development of regional climate change decision support tools	N/A	N/A	N/A	10%
Cost per measure (unit cost).....	-	-	-	605

Program/ Program Items	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
<u>Office of Environmental Markets</u>	-	-	-	-
Support Development of Environmental Markets.....	339	254	426	855
Develop national Water Quality Metrics for Agriculture.....	-	-	-	475
Total Costs.....	339	254	426	1,330
FTEs.....	1	2	2	4
Performance Measure:				
Prepare technical reports on issues related to farmer and landowner participation in emerging environmental markets	New Program	Establish Baseline	3	3
Cost per measure (unit cost).....	339	254	426	855
Percent completion of national water quality technical metrics for agriculture	N/A	N/A	N/A	10%
Cost per measure (unit cost).....	-	-	-	475
Total Costs, Strategic Goal.....	2,490	2,456	2,055	3,667
Total FTEs, Strategic Goal.....	6	6	7	10
Total Costs, All Strategic Goals.....	12,697	12,097	11,245	12,854
Total FTEs, All Strategic Goals.....	52	49	53	56