

Agency-Wide

Purpose Statement.....23-3

Lead-off Tabular Statement.....23-13

Available Funds and Staff Years.....23-14

Permanent Positions by Grade and Staff Years.....23-15

Vehicle Fleet23-16

Shared Funding Projects.....23-18

Account 1: Marketing Services

Lead-Off Tabular Statement.....23-20

Appropriations Language23-20

Project Statement23-21

Justifications23-22

Proposed Legislation.....23-35

New Administrative Action.....23-35

Geographic Breakdown of Obligations and Staff Years.....23-36

Classification by Objects.....23-38

Status of Programs.....23-39

Limitation on Administrative Expenses (Cotton and Tobacco).....23-95

Account 2: Payments to States and Possessions

Lead-Off Tabular Statement.....23-97

Appropriations Language23-97

Project Statement23-97

Justification.....23-97

Proposed Legislation.....23-99

Geographic Breakdown of Obligations and Staff Years.....23-100

Classification by Objects.....23-103

Status of Programs.....23-105

Account 3: Limitation on Fee Funded Inspection and Weighing, and Examination Services

Lead-Off Tabular Statement.....23-109

Appropriations Language23-109

Project Statement23-109

Geographic Breakdown of Obligations and Staff Years.....23-110

Classification by Objects.....	23-111
Status of Programs.....	23-113
Account 4: Perishable Agricultural Commodities Act Fund	
Lead-Off Tabular Statement.....	23-115
Project Statement	23-115
Geographic Breakdown of Obligations and Staff Years.....	23-115
Status of Programs.....	23-117
Account 5: Funds for Strengthening Markets, Income and Supply (Section 32)	
Lead-Off Tabular Statement.....	23-119
Appropriations Language	23-119
Project Statement	23-120
Proposed Legislation.....	23-122
New Administrative Action.....	23-122
Geographic Breakdown of Obligations and Staff Years.....	23-123
Status of Programs.....	23-125
Summary of Performance	23-133

PURPOSE STATEMENT

The mission of the Agricultural Marketing Service (AMS) is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace to the benefit of producers, traders, and consumers of U.S. food and fiber products.

AMS carries out a wide range of programs under the authorization of the Agricultural Marketing Act of 1946 as well as over 50 other statutes. More than half of the funds needed to finance AMS activities (excluding commodity purchase program funds) are derived from voluntary user fees. AMS also provides services for private industry and State/Federal agencies on a reimbursable basis. In addition, AMS conducts several appropriated program activities through cooperative arrangements with State Departments of Agriculture and other agencies.

1. Market News Service:

The Market News program is authorized by the following statutes:

Agricultural Marketing Act of 1946

Agricultural and Food Act of 1981 (as amended by the Food Security Act of 1985)

The Food, Conservation, and Energy Act of 2008

Cotton Statistics and Estimates Act of 1927

The Mandatory Price Reporting Act of 2010

Peanut Statistics Act

Naval Stores Act

Tobacco Inspection Act of 1935

U.S. Cotton Futures Act

The AMS Market News service collects, analyzes, and disseminates current market information to assist producers and marketers of farm products and those in related industries in making critical daily decisions. Market News information covers local, regional, national, and international markets and includes data on supply, movement, contractual agreements, inventories, and prices for numerous agricultural commodities, both conventionally and organically produced. Reported commodities include cotton, cottonseed, and tobacco; dairy products; fruits, vegetables and ornamentals; livestock, meat, grains, poultry and eggs.

2. Shell Egg Surveillance and Standardization:

These programs are authorized by the following statutes:

Egg Products Inspection Act

Agricultural Marketing Act of 1946

- a. Shell Egg Surveillance: AMS supports egg marketing by ensuring that cracked, leaking, or other types of “loss” (restricted) eggs are diverted from table egg consumption and by verifying that marketed eggs have a quality level of at least U.S. Consumer Grade B. AMS conducts this program, in cooperation with State Departments of Agriculture, to ensure that shell egg handling operations are inspected at least four

times annually and hatcheries are inspected at least once each year to control the disposition of certain types of under grade and restricted eggs. This program diverts eggs that are not at least U.S. Consumer Grade B and cannot be sold in shell form to egg breaking plants, which reassures buyers and supports efficient markets.

b. Standards Development: AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition for use in the trading of agricultural commodities. These standards provide a common language for buyers and sellers of commodities and are widely used by the agricultural industry in domestic and international trading, futures market contracts, and as a benchmark for purchase specifications in most private contracts. AMS grade standards are the basis for AMS Market News reports, grading services and Federal commodity procurement.

3. Market Protection and Promotion Programs:

AMS administers programs under several laws that stimulate innovative and improved commodity marketing, generate pesticide application and residue information, ensure proper marketing practices, and aid industry-sponsored activities. In the administration of market protection and promotion activities, AMS operates under the following authorities:

Agricultural Marketing Act of 1946
Capper-Volstead Act
Export Apple Act
Export Grape and Plum Act
Farm Security and Rural Investment Act of 2002
Federal Seed Act
Food, Conservation, and Energy Act of 2008
Food Quality Protection Act of 1996
Organic Foods Production Act of 1990
Specialty Crops Competitiveness Act of 2004

a. Federal Seed Program: The Federal Seed program is authorized by the Federal Seed Act and regulates agricultural and vegetable seed moving in interstate commerce. The program prohibits false labeling and advertising of seed, as well as the shipment of prohibited noxious-weed seed into a State. State seed inspectors monitor seeds sold commercially for intrastate infractions and refer violations of the Federal Act to AMS for administrative or legal action.

b. Country of Origin Labeling (COOL): The Agricultural Marketing Act (Act) requires retailers to notify their customers of the country of origin of covered commodities. The COOL program conducts retail surveillance reviews through cooperative agreements with state agencies. AMS trains Federal and State employees on enforcement

responsibilities; responds to formal complaints; conducts supply chain audits; and develops educational and outreach activities for interested parties.

c. Pesticide Data Program (PDP): PDP develops and communicates comprehensive, statistically-reliable information on pesticide residues in food to improve Government dietary risk assessments, enhance the competitiveness of farm economies by supporting the use of safer crop protection methods, and support marketing by providing information that can be used to reassure consumers concerned about pesticides. This program provides data on a continual basis to the Environmental Protection Agency (EPA) for use in the pesticide registration process and to other Federal and State agencies for use in determining policies intended to safeguard public health. The program particularly focuses on the foods most likely consumed by children, in addition to pesticide residue data for population-wide dietary risk assessments.

d. National Organic Program (NOP): This program is authorized by the Organic Foods Production Act of 1990, which requires USDA to develop and maintain national standards governing the production and handling of agricultural products labeled as organic. NOP examines and accredits State and private certifying agents who in turn ensure that producers and handlers follow the national organic standards. The program also accredits foreign agents who certify products labeled organic for export to the U.S. and awards USDA recognition agreements to Foreign governments that operate an organic accreditation program for organic exports to the U.S.

e. Bioengineered Disclosure and Labeling Program: The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) was amended in 2016 by P.L. 114-216, which added Subtitle E—National Bioengineered Food Disclosure Standard. The National Bioengineered Food Disclosure law charges AMS with developing a national mandatory system for disclosing the presence of bioengineered material in foods or ingredients to increase consumer confidence and understanding of the foods they buy and avoid uncertainty for food companies and farmers.

4. Transportation and Marketing:

Transportation and Market Development activities are authorized under the following statutes:

Agricultural Marketing Act of 1946

Agricultural Adjustment Act of 1938

Agricultural Trade and Assistance Act of 1954

Rural Development Act of 1972

International Carriage of Perishable Foodstuffs Act of 1982

The Food, Conservation, and Energy Act of 2008

Farmer to Consumer Direct Marketing Act of 1976

American Taxpayer Relief Act of 2012

Agricultural Act of 2014 (2014 Farm Bill)

Agriculture Improvement Act of 2018 (2018 Farm Bill)

a. Transportation and Market Development:

AMS monitors the agricultural transportation system (inland waterways, rail, truck, ocean bulk, and ocean containerized) and conducts market analyses that support decisions regarding the transportation of agricultural products domestically and internationally. AMS provides technical assistance to shippers and carriers and participates in transportation regulatory actions before various Federal agencies. AMS supports the development of agricultural markets through technical advice and assistance to States and municipalities that are interested in creating or upgrading wholesale market facilities, auction and collection markets, retail farmers markets, food hubs, and other direct markets.

b. The Acer Access and Development Program, section 12306 of the 2014 Farm Bill (P.L. 113-79), authorizes grants to support the efforts of States, tribal governments, and research institutions to promote the domestic maple syrup industry. These grants have been funded since 2017 from annual appropriations.

c. Dairy Business Innovation Initiative grants were authorized by the 2018 Farm Bill. The Dairy Business Innovation (DBI) Initiatives support dairy businesses in the development, production, marketing and distribution of dairy products. DBI Initiatives provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep and goat milk.

5. Packers and Stockyards Program (P&SP):

Program activities are authorized by the following statutes:
Packers and Stockyards Act of 1921 (P&S Act), as amended
Section 1324 of the Food Security Act of 1985

AMS' P&SP is responsible for administering the P&S Act, which prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and meatpacking industries. The P&S Act makes it unlawful for a regulated entity to engage in unfair, unjustly discriminatory, or deceptive practices. Packers, live poultry dealers, and swine contractors are also prohibited from engaging in specific anti-competitive practices. The FY21 Budget proposes to administratively implement user fees for this activity.

6. Federal Grain Inspection Service (FGIS):

These activities are authorized by the following statutes:
United States Grain Standards Act (USGSA), as amended
Agricultural Marketing Act of 1946 (AMA)

a. The Grain Regulatory Program (GRP), is currently funded through appropriations. The FY21 Budget proposes to administratively implement user fees for this activity. As

part of the GRP, AMS promotes and enforces the accurate and uniform application of the USGSA and applicable provisions of the AMA; identifies, evaluates, and implements new or improved techniques for measuring grain quality; and establishes and maintains testing and grading standards to facilitate the marketing of U.S. grain, oilseeds, and related products.

b. Inspection and Weighing Services are authorized under both the USGSA and the AMA, and both statutes require FGIS to collect user fees to fund the costs of operations. The USGSA requires the mandatory inspection and weighing of grain at export ports by AMS or delegated State agency personnel, and the permissive inspection and weighing of grain at domestic locations by designated State and private agency personnel. On a request basis, AMS' FGIS performs inspection of rice and related commodities under the AMA.

7. U.S. Warehouse Activities—Warehouse and Commodity Management:

This program is authorized by the following statutes:

U.S. Warehouse Act (USWA)

Grain Standards and Warehouse Improvement Act of 2000

USDA's warehouse activities make efficient use of commercial facilities in the storage of Commodity Credit Corporation-owned commodities, and licenses warehouses nationwide on a voluntary basis under the USWA. AMS also manages Commodity Credit Corporation (CCC) storage agreements and performs warehouse examinations to ensure the integrity of both the commodities stored in these facilities, as well as the facilities themselves. AMS commodity management activities include acquiring, bartering, selling and managing CCC-owned inventories; establishing the Posted County Prices (PCPs) that are used to determine alternative loan repayment rates for CCC marketing assistance loans and loan deficiency payments; operating the Economic Adjustment Assistance Program (EAAP) for upland cotton, and the Special Competitive Provisions Program for Extra Long Staple (ELS) cotton; boosting fair trade practices by strengthening internal controls and price management and providing reliable protections for producers storing products in USWA-licensed or CCC-approved warehouses.

8. International Food Procurement:

USDA international food procurement activities are governed by the following statutes:

P.L. 480 International Food Aid Programs

Emergency Food Assistance Act of 1983, as amended

Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended

Food for Progress Act of 1985, as amended

Food, Conservation, and Energy Act of 2008

Agricultural Act of 1949, Section 416(b), as amended.

International Food Aid Commodity Procurement is administered by the AMS Commodity Procurement Program. Under International Food Procurement, AMS purchases and delivers U.S.-produced food aid commodities for international food aid programs for overseas use to meet USDA and USAID program requirements; assisting vulnerable populations around the world.

9. Payments to States and Possessions:

Federal-State Marketing Improvement Program (FSMIP): AMS provides matching grant funds on a competitive basis to State departments of agriculture, State agricultural experiment stations, and other State agencies, to assist in exploring new market opportunities for U.S. food and agricultural products, and to encourage research and innovation aimed at improving the efficiency and performance of the agriculture commodities marketing system. State agencies may perform the work or contract with others but must contribute at least one-half of the cost of the projects.

10. Mandatory Farm Bill Programs: These grant programs are authorized by the 2018 Farm Bill and funded through a transfer from CCC.

a. Local Agricultural Market Program: AMS administers Farmers Market and Local Foods Promotion Grants and Regional Partnership Grants, as authorized by the Agriculture Improvement Act of 2018 (2018 Farm Bill), which continued the Farmers Market and Local Foods Promotion Program through 2023 and added Regional Partnership grants to be administered by AMS, in coordination with the Rural Business Cooperative Service's Value-Added Grants program. Entities eligible to apply for grants include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers' market authorities, Tribal governments, and local and regional food business enterprises.

b. Milk Donation Program: This program reimburses eligible dairy organizations for costs incurred for donating milk in a Federal milk marketing order pool to reduce food waste and provide nutrition assistance to low-income individuals. Under the program, eligible dairy organizations partner with non-profit organizations that distribute food to low income individuals. Those partnerships may apply for and receive limited reimbursements to cover expenses related to certain fluid milk product donations.

c. Specialty Crop Block Grant Program (SCBGP): Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621) authorized USDA to provide State assistance for specialty crops, and the 2018 Farm Bill funded the SCBGP through 2023. AMS administers this program by awarding grants to State departments of agriculture to enhance the competitiveness of fruits and vegetables, tree nuts, nursery crops

(including floriculture), and horticulture. AMS provides guidance and assistance to States in developing plans; submitting applications; and meeting the administrative, reporting, and audit requirements involved in managing a funded project. AMS also establishes internal review and evaluation procedures for applications and State plans, and participates in workshops, conferences, and other forums to facilitate interaction among States, USDA representatives, and industry organizations. AMS established standardized national outcome measures to demonstrate the program's performance toward fulfilling its statutory purpose, reviews annual performance reports, final reports, audit results, and final financial statements; posts final performance reports on the SCBGP website; and disseminates project findings at appropriate meetings and conferences.

d. Hemp Production Program: The 2018 Farm Bill directed USDA to establish a national regulatory framework for hemp production in the United States. In 2019, USDA requested a reprogramming of funds to establish the U.S. Domestic Hemp Production Program and issued an interim final rule effective October 31, 2019 through November 1, 2021. The rule outlines provisions for the USDA to approve plans submitted by States and Indian Tribes for the domestic production of hemp and establishes a Federal plan for producers in States or territories of Indian tribes that do not have their own USDA-approved plan. The FY21 Budget proposes to administratively implement user fees for this activity.

11. Commodity Research and Promotion Programs:

Beef Promotion and Research Act of 1985

Cotton Research and Promotion Act

Commodity Promotion, Research, and Information Act of 1996

Dairy Production Stabilization Act of 1983

Egg Research and Consumer Information Act

Fluid Milk Promotion Act of 1990

Hass Avocado Promotion, Research, and Information Act of 2000

Honey Research, Promotion and Consumer Information Act

Mushroom Promotion, Research and Consumer Information Act of 1990

Peanut Promotion, Research and Information Order

Popcorn Promotion, Research, and Consumer Information Act

Potato Research and Promotion Act

Pork Promotion, Research and Consumer Information Act of 1985

Soybean Promotion, Research and Consumer Information Act

Watermelon Research and Promotion Act

AMS provides oversight and direction to industry-funded and managed commodity research and promotion programs that broaden and enhance national and international markets for

various commodities. Industry Boards collect assessments from identified segments of the marketing chain, usually producers, but some programs assess processors, feeders, packers, handlers, importers, exporters, or other entities. AMS is entrusted with oversight of research and promotion boards to ensure fiscal accountability, program integrity from board budgets to marketing plans and promotional campaigns, and fair treatment of participating stakeholders. Each research and promotion board reimburses AMS for the cost of implementing and overseeing its program.

12. Commodity Grading, Verification, and Plant Variety Protection:

These programs are authorized by the following statutes and funded by non-Federal fees:

Agricultural Marketing Act of 1946

Farm Security and Rural Investment Act of 2002

Wool Standards Act

Cotton Statistics and Estimates Act of 1927

U.S. Cotton Futures Act

United States Cotton Standards Act

Naval Stores Act

Produce Agency Act of 1927

Specialty Crops Competitive Act of 1994

Tobacco Inspection Act of 1935

Tobacco Statistics Act

Plant Variety Protection Act

a. Grading, Certification, and Audit Verification: On a fee-for-service basis, AMS provides grading and certification services on agricultural commodities for which USDA standards have been developed to assure buyers that the products they receive are the quantity and quality specified in their contract with the seller. AMS certificates are also used as evidence of quality and condition in courts of law to settle commercial disputes. AMS audit verification services offer production and quality control system audits that reduce costs and assist the industry in making various marketing claims about their products. AMS also provides export certification services for several commodities, including seed.

b. Plant Variety Protection Program: This program is authorized by the Plant Variety Protection Act, which encourages the development of novel varieties of sexually reproduced or tuber propagated plants by providing intellectual property rights protection to the developer. The program, funded by user fees, verifies the uniqueness of variety and issues certificates that assure developers exclusive rights to sell, reproduce, import, or export such varieties, or to use them in the production of hybrids or different varieties, for a period of 20 years for most species and 25 years for woody plants.

13. Perishable Agricultural Commodities Act Program:

This program is carried out under the Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (PAA) and is funded by license fees. These Acts are designed to: (1)

protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others. Commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce must obtain a PACA license and abide by the fair-trading practices established by the PACA.

14. Strengthening Agricultural Markets and Producer Income (Section 32):

Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) made available an appropriation equal to 30 percent of gross customs receipts collected during each preceding calendar year to encourage the domestic consumption or exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce's National Marine Fisheries Service. Section 14222 of the 2008 Farm Bill established an annual amount that can be retained from these funds for Section 32 activities, with the remaining funds transferred to the Food and Nutrition Service (FNS) for Child Nutrition Programs.

a. Commodity Purchases and Diversions: AMS purchases domestically produced and processed food commodities such as meats, fish, fruits, vegetables, poultry and egg products, grains and bakery products, dairy products (including cheese), and oilseed products like peanut butter and sunflower seed oil to stabilize market conditions pursuant to Section 32, and in support of entitlement program needs within USDA. All purchased commodities are distributed by FNS to schools, as part of the entitlement for the National School Lunch Program, or to other domestic nutrition assistance programs. AMS also provides purchasing services to FNS to supply food to recipients in nutrition assistance programs and is reimbursed for the administrative costs associated with these purchases (Economy Act, 31 U.S.C. 1535) and contract management of the national warehouses serving USDA's Food Distribution Programs on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP).

b. Marketing Agreements and Orders: The Marketing Agreements and Orders Program, authorized by the Agricultural Marketing Agreement Act of 1937, was established to assist farmers, milk producers, and handlers by allowing them to collectively work to solve marketing challenges, stabilize market conditions and improve the returns for fluid milk and fruit and vegetable producers. AMS oversees these various activities to ensure that they operate in the public interest and within legal parameters, and conducts public hearings and referenda concerning new programs and proposed revisions of marketing orders already in effect. Program activities and administration at the local level are financed through assessments on fluid milk processors and specialty crop handlers. The FY21 Budget proposes to administratively implement user fees for this activity.

Geographic Dispersion of Offices and Employees:

Most of AMS’ field offices are located to facilitate Market News data collection (near markets) or where needed to provide fee-funded grading, verification, and certification services to the agricultural industry (near customers).

AMS regularly assesses, and when indicated, opens, relocates, or closes field offices to improve service delivery and reduce operational costs.

As of September 30, 2019, AMS had 4,374 employees, of whom 2,644 were permanent full-time and 1,730 were other than permanent full-time employees. Approximately 89 percent of AMS’ employees are assigned to field offices. Of the 3,896 employees assigned to field office locations, 2,169 were permanent full-time and 1,727 were other-than permanent full-time employees.

Schedule A (Milk Market Administrator) employees as of September 30, 2019, totaled 334, of which 327 were permanent full-time and 7 were other than permanent full-time employees.

Completed OIG Reports

ID	Date	Title	Result
30601-0001-21	12/18/2018	Controls Over Inspection of Exported Grain	OIG cited six recommendations – one remained open as of the end of FY 2019.

In-Progress OIG Reports

ID	Title
11601-0001-12	USDA’s Fiscal Year 2019, First Quarter DATA Act Submission
50501-0022-12	Security Over Select USDA Agencies’ Networks and Systems
01601-0002-41	AMS Storage and Handling of Commodities for International Food Assistance
01601-0002-23	AMS Controls Over Specialty Crop Block Grant Program
01601-0001-24	AMS Oversight of the Farmers Market and Local Food Promotion Program

Completed GAO Reports

ID	Date	Title	Result
N/A			

In-Progress GAO Reports

ID	Title
102486	Dairy Cooperatives and the Structure of the U.S. Dairy Market

AGENCY-WIDE LEAD-OFF TABULAR

Agricultural Marketing Service

2020 Enacted.....	\$1,966,736,000
Change in Appropriation.....	-440,886,000
2021 Department Estimate, Current Law.....	1,525,850,000
Change Due to Proposed Legislation.....	-
2021 Request, Including Proposed Legislation.....	1,525,850,000

AVAILABLE FUNDS AND STAFF YEARS

(Dollars in Thousands)

Item	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Agricultural Marketing Service:								
Marketing Services, Discretionary Appropriations	\$151,595	638	\$159,095	603	\$186,936	736	\$150,933	719
Congressional Relations & Nat'l BioTransfers In	90	-	90	-	-	-	-	-
Transfers Out	-1,000	-	-900	-	-	-	-	-
Payments to States and Possessions:								
Payments to States and Possessions, Discretionary Apprc	1,235	1	1,235	1	1,235	1	-	-
Micro Grants for Food Security, Discretionary Appropriat	-	-	-	-	5,000	-	-	-
Dairy Business Initiatives, Discretionary Appropriations	-	-	-	-	20,000	-	-	-
Farm Bill Initiatives:								
Farmers Market & Local Foods Promotion Programs	30,000	6	-	-	-	-	-	-
Organic Production & Market Data Initiatives	-	-	3,500	-	-	-	-	-
Local Agriculture Market Program	-	-	30,978	9	30,978	9	30,978	6
Milk Donation Program	-	-	9,000	-	5,000	-	5,000	2
Modernization Technology Upgrade for National Organi	-	-	5,000	-	-	-	-	-
Sheep Production and Marketing Grant Program	-	-	2,000	1	-	-	-	-
Wool Research, Development, and Promotion	2,410	-	2,259	-	2,117	-	2,250	-
Hemp Production	-	-	1,200	2	-	-	-	-
Sequestration	-7,590	-	-5,270	-	-5,015	-	-	-
Adjusted Appropriation	261,740	657	293,187	625	331,251	756	274,161	739
Balance Available, SOY	7,113	-	4,937	-	-	-	-	-
Other Adjustments (Net)	5	-	-	-	-	-	-	-
Total Available	268,858	657	298,124	625	331,251	756	274,161	739
Lapsing Balances	-2,427	-	-2,765	-	-	-	-	-
Balance Available, EOY	-4,937	-	-55,408	-	-	-	-	-
Obligations	261,494	657	239,951	625	331,251	756	274,161	739
Permanent Appropriations, Mandatory:								
Funds for Strengthening Markets, Income, and Supply (Sec. 32)	10,370,878	153	10,624,198	124	15,123,425	154	22,696,566	154
Sequestration	-77,352	-	-74,338	-	-72,275	-	-	-
Transfers Out	-9,324,675	-	-9,427,049	-	-13,899,792	-	-21,448,566	-
Total, Other Funding	968,851	153	1,122,811	124	1,151,358	154	1,248,000	154
Balance Available, SOY	179,947	-	312,599	-	500,084	-	-	-
Recoveries of Prior Year Obligations	585	-	1,305	-	-	-	-	-
Total Available	1,149,383	153	1,436,715	124	1,651,442	154	1,248,000	154
Bal. Available, EOY	-312,599	-	-500,084	-	-	-	-	-
Obligations	836,784	153	936,631	124	1,651,442	154	1,248,000	154
Subtotal Obligations, AMS	1,098,278	810	1,176,582	749	1,982,693	910	1,522,161	893
Ob. Under Other USDA Appr.:								
International Food Procurement Reimbursement	5,026	-	8,839	42	8,863	42	8,863	37
Food & Nutrition Service for Commodity Procurement Services (Sec. 32)	3,758	33	4,174	32	4,196	32	4,196	32
Total, Other USDA	8,784	33	13,013	74	13,059	74	13,059	69
Total, Agricultural Marketing Service Appropriations	1,107,062	843	1,189,595	823	1,995,752	984	1,535,220	962
Non-Federal Funds:								
Perishable Agricultural Commodities Act Fund, Mandat	10,336	59	10,128	56	10,896	69	10,935	69
Grain Inspection and Weighing Services	50,524	381	50,717	351	55,000	421	55,000	421
Fees for Grading of Cotton and Tobacco	48,964	398	52,654	355	61,227	441	60,982	441
Grading of Farm Products for Producers, Processors, and Municipal, State and Federal Agencies	168,238	1,328	174,375	1,268	166,732	1,376	167,244	1,376
Research and Promotion Boards	4,849	26	5,430	27	5,617	29	5,617	29
Total, Non-Federal	282,911	2,192	293,304	2,057	299,472	2,336	299,778	2,336
Total, AMS	1,389,973	3,035	1,482,899	2,880	2,295,224	3,320	1,834,998	3,298
Schedule A Staff Years		328		334		374		404

PERMANENT POSITIONS BY GRADE AND STAFF YEAR

Item	2018			2019			2020			2021		
	D.C.	Field	Total									
SES	12	1	13	11	1	12	15	1	16	15	1	16
GS-15	49	8	57	50	11	61	51	14	65	51	14	65
GS-14	83	62	145	82	63	145	97	59	156	97	59	156
GS-13	132	177	309	140	173	313	161	158	319	161	158	319
GS-12	79	309	388	78	302	380	102	308	410	102	308	410
GS-11	33	261	294	33	262	295	50	266	316	50	266	316
GS-10	2	18	20	2	27	29	4	20	24	4	20	24
GS-9	28	587	615	46	554	600	53	622	675	53	622	675
GS-8	8	330	338	8	323	331	6	320	326	6	320	326
GS-7	16	218	234	17	231	248	26	351	377	26	351	377
GS-6	4	111	115	4	85	89	4	54	58	4	54	58
GS-5	5	91	96	4	120	124	6	147	153	6	147	153
GS-4	-	6	6	-	15	15	1	29	30	1	29	30
GS-3	-	-	-	-	-	-	-	8	8	-	8	8
GS-1	-	-	-	-	-	-	-	1	1	-	1	1
Other Graded		4	4	-	-	-		2	2		2	2
Ungraded	-	2	2	-	2	2	-	6	6	-	6	6
Total Permanent	451	2,185	2,636	475	2,169	2,644	576	2,366	2,942	576	2,366	2,942
Unfilled, EOY	-99	92	-7	-	145	145	-	-	-	-	-	-
Total Perm. FT EOY	550	2,093	2,643	475	2,024	2,499	576	2,366	2,942	576	2,366	2,942
Staff Year Est	714	2,649	3,363	585	2,629	3,214	714	2,980	3,694	714	2,988	3,702

SIZE, COMPOSITION, AND ANNUAL COSTS OF VEHICLE FLEET

Motor Vehicle Fleet

The estimated number of passenger motor vehicles available for 2021 is the minimum necessary to maintain essential services of AMS programs. These vehicles are used to provide necessary services such as: 1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; 2) some of the passenger motor vehicles are used by professional resident agents, auditors, marketing specialists, economists, and managers to conduct competition, financial and trade practice, compliance and investigative activities; 3) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and 4) carrying boxes of cotton standards types to use in classing work and demonstration at farmers' meetings. AMS only replaces passenger vehicles that have mileage of at least 60,000 or are six or more years of age, in accordance with standards prescribed by the General Services Administration (GSA). Additional passenger vehicles are requested when the forecasted workload is of such a nature and volume that the number of existing passenger vehicles will not be adequate for program needs.

Additions to the fleet

AMS plans to add 9 passenger motor vehicles to the fleet in 2021. These vehicles are required to effectively carry out mission essential functions in Dairy, Livestock and Poultry, and Specialty Crops Program and are expected to improve service and reduce overall expenses.

Replacement of passenger motor vehicles

AMS plans to replace 35 of the 430 passenger motor vehicles in operation in 2021.

Fiscal Year	Sedans and Station Wagons	Lt. Trucks, SUVs, and Vans (4x2)	Lt. Trucks, SUVs, and Vans (4x4)	Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs ^b
2018	275	123	2	6	-	-	-	406	\$1,841
Change	-7	+2	+2	+1	-	-	-	-2	-
2019	268	125	4	7	-	-	-	404	1,841
Change	+17	-	-	-	-	-	-	+17	+13
2020	285	125	4	7	-	-	-	421	1,854
Change	+11	-2	-	-	-	-	-	+9	+40
2021	296	123	4	7	-	-	-	430	1,894

Includes vehicles owned by the agency and leased from commercial sources or GSA.

^b Excludes acquisition costs and gains from sale of vehicles as shown in FAST.

Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Replacements	Additions	Total Acquisitions	Net Active Fleet, EOY
2018	406	-	-	-	-	406
2019	406	7	5	-	5	404
2020	404	82	82	17	99	421
2021	421	35	35	9	44	430

SHARED FUNDING PROJECTS (dollars in thousands)

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Working Capital Fund:				
Administration:				
HR Enterprise System Management.....	64	77	87	90
Integrated Procurement Systems.....	422	292	324	325
Mail and Reproduction Services.....	782	822	901	921
Materiel Management Service Center.....	266	229	274	272
Procurement Operations Division.....	2	2	-	-
Subtotal.....	1,536	1,422	1,586	1,608
Communications:				
Creative Media & Broadcast Center.....	219	119	155	57
Finance and Management:				
National Finance Center.....	1,196	1,134	1,045	980
Internal Control Support Services.....	87	65	99	81
Financial Shared Services.....	3,992	5,512	4,701	5,257
Subtotal.....	5,276	6,711	5,845	6,318
Information Technology:				
Client Experience Center.....	2,268	3,235	11,396	13,268
Department Administration Information Technology Office.....	-	-	79	79
Digital Infrastructure Services Center.....	3,504	3,702	3,470	3,340
Enterprise Network Services.....	586	829	1,716	1,693
Subtotal.....	6,358	7,766	16,661	18,380
Correspondence Management Services.....	139	536	540	579
Total, Working Capital Fund.....	13,528	16,554	24,787	26,942
Department-Wide Shared Cost Programs:				
Advisory Committee Liaison Services.....	41	45	44	44
Agency Partnership Outreach.....	260	262	287	287
Honor Awards.....	1	-	-	-
Human Resources Self-Service Dashboard.....	20	20	22	-
Human Resources Transformation.....	31	-	-	-
Medical Services.....	47	35	27	-
Office of Customer Experience.....	67	89	109	109
People's Garden.....	17	-	-	-
Personnel and Document Security.....	50	45	49	49
Physical Security.....	-	-	215	156
Security Detail.....	154	147	170	170
Security Operations.....	362	358	213	233

TARGET Center.....	46	42	42	42
	2018	2019	2020	2021
Item	Actual	Actual	Enacted	Budget
USDA Enterprise Data Analytics Services.....	-	-	198	198
Virtual University.....	35	-	-	-
Total, Department-Wide Reimbursable Programs.....	1,130	1,044	1,377	1,289
E-Gov:				
Budget Formulation & Execution LoB.....	2	2	2	2
Enterprise HR Integration.....	53	53	-	-
Financial Management LOB.....	5	5	5	5
HR Management LOB.....	8	8	8	8
Integrated Acquisition Environment.....	39	42	28	28
E-Rulemaking.....	154	127	148	148
Gov Benefits.....	-	-	8	8
Grants.gov.....	56	53	46	46
Total, E-Gov.....	316	290	245	245
Agency Total.....	14,974	17,887	26,409	28,475

ACCOUNT 1: MARKETING SERVICES

LEAD-OFF TABULAR STATEMENT

2020 Enacted.....	\$186,936,000
Change in Appropriation.....	-36,003,000
2021 Estimate, Current Law.....	150,933,000
Change Due to Proposed Legislation.....	-
2021 Request, Including Proposed Legislation.....	150,933,000

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 For necessary expenses of the Agricultural Marketing Service, [~~\$186,936,000~~, of which
- 2 ~~\$6,000,000~~ shall be available for the purposes of section 12306 of Public Law 113-79]
- 3 \$150,933,000: Provided, that this appropriation shall be available pursuant to law (7 U.S.C.
- 4 2250) for the alteration and repair of buildings and improvements, but the cost of altering
- 5 any one building during the fiscal year shall not exceed 10 percent of the current
- 6 replacement value of the building; Provided further, That up to \$4,454,000 of this
- 7 appropriation may be used for United States Warehouse activities to supplement amounts
- 8 made available by the United States Warehouse Act.
- 9
- 10 Fees may be collected for the cost of standardization activities, as established by regulation
- 11 pursuant to law (31 U.S.C. 9701).

The change (line 1) delete 2020 appropriation amounts and replace it with the 2021 requests.

PROJECT STATEMENT

(Dollars in Thousands)

	2018		2019		2020		2021		Chg	Change from	
	Actual		Actual		Enacted		Budget Request			Key	2020 Enacted
	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>			<u>B.A.</u>
Direct Appropriations:											
Marketing Services	\$151,595	638	\$159,095	603	\$186,936	735	\$150,933	719	(1)	-\$36,003	-16
United States Warehouse Act Supplement.....	-	-	-	-	(4,454)	-	(4,454)	-		-	-
Acer Access and Development Program.....	(3,000)	(1)	(4,000)	(2)	(6,000)	(2)	-	-	(1k)	(-6,000)	(-2)
Total, Marketing Services.....	151,595	638	159,095	603	186,936	735	150,933	719		-36,003	-16
Transfers In:											
Congressional Relations.....	90	-	90	-	-	-	-	-		-	-
Transfers Out:											
Working Capital Funds.....	-1,000	-	-900	-	-	-	-	-		-	-
Total Available.....	150,685	638	158,285	603	186,936	735	150,933	719		-36,003	-16
Lapsing Balances.....	-2,212	-	-2,688	-	-	-	-	-		-	-
Total Obligations.....	148,473	638	155,597	603	186,936	735	150,933	719		-36,003	-16

JUSTIFICATIONS OF INCREASES/DECREASES

1. Marketing Services, A net decrease of \$36,003,000 (\$186,936,000 and 735 staff years available in the FY 2020 Enacted)

A large portion of AMS' budget is in support of personnel compensation and benefits. The Marketing Services request includes a total of \$2,493,000 to cover increases in pay for associated employees, including an increase of \$433,000 to cover the annualization of the 2.6 percent 2020 pay increase and \$513,000 for the 1 percent 2021 pay increase. It also includes an increase for performance awards and workforce development, and to cover the expenses for the mandated increase of USDA's contribution to the Federal Employee Retirement System (FERS).

An increase of \$946,000 for pay (the sum of the \$433,000 and \$513,000 above) will allow AMS to meet agency objectives to facilitate marketing of agricultural commodities and ensure fair trading practices. Funding for the pay increase is critically needed to support and maintain staffing levels to carry out program activities. The reduction would prevent us from fully performing our mission by curtailing services. Elimination of the pay increase would mean AMS will not be able to fund approximately 11 staff years, which we would have to accomplish through attrition, or would need to significantly cut mission support.

An increase of \$684,000 will support a 1 percentage point increase in awards spending and workforce development, consistent with objectives outlined in the President's Management Agenda, to develop a workforce for the 21st Century. Without this additional funding, AMS will be unable to absorb these costs in FY 2021, resulting in reductions to planned hiring levels, eroding USDA's ability to meet key Administration priorities contained in this Budget.

An increase of \$863,000 will cover the expenses for the mandated increase of USDA's contribution to FERS. These increases were effective January 1, 2020, and impact approximately 700 employees' retirement packages.

FUNDING DETAIL

(Dollars in Thousands)

<u>Allocations</u>	2018	2019	2020	2021	Chg	Change
	Actual	Actual	Enacted	Budget		from 2020
	<u>B.A.</u>	<u>B.A.</u>	<u>B.A.</u>	<u>B.A.</u>		<u>Estimate</u>
Marketing Services	151,595	159,095	186,936	\$150,933		-\$36,003
Market News	\$33,659	\$33,659	\$33,659	\$29,920	(1a)	-\$3,739
Shell Egg Surveillance	2,568	2,568	2,568	1,962	(1b)	-606
Standardization	5,018	5,118	5,118	5,068	(1c)	-50
Federal Seed Act	2,325	2,325	2,325	2,103	(1d)	-222
Country of Origin Labeling	4,744	4,744	4,744	3,815	(1e)	-929
Pesticide Data Program	15,073	15,073	15,073	12,248	(1f)	-2,825
National Organic Program	12,094	14,094	16,094	12,234	(1g)	-3,860
GSA Rent & DHS Security	1,277	1,277	1,268	1,268		-
National Bioengineered Food Disclosure	1,000	2,000	2,000	1,010	(1h)	-990
Transportation and Market Development	9,175	10,175	9,175	6,331	(1i)	-2,844
Farmers Market and Local Food Program	-	-	5,400	-	(1j)	-5,400
Acer Access and Development Program	3,000	4,000	6,000	-	(1k)	-6,000
Dairy Business Innovation	-	1,500	-	-		-
Packers and Stockyards	23,281	23,281	23,281	23,361	(1l)	80
Hemp Production	-	-	16,496	16,777	(1m)	281
Grain Regulatory	20,201	20,201	20,201	20,540	(1n)	339
U.S. Warehouse Activities	9,606	10,506	14,960	14,296	(1o)	-664
International Food Procurement	8,574	8,574	8,574	-	(1p)	-8,574

- a. Market News, A net decrease of \$3,739,000 (\$33,659,000 and 202 staff years available in the FY 2020 Enacted)

The program provides data on cotton, dairy, fruits, vegetables, specialty crops, livestock, grain, and poultry, disseminating data within hours of collection and making information available through distribution channels with a high degree of transparency.

Base funds for Market News will provide continued availability of market information, which is critical to increase agricultural opportunities by providing data about new markets and to support a competitive agricultural system. The Agency is continuing its efforts to harmonize and merge several market news information databases into one unified database and data capture system (the Market Analysis Reporting Services, or MARS). MARS is designed to simplify access to and maintenance of market news data, creating a better customer experience and improving the speed of information delivery. MARS offers a unified reporting capability with a single, flexible, data-centric information management system that delivers a consistent, unified set of market transactions that spans all commodities and supply chain levels.

The Agency partners with other key USDA data agencies, as well as with key stakeholders and secondary disseminators, to identify ways to more efficiently and reliably capture data and make these data publicly available in the manner that best meets the needs of customers. AMS also partners with States, other Agencies, groups such as the Market Information Organization of the Americas (MIOA), and other institutions to harmonize efforts and capture additional data to make it available to the public on a regional and national level. AMS will review and adapt emerging tools for information capture and dissemination to better meet customers' information needs. Funds will be used for salaries and benefits, site travel, outreach, rent, utilities, communications, and data management systems necessary to collect, analyze, and make available large quantities of information.

An increase of \$515,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

A decrease of \$1,500,000 is sought from Market Analysis and Reporting Services (MARS) development expenses. Market News has made great technological strides to improve access to market information through the development of MARS. MARS will allow AMS to manage and publish Market News data in one centralized customer facing database, replacing multiple legacy systems. This new system reflects advances in data management, improves market transparency, reduces information disadvantages that may exist between buyers and sellers, and continues our commitment to use experienced reporters to gather, analyze, and provide unbiased data through cooperative relationships and observation of different points within the agricultural supply chain. MARS will make Market News more flexible in a rapidly evolving digital market. It also makes quantifiable data available in a searchable database. The development of MARS began in FY 2015 with a development cost of approximately \$2 million per year. It is anticipated that basic development of MARS will be completed by FY 2021, reducing costs to annual system support and maintenance.

To achieve a decrease of \$2,754,000, AMS will reduce staff through attrition, not fill positions, and reduce the amount and frequency of data collected for Market News Reporting:

- Eliminate cotton and cottonseed prices that are collected at the gins; reduce the frequency of the data collection and reporting for the forward contracting; and eliminate the annual Cotton Variety Planted report and associated data collection.
- Limit data for the Daily Spot Cotton Quotations report to mostly cotton merchants and brokers.
- Reduce the sample size of the weekly National Retail Report - Dairy from the current 150 retail chains to around 100 chains and limit the collection to the continental U.S.
- Roll back local and regional market reporting, including reporting of farmer's markets and farm-to-school reporting.

- Eliminate the wholesale flower reporting in Boston, retaining the f.o.b. shipping point reports for cut flowers in Miami. Cease reporting the wholesale produce markets in St. Louis and Dallas.
- b. Shell Egg Surveillance, A net decrease of \$606,000 and 4 staff years (\$2,568,000 and 11 staff years available in the FY 2020 Enacted)

The Egg Product Inspection Act (EPIA), administered by the Shell Egg Surveillance (SES) program, requires shell egg packing facilities and hatcheries to divert low-quality (restricted) eggs and under-grade eggs from human food channels. Through inspections at these facilities (quarterly at egg packing facilities, annually for hatcheries), AMS ensures proper controls are in place to ensure eggs that have cracked or broken shells, leakage of interior contents, fecal matter on the shells, and inedible contents due to mold, rot, or other interior decay do not enter the consumer market. The EPIA dictates that egg packing plants be inspected quarterly, and by regulation, hatcheries are to be inspected annually.

Base funds for Shell Egg Surveillance will be used for salaries and benefits, supervisory travel, agreements with cooperating State agencies, and for AMS inspectors. The program cross-utilizes grading personnel to conduct inspections where State personnel are not available. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the Agency.

An increase of \$32,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

With a decrease of \$638,000, AMS will implement a program that focuses on compliance by performance (e.g., more frequent visits for facilities with a history of non-compliances) and will evaluate whether an inspection can be sufficiently conducted remotely. However, reducing our focus to target repeat offenders could result in an increase of cases elevated to civil penalty – a practice that had been nearly eliminated over the last two decades. Changes in inspection frequency or approach could impact the Food Safety and Inspection Service (FSIS) enforcement of EPIA refrigeration requirements because FSIS uses AMS staff to collect temperature data during inspections. AMS may only be able to supply this data once each year instead of four times annually. Current AMS and FSIS activities under the EPIA support the recommendations of the 2012 Office of Inspector General's report on USDA Controls Over Shell Egg Inspections and resulted in a compliance rate of 97% in FY 2019.

To reach this funding level, AMS will decrease staff years by 4 through attrition and decrease funding for cooperative agreements with states that perform inspections. AMS currently invests \$450,000 of the SES budget into cooperative agreements with 25 states –

a portion of this would be reduced to accommodate the inspection schedule as outlined above.

c. Standardization, A net decrease of \$50,000 (\$5,118,000 and 34 staff years available in the FY 2020 Enacted)

The program develops, reviews, and maintains agricultural commodity standards that describe product quality attributes for trade purposes.

Base funds for Standardization will continue to allow program experts to participate in domestic and international standards development, support U.S. agriculture interests in international markets, and develop U.S. standards. Standards describe product quality attributes such as taste, color, texture, yield weight, and physical condition. AMS continually reviews the effectiveness of standards in domestic trading and provides technical guidance on standards to several international organizations. Funds will be used for salaries and benefits, customer outreach, participation in international standards-setting forums, rent, utilities and communications. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the Agency.

An increase of \$84,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

To achieve a decrease of \$134,000, AMS will reduce travel to participate in industry meetings and events. A more strategic approach to participation in these activities will allow program personnel to continue to monitor changes to technology and consumer preferences that influence marketing standards.

d. Federal Seed Act, A net decrease of \$222,000 (\$2,325,000 and 15 staff years available in the FY 2020 Enacted)

The program administers the Federal Seed Act (Act) and its regulations related to the interstate shipments of agricultural and vegetable seed. The program also protects the intellectual property rights of owners of new varieties in domestic and foreign markets by enforcing Title V of the Act, which limits sale of protected varieties to certified classes of seed.

Base funds for the Federal Seed Act program will continue to assist with eliminating delays in regulatory seed testing and labeling investigations so that mislabeled seed lots are removed from the market before they are sold to farmers, businesses, and homeowners. Timely completion of investigations facilitates the resolution of disagreements between States, agricultural producers, and other seed buyers by providing unbiased and universally recognized testing results and regulatory decisions. These results and decisions regularly serve as the determining factor in resolving interstate seed disputes which often reduces the need for costly civil suits. Base funds for

the program also support program scientists in their mission to simplify and standardize complex testing protocols which promotes industry competition by allowing small or emerging businesses to better compete. To help expand seed markets, the program provides expert technical and regulatory advice which helps new and small seed businesses to navigate the complicated web of seed laws which frequently differ between States.

The program leverages resources, reduces costs, and maximizes outreach by collaborating with State seed programs authorized by the Federal Seed program to inspect, sample, and test seed subject to the Act. Through cooperative agreements, the program maintains access to over 600 State seed inspectors and analysts nationwide who conduct work on behalf of the Federal program at no cost. In return, the Federal Seed program trains State seed scientists, authorizes inspectors, and represents the interests of State seed programs at national and international industry meetings. Funds will be used for salaries and benefits, cooperator training, seed testing, cooperative agreements, data management, rent, utilities and communications.

An increase of \$35,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

To achieve a decrease of \$257,000, AMS will reduce expenses for equipment purchases, State government conference contributions, training workshops for cooperators, supplies, and travel. The program will maintain the number of investigations planned for FY 2021 by focusing on core processes.

- e. Country of Origin Labeling (COOL), A net decrease of \$929,000 (\$4,744,000 and 18 staff years available in the FY 2020 Enacted)

AMS conducts COOL retail surveillance reviews and supplier traceback audits to ensure a high level of compliance with labeling provisions for covered commodities.

COOL funds are used toward education, outreach, compliance, and enforcement. Currently, AMS has 45 cooperative agreements with State Departments of Agriculture to conduct retail surveillance activities for the COOL program. The program provides training to State cooperators and outreach to retailers and stakeholders. The COOL program will continue to enforce the regulatory requirements through education and outreach while conducting retail surveillance reviews to strengthen compliance with labeling requirements.

To ensure effective and efficient regulatory oversight, the program provides State cooperator training and outreach to maintain full partnerships with cooperating State agencies and conduct follow up reviews for retailers found to have critical weaknesses. Effective program delivery is dependent on State cooperators. AMS will use these funds for salaries and benefits, supervisory travel, agreements with cooperating State agencies, compliance data tracking, outreach, rent, utilities, and communications.

An increase of \$63,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

AMS will reduce the overall number of initial reviews at retail locations and increase the program's focus on supplier traceback audits and follow up reviews where non-compliances have been found. Costs savings will result from reductions to State cooperative agreements.

- f. Pesticide Data Program (PDP), A total decrease of \$2,825,000 (\$15,073,000 and 19 staff years available in the FY 2020 Enacted)

Base funds for PDP will continue to meet the requirements of the 1996 Food Quality Protection Act (FQPA), which directs the Secretary of Agriculture to provide improved data collection of pesticide residues, standardized analytical and data reporting methods, and increased sampling of foods most likely to be consumed by infants and children. AMS will use these funds for salaries and benefits, agreements with cooperating State and Federal agencies for sampling and testing services, specialized testing equipment, data management, rent, utilities, and communications.

An increase of \$202,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

To achieve a decrease of \$3,027,000, AMS will terminate long-standing cooperative agreements with the Michigan Department of Agriculture and Rural Development, and the Ohio Department of Agriculture that conduct PDP sampling and testing. The remaining cooperating states (California, Colorado, Florida, Maryland, New York, North Carolina, Texas, and Washington) are larger sources of commodities sampled and tested by PDP and represent the largest proportion of the U.S. population. This plan will be the least disruptive to accomplishing USDA goals and will provide PDP data that continues to facilitate trade of U.S. agricultural products. PDP recently provided data and analysis to USDA's Foreign Agricultural Service to support soybean trade negotiations with Korea.

Because of this change to PDP data and state collaborators, PDP will need to redesign its nationally representative sampling plan. The redesign will attempt to maintain nationally representative data, a key aspect of the program. Also due to the budget decrease, a reduced number of agricultural commodities will be included in the program, which will result in less data available to meet both agricultural marketing and pesticide registration data needs. Foods needing updated monitoring data in 2021 include blueberries, celery, peaches, plums, summer squash, sweet corn, watermelon, apples, strawberries, potatoes, mushrooms, raspberries, peanut butter, butter, infant formula, baby food, barley, corn grain, soybean, and wheat. A possible consequence of less PDP data for pesticide registration review is that some pesticide and/or crop uses will be denied or cancelled, thereby limiting the pest management options available for

U.S. farmers and domestic agricultural production. USDA will work with the Environmental Protection Agency to minimize the impact of this change.

- g. National Organic Program, A total decrease of \$3,860,000 (\$16,094,000 and 43 staff years available in the FY 2020 Enacted)

The National Organic Program facilitates market access for organic farms and businesses and protects organic integrity by developing, implementing, and enforcing the USDA organic regulations. The program supports the needs of a variety of stakeholders in this growing market: USDA-accredited certifying agents; governments with which USDA holds and seeks organic trade agreements; certified organic farms and businesses; farms and businesses that are considering whether organic is an option for them; and members of the public that request the investigation of complaints related to organic market activities.

Base funds for National Organic Program will enable the program's central enforcement mission, including addressing complaints and appeals, and conducting investigations in a timely manner. Base funds also support the oversight and auditing of third-party accredited certifiers; the development of certifier training to increase consistency across the market; the maintenance and addition of international organic equivalency arrangements, where they support the enforcement mission; and continuing core standards development activities. The program will also continue its technical and administrative support to the National Organic Standards Board, and its communications and outreach work.

Rapid organic growth has increased the complexity of supply chains that carry organic products from farm to table. AMS is focusing on three areas to ensure producer and consumer confidence in the organic seal: strong organic control systems, farm to market traceability, and robust enforcement. Strong organic control systems ensure that the organic industry has trusted people, processes, and rules in place. Farm to market traceability is needed to confirm for customers that their organic product can be traced back to the farm. In robust enforcement, AMS is advancing complex investigations involving imports and is increasing its on-the-ground surveillance of domestic farms and businesses to assess compliance. These funds will be used for salaries and core travel related to investigations and international arrangements, outreach, meetings of the National Organic Standards Board, technical resources for National List reviews, rent, utilities and communications.

An increase of \$202,000 will provide funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

To achieve a decrease of \$4,062,000, AMS will reduce expenses by not developing additional courses for organic certifiers, inspectors, farmers, and producers for the Organic Integrity Learning Center. Training courses reduce inconsistencies among the program's third-party certifiers. AMS will also decrease the number of proactive,

specific commodity-country surveillance activities. These compliance monitoring activities allow the program to apply risk-based oversight approaches to deter and preempt organic fraud in the marketplace. Reduced resources will allow for the investigation of complaints after being received but would cut back on the program's level of proactive surveillance. In addition, the National Organic Program would not hire additional auditors to conduct risk-based reviews of certifier satellite offices and would not hire agricultural economists to engage in the data science activities needed to track and forecast import trends.

h. National Bioengineered Food Disclosure, A total decrease of \$990,000 (\$2,000,000 and 4 staff years available in the FY 2020 Enacted)

The program develops a national mandatory system for disclosing the presence of bioengineered material in foods and ingredients.

Base funds for National Bioengineered Food Disclosure will support the maintenance of a National Bioengineered Food Disclosure Standard. Given the complex nature of molecular science, biotechnology innovations, food supply chain composition, and electronic disclosure issues, AMS requires specialized expertise.

This request funds salary and benefits for employees to conduct the activities necessary to ensure maintenance of the standard. The standard is implemented as of January 1, 2020, except for small food manufacturers, whose implementation date is January 1, 2021. The mandatory compliance date is January 1, 2022. Regulated entities may voluntarily comply with the Standard until December 31, 2021. AMS developed the List of Bioengineered Foods to identify the crops or foods that are available in a bioengineered form throughout the world and for which regulated entities must maintain records. These records will inform regulated entities about whether they must make a bioengineered food disclosure. Regulated entities have several disclosure options: text, symbol, electronic or digital link, and/or text message. Additional options such as a phone number or web address are available to small food manufacturers or for small and very small packages.

An increase of \$17,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

A decrease of \$1,007,000 is requested. As the affected industries have had several months to become familiar with the regulatory requirements, AMS will reduce outreach efforts and target a smaller number of high priority, high impact conferences and meetings. Cost savings will result from decreased travel and other expenses associated with program operations. AMS will not be able to create an automated IT system for receiving, processing, and resolving complaints alleging violations of the National Bioengineered Food Disclosure Standard. Absent the planned IT system, AMS will strive to pursue the most flagrant violations and resolve complaints as they are identified once mandatory compliance begins on January 1, 2022.

- i. Transportation and Market Development, A total decrease of \$2,844,000 (\$9,175,000 and 35 staff years available in the FY 2020 Enacted)

The Transportation and Market Development program serves as the expert source for economic analysis and reporting on agricultural transportation from farm to markets. It also supports and enhances the distribution of U.S. agricultural products and increases marketing opportunities for agricultural producers and local businesses through applied research and technical services. The activities and services facilitated by Transportation and Market Development serve to fill gaps in the availability of technical and financial resources for many communities and businesses that are working to support small to mid-sized agricultural farms, and entrepreneurial incubation and growth. AMS projects shorten the learning curve and reduce transactional costs of establishing and facilitating local and regional food marketplaces, such as farmers markets, food hubs, wholesale markets, processing centers, food innovation centers, business incubation centers, urban agricultural marketing operations, farm-to-institution distribution networks, and more.

An increase of \$105,000 provides funding to support the Administration’s policy on pay and awards, consistent with objectives outlined in the President’s Management Agenda, to enhance workforce development.

To achieve a decrease of \$2,949,000, AMS would reduce cooperative activities and studies conducted in partnership with Federal and State agencies and universities. Although reducing cooperative activities and studies will affect the reach of the program, AMS will maintain the program’s ability to fulfill its core functions and conduct market development activities that benefit agricultural producers and rural communities by retaining full staffing levels. In this way, the program will be able to continue to fulfill its core functions and conduct economic analysis and market development activities that benefit agricultural producers and rural communities.

AMS projects reduce/shorten the learning curve and transactional costs of establishing and facilitating local and regional food marketplaces, such as farmers markets, food hubs, wholesale markets, processing centers, food innovation centers, business incubation centers, urban agricultural marketing operations, farm-to-institution distribution networks, and more.

- j. Farmers Market and Local Food Program, A decrease of \$5,400,000 (\$5,400,000 available in the FY 2020 Enacted)

Annual grants funding for the Farmers Market and Local Food Program will no longer be available in FY 2021, but AMS will continue to award grants for this program from funding provided by the 2018 Farm Bill.

- k. Acer Access and Development, A decrease of \$6,000,000 and 2 staff years (\$6,000,000 and 2 staff years available in the FY 2020 Enacted)

The program administers grants to the maple syrup industry for the purposes of section 12306 of P.L. 113-79, as amended by section 12501 of P.L. 115-334 (7 U.S.C. § 1632c). The statute states that the grants be used to promote the domestic maple industry through the following activities:

- Promotion of research and education related to maple syrup production;
- Promotion of natural resource sustainability in the maple syrup industry;
- Market promotion for maple syrup and maple-sap products;
- Encouragement of owners and operators of privately held land containing species of trees in the genus *Acer*—to initiate or expand maple-sugaring activities on the land; or to voluntarily make the land available, including by lease or other means, for access by the public for maple-sugaring activities.

Eligible applicants include States, tribal governments, and research institutions.

USDA will discontinue awarding grants for *Acer* Access and Development. As proposed, AMS would not have funding specific for this activity to monitor previously awarded grants or provide technical assistance for grant recipients.

l. Packers and Stockyards, A total increase of \$80,000 (\$23,281,000 and 148 staff years available in the FY 2020 Enacted)

The program is responsible for administering the Packers & Stockyards Act (P&S Act), which prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and meat packing industries.

Base funds for the Packers & Stockyards Program (PSP) will be used to conduct regulatory and investigative activities to administer and enforce the P&S Act. PSP activities cover two general areas: Business Practices and Financial Protection. Business Practices are further divided into Competition and Trade Practices. A team of resident agents, marketing specialists, and auditors located throughout the country conduct initial investigative activities, while direction and assistance are provided by specialists in regional offices and headquarters. All division employees utilize the Packers and Stockyards Automated System to track case work electronically from start to finish.

An increase of \$386,000 will provide funding to support the Administration’s policy on pay and awards, consistent with objectives outlined in the President’s Management Agenda, to enhance workforce development.

To achieve a decrease of \$306,000, Packers and Stockyards will reduce non-personnel costs such as training, equipment and non-mission essential travel. In addition, AMS will pursue rulemaking to recover the cost of providing this activity and return the collections to Treasury.

m. Hemp Production, A total increase of \$281,000 and 3 staff years (\$16,496,000 and 9 staff years available in the FY 2020 Enacted)

The program is responsible for issuing regulations and guidance for the commercial production of industrial hemp in the United States. Under this program, AMS approves state and Tribal nation plans, and provides licensing services, technical assistance, compliance and program management support. AMS is also required to collect data on

individuals growing hemp, licensing for growing hemp, and THC results of crops at harvest and prior to moving into market.

An increase of \$277,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development. An increase of \$4,000 will be used for non-personnel costs such as training, equipment and non-mission essential travel. Further, AMS will pursue rulemaking to recover the cost of providing this activity and return the collections to Treasury.

- n. Grain Regulatory, An increase of \$339,000 (\$20,201,000 and 112 staff years available in the FY 2020 Enacted)

This increase provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development. AMS will pursue rulemaking to recover the cost of providing this activity and return the collections to Treasury.

- o. U.S. Warehouse Activities, A total decrease of \$664,000 (\$14,960,000 and 70 staff years available in the FY 2020 Enacted)

The program operates a nationwide, voluntary program, under which AMS licenses warehouse operators who store agricultural products. Under the United States Warehouse Act (USWA), AMS also licenses qualified persons to sample, inspect, weigh, and grade agricultural products. The modernization of legacy IT systems for U.S. Warehouse Activities will improve the customer experience for examinations and audits through data collection, accessibility and quality using updated technologies for improved efficiencies. During FY 2018, AMS began its IT modernization effort to replace its legacy system and address IT security concerns.

An increase of \$236,000 provides funding to support the Administration's policy on pay and awards, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development.

As with most longer-term IT investments, front-end costs represent the larger portion of the project outlay. Over the project's 5-year development span, costs will drop as the IT modernization proceeds and legacy systems are decommissioned. The proposed budget reduction of \$900,000 from the FY 2020 appropriation is on target with planned expenditure levels due the progressive decrease in spending over the term of the IT investment.

- p. International Food Procurement, A decrease of \$8,574,000 (\$8,574,000 and 13 staff years available in the FY 2020 Enacted)

The program procures foods for international food aid programs for overseas use to meet USDA and USAID program requirements. International food procurement activities are governed by the following legislation: Emergency Food Assistance Act of

1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended; Food for Progress Act of 1985, as amended; the Food, Conservation, and Energy Act of 2008, and the Agricultural Act of 1949, Section 416(b), as amended.

USDA proposes to eliminate funding to procure domestic product for international food aid, consistent with the proposal to eliminate the Foreign Agriculture Service's international food aid funding. The reduction is part of an Administration effort to streamline foreign assistance, prioritize funding, and use funding as effectively and efficiently as possible.

PROPOSED LEGISLATION

Reform of Farm Bill-Funded Market Development and Expansion Programs

To increase the effectiveness and broaden the scope of grants programs funded by the 2018 Farm Bill, USDA will pursue program changes that will require recipient entities to match government grants on a dollar-for-dollar basis. For AMS, this includes grants awarded under the Local Agriculture Market Program for Farmers Market and Local Food Promotion Grants and for Regional Partnership Grants. These programs currently require a matching contribution of 25% of the Federal portion of the grant.

We will pursue the same authority for grants under the Wool Research and Promotion Program and the Specialty Crop Block Grant Program. Specialty Crop Block Grants are reported in the Payments to States and Possessions account.

NEW ADMINISTRATIVE ACTION

Administrative Collection of User Fees

In 2021, USDA will administratively implement fees to cover the Government’s full cost for providing services to certain beneficiaries. The Administration will promulgate regulations for the following new or expanded fees for services provided by the Agricultural Marketing Service: domestic hemp production, livestock dealers, and grain inspection.

Unlike some fees which are specifically authorized in statute and where USDA is allowed to retain proceeds from collections, the fees assessed under this administrative authority would be returned to Treasury and offset Government spending. For this reason, the 2021 Budget fully funds the underlying activity for each fee in question.

Administrative Fees
(Dollars in millions)

Fee	2021	2022	10 Year Total
Domestic Hemp Production Program Licenses	-\$9	-\$17	-\$162
Packers and Stockyards Licensing Activities	-\$12	-\$23	-\$219
Federal Grain Regulatory Activities	-\$10	-\$20	-\$190

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

(thousands of dollars, staff years)

State/Territory/ Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Alabama	217	1	169	1	200	1	203	1
Alaska	10	-	6	-	10	-	10	-
Arizona	908	6	1,150	9	1,200	10	915	6
Arkansas	256	2	211	2	250	2	254	2
California	4,234	10	4,177	6	4,200	10	4,271	10
Colorado	6,527	54	5,723	41	6,500	54	6,609	54
Connecticut	27	-	35	-	35	-	15	-
Delaware	12	-	13	-	15	-	10	-
District of Columbia	76,809	228	81,926	235	104,786	307	78,583	307
Florida	1,969	2	1,774	3	1,960	3	1,993	2
Georgia	5,952	51	6,078	46	6,150	51	6,050	51
Hawaii	24	-	10	-	10	-	10	-
Idaho	388	5	337	3	380	5	386	5
Illinois	434	3	452	3	460	3	437	3
Indiana	46	-	48	-	50	-	41	-
Iowa	6,648	51	5,453	42	6,600	51	6,711	51
Kansas	135	2	89	1	130	2	132	2
Kentucky	210	2	215	2	210	2	214	2
Louisiana	697	5	467	4	690	5	702	5
Maine	17	-	490	-	500	-	10	-
Maryland	313	1	312	1	3,500	1	305	1
Massachusetts	478	4	545	4	550	4	478	4
Michigan	1,778	4	1,746	2	1,770	4	1,800	4
Minnesota	257	2	272	2	275	2	254	2
Mississippi	25	1	30	-	30	1	10	1
Missouri	17,579	93	20,394	105	21,500	105	17,794	98
Montana	105	2	110	1	100	2	102	2
Nebraska	150	1	148	1	150	1	153	1
Nevada	25	-	18	-	20	-	10	-
New Hampshire	17	-	23	-	25	-	10	-
New Jersey	80	-	476	-	500	-	81	-
New Mexico	288	3	288	2	300	3	285	3
New York	2,905	3	2,952	3	2,900	3	2,949	3
North Carolina	1,968	14	1,990	12	1,960	14	1,993	12
North Dakota	184	1	75	-	180	1	183	1
Ohio	1,778	7	1,992	2	2,000	7	1,800	7
Oklahoma	446	4	479	4	480	4	447	4
Oregon	436	6	281	2	430	6	437	6

State/Territory/ Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Pennsylvania	669	7	664	6	660	7	671	7
Rhode Island	499	-	-	-	490	-	498	-
South Carolina	248	2	262	2	270	2	244	2
South Dakota	331	2	217	2	330	2	336	2
Tennessee	3,141	21	3,207	16	3,240	21	3,193	19
Texas	2,360	10	2,329	9	2,350	10	2,389	9
Utah	26	-	26	-	30	-	10	-
Vermont	1,456	-	1,366	-	1,450	-	1,474	-
Virginia	2,164	-	1,812	11	2,160	-	2,196	-
Washington	1,531	13	2,119	4	2,200	13	1,556	13
West Virginia	21	3	409	-	410	3	10	3
Wisconsin	1,611	11	2,148	13	2,250	13	1,627	13
Wyoming	89	1	86	1	90	1	81	1
Obligations	148,473	638	155,597	603	186,936	736	150,933	719
Lapsing Balances	2,212	-	2,688	-	-	-	-	-
Total, Available	150,685	638	158,285	603	186,936	736	150,933	719

CLASSIFICATION BY OBJECTS
(thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Personnel Compensation:				
	Washington D.C.	\$33,851	\$35,422	\$47,319	\$37,463
	Personnel Compensation, Field	26,575	28,318	33,982	31,283
11	Total personnel compensation	60,426	63,740	81,301	68,746
12	Personal benefits	21,477	21,514	26,219	22,398
13.0	Benefits for former personnel	352	475	1,000	451
	Total, personnel comp. and benefits	82,255	85,729	108,520	91,595
	Other Objects:				
21.0	Travel and transportation of persons	2,711	2,917	3,200	2,954
22.0	Transportation of things	32	10	20	12
23.1	Rental payments to GSA	4,260	4,405	4,850	4,630
23.2	Rental payments to others	1,050	2,332	3,598	2,245
23.3	Communications, utilities, and misc. charges	1,986	2,268	2,521	2,000
24.0	Printing and reproduction	253	305	366	345
25.2	Other services from non-Federal sources	25,136	26,574	28,028	21,919
25.3	Other goods and services from Federal sources	24,533	23,576	27,846	20,597
25.7	Operation and maintenance of equipment	223	-	-	134
26.0	Supplies and materials	888	970	1,500	1,000
31.0	Equipment	2,474	1,546	2,000	1,500
41.0	Grants, subsidies, and contributions	2,672	4,964	4,485	2,000
42.0	Insurance Claims and Indemnities	-	1	2	2
	Total, Other Objects	66,218	69,868	78,416	59,338
99.9	Total, new obligations	148,473	155,597	186,936	150,933
	DHS Building Security Payments (included in 25.3)	\$258	\$260	\$260	\$260
	Position Data:				
	Average Salary (dollars), ES Position	\$168,953	\$171,078	\$173,203	\$175,801
	Average Salary (dollars), GS Position	\$87,050	\$88,635	\$90,220	\$91,573
	Average Grade, GS Position	12.0	12.0	12.0	12.0

STATUS OF PROGRAMS

Marketing Services

Market News

Selected Examples of Recent Progress

Organic Data: Market News continues to expand its organic market price reporting services, increasing the products and markets covered by boosting outreach to reporters and industry contacts in the organic sector. Market News has added new organic products and expanded overall organic coverage at each of the market levels reported – shipping point, wholesale/terminal markets, and retail. The AMS Market News organic webpage focuses on market reports detailing over 300 different grains, feedstuffs, eggs, specialty crops, and dairy products. The AMS Weekly Retail Organic Price Comparison report shows price differences between organic and conventional products to assist stakeholders in analyzing commodity sales and consumers' willingness to pay for organic products.

Redesign of Market News into Digital Data Service: Market News continues to implement the Market Analysis and Reporting Services' (MARS) advanced technical capabilities. In FY 2019, MARS) and its public facing website, My Market News, continued to add more market types and reports to those available to the public. Through My Market News, users can now access over 470 unique market reports disseminated from over 45 Market News offices across the country. Currently, users can access all dairy, cotton quality, cotton forward contract, cotton organic, cotton yearly varieties, egg inventory, livestock auction, cold storage, specialty crop trends, and hay auction information through My Market News. Cotton, hay, rice and livestock auction retail data, specialty crops shipping point, truck rates and terminal data, tobacco, video auctions, grain, and feedstuffs information are in development and data for those commodities were made accessible to the public by the beginning of the 2019 calendar year. Developers expect all voluntary Market News reporting data products to be collected and publicly disseminated through MARS over the next few years. Additionally, through the MARS Application Programming Interface (API), customers can now access data from over 450 unique market reports. The API allows users to automatically download data in custom formats.

Customer Outreach and Training: Market News conducted its Customer Satisfaction Survey in late 2018/early 2019. The survey is built around the tool called the American Customer Satisfaction Index (ACSI), which allows agencies to do a direct comparison to other agencies in the U.S. government. Market News' 2018 ACSI score was 75 which was 6 points higher than the average for all federal agencies. The surveys also provide valuable feedback from regular users on which services and reports are most or least useful to them. Market News uses the information regularly to identify opportunities for growth and ideas to improve service. The survey was enhanced this year with qualitative research to more clearly define customer needs and preferences for the reports and information products made publicly available by Market News. The qualitative portion of the survey included in-depth stakeholder interviews of identified industry users and influencers of Market News data.

Local and Regional Market Customer Focus: In FY 2019, Market News renewed eleven Federal-State agreements to maintain collaboration with State Departments of Agriculture to capture local and regional livestock, grain, and food market prices and volumes to enhance the ability of producers to create business plans, secure financing, and have clearer knowledge of local and regional market systems. State reporters cover livestock auction and grain elevator markets, and other local reporting activities, such as farmers markets, that would otherwise be costly and difficult to cover using Federal resources. *Market Information Organization of the Americas (MIOA):* AMS continues in its leadership role in the MIOA, a network of market information organizations from 33 countries in North, Central and South America, and the Caribbean. AMS recently chaired the Regular Meeting of MIOA in Costa Rica, at the Headquarters of the Interamerican Institute for Cooperation on agriculture (IICA) with 28 of the 33 member countries in attendance. IICA has served as the Technical Secretariat for MIOA and has provided direct technical support since 2004. AMS and IICA also hosted and chaired the Executive Committee of MIOA in Washington DC at the office of IICA. The Regular Meeting in Costa Rica included the new Information, Communication and Technology (ICT) Advisory Panel of MIOA. *Livestock Mandatory Reporting (LMR):* Of the total U.S. livestock markets, LMR provides information covering the following percentages of those commodity markets:

- 78 percent of slaughter cattle;
- 93 percent of boxed beef;
- 94 percent of slaughter hogs;
- 43 percent of slaughter sheep;
- 43 percent of boxed lamb meat; and
- 87 percent of wholesale pork.

There is an ongoing concern in the swine and cattle industries on the thinness of the negotiated markets. Negotiated trade has been steadily replaced by formula pricing, forward markets, and longer-term marketing agreements. For the lamb industry, for example, AMS is unable to report some prices due to the consolidation of lamb packers.

In FY 2019, AMS commissioned a study to explore the feasibility of reporting negotiated slaughter cattle purchases in separate 0-14- and 15-30-day delivery windows, through possible realignment of the 5-Area reporting region. AMS hosted a stakeholder meeting to present the study findings. To further support the cattle industry, AMS fulfilled a Farm Bill requirement by establishing three regional Cattle and Carcass Grading Correlation Training Centers to connect producers with USDA experts to clarify the grading system, bolster pricing confidence, and reinforce trust in the transparent cattle delivery system. For swine and wholesale pork reporting, AMS continues to publish new reports that provide more market transparency – such as the National Weekly Comprehensive Cutout Pork Report and National Weekly Specialty Pork Report. In FY 2019, AMS also revised the regional daily and prior day swine purchase reports by only publishing weighted average prices for negotiated barrows and gilts and not showing the daily volumes or price ranges.

Through modernization of IT in FY2020, LMR reports will change to a more user-friendly and accessible PDF format, and in addition to the LMR web service, information will also be accessible through a new API that allows users to pull on-demand information.

Dairy Product Mandatory Reporting: Mandatory dairy product reporting provides sales information on:

- 13 percent of butter production;
- 34 percent of cheddar cheese production;
- 55 percent of nonfat dry milk production; and
- 34 percent of dry whey production.

Market Reporting Improvements: Cotton and Tobacco:

All Cotton Quality Reports were transitioned to MARS. During the transition, all existing reports were revised to better capture the quality of the US cotton crop and meet stakeholder's needs. As part of the transition of the quality reports to MARS, a total of 14 new reports were introduced in FY 2019. Ten of the reports were existing, informal reports issued by the individual classing office. These reports are now posted to the internet and the data from the reports in My Market News. These reports were revised and standardized to better meet our stakeholder's needs. Other new reports are:

- Daily Cotton Quality Summary by State
- Season to Date (issued Monthly) Quality Summary by Office
- Season to Date (issued Monthly) Quality Summary by State
- Season to Date (issued Monthly) Quality Summary by Region

Dairy:

Key activities centered around modifications and expansion of the internal MARS platform for collecting, analyzing, and disseminating Dairy Market News (DMN) reports and data into the public facing My Market News site. AMS performed intense testing of the MARS and My Market News systems ahead of public release to verify functionality and data integrity. For example, the weekly Midwest Fluid Milk and Cream Report was enhanced to include a Class III milk overage series and Market Tone designation after receiving an industry request. The enhancement allows industry to better utilize the report data for economic analysis. Reports in MARS system using MARS Scheduler feature to time release of reports within 10 minutes of scheduled release times more than 96% of the time. This has improved time management and internal workflow, while improving the timeliness of reports. Historical DMN data back to 1991 was imported into the public facing My Market News system and verified by DMN staff. The old Portal site only had data to the year 2000. Expanded report access for customers to include all historic reports back to 2015. The weekly Dairy Market News PDF report has been modified to showcase more DMN information on Page 1. A summary price table for weekly and biweekly prices was created with a MARS API; this opens opportunities for more reporting flexibility by using this technology.

Specialty Crops:

New & Expanded Shipping Point Reports:

- California Fruits and Vegetables (Organic Asparagus, Berries, Grapes, Grapefruit and Avocado, conventional Grapefruit, Satsuma and Tangelo)
- Imports (Argentina Lemons & Peru Blueberries)
- Yakima Valley and Wenatchee District Washington – Apricots and Prunes
- Arizona Melons (Crenshaw, Galia, Hami, Juan Canary, Orange Flesh and Santa Claus) and Citrus (Satsuma & Tangelo)
- Oklahoma Pecans
- Mexico Crossings through Southern California (Calexico and Otay Mesa) and San Luis, Arizona Vegetables (16 commodities)
- Michigan Asparagus

Contacts Added:

- 4 Michigan FOB contacts (Vegetables and Peaches)
- 13 California Fruit FOB contacts (Avocado, Kiwi, Berry, Grape)
- 4 California Asparagus FOB contacts
- 3 Cranberry FOB contacts
- 5 new Apple Processing contacts
- 7 new Florida FOB contacts
- New Wholesale Market contacts in Dallas and Chicago
- Over 60 new Blueberry FOB contacts added to distribution list
- Over 571 recipients added to California Berry daily update email

Technology Accomplishments:

- Completed MARS Welcome Packets for Trends, Terminals, Shipping Point, Truck Rates, and Movement
- Conducted Trends testing in MARS and began issuing weekly Trends report through MARS
- Final testing of the new Cornell upgraded site
- New Cornell file repository opened
- Revealed issues with My Market News user interface; proposed changes needed
- AZURE migration
- Upgraded to VM Servers for: MNIS, MNCS, Portal
- Resolved issues with text reports not posting and data not moving to Portal by working with MNSB
- Revised Header statement for all FOB reports
- Several reporters gained access to ACE system with plans to transition Northern Border reporting data source from Cognos to ACE ITDS

Livestock, Poultry and Grain:

- Transitioned over 350 livestock auction market reports from 31 states to My Market News, improving data access for customers
- Applied updated yields for all Livestock Mandatory Reporting commodities to stay relevant with industry meat production practices
- Added a Holstein and Dairy video sale to the Superior Livestock Video Auction report
- Expanded regional reporting by adding new livestock auction reports in Pennsylvania, Oklahoma, Nebraska, Tennessee, Kentucky, South Dakota, Alabama, and Missouri
- Combined data from many reports into more comprehensive and popular reports as weighted averages to improve accessibility of data
- Modified the reporting regions for the Livestock Mandatory Reporting cow and bull cattle reports, expanded the purchase categories on the negotiated cattle reports, and combined packer-owned and non-packer-owned information on the Livestock Mandatory Reporting veal report to protect confidentiality
- Published a new National Weekly Comprehensive Cutout Pork Report
- Published a new National Weekly Specialty Pork Report
- Revised the regional daily and prior day swine purchase reports by only publishing weighted average prices for negotiated barrows and gilts and not showing the daily volumes or price ranges. This solution allows AMS to publish as much regional data as possible while preserving confidentiality.

Shell Egg Surveillance

Current Activities

The Egg Products Inspection Act (EPIA) mandates that eggs and egg products are wholesome, otherwise not adulterated, and properly labeled and packaged to protect the health and welfare of consumers of these products. The Shell Egg Surveillance (SES) Program, carrying out these EPIA requirements, monitors the disposition of "restricted eggs"—eggs that are cracked, dirty, incubator rejects, inedible, leaking, or otherwise unfit for human consumption—to ensure they do not make their way into consumer channels. Inedible eggs constitute a small proportion of all shell eggs and are most often used in animal feed, while other types of restricted eggs are destroyed. Under the SES Program, official visits are made four times a year to shell egg handlers with 3,000 or more chickens or who pack product ultimately destined for consumers. Visits to hatcheries are conducted annually. Follow-up visits are made when violations are found.

Shell Egg Surveillance (SES) activities are conducted either by Federal personnel or State Department of Agriculture employees under a cooperative agreement. During FY 2019, AMS completed 2,031 SES inspections and observed an industry compliance rate of 97 percent. Three enforcement actions were taken, and each deficiency was remedied within one week of the initial observation.

<u>Shell Egg Surveillance Inspections Conducted</u>				
<i>Quarterly visits are made to shell egg handlers with 3,000 or more chickens or who pack product ultimately for the consumer. If a violation of the EPIA is found, a follow-up visit is made during the quarter.</i>				
	Shell Egg Handlers		Hatcheries	
	Number of Handlers	Total Inspections	Number of Hatcheries	Total Inspections
FY 2015	471	1,834	271	231
FY 2016	475	1,994	268	241
FY 2017	480	2,043	281	285
FY 2018	470	1,905	268	263
FY 2019	482	1,830	256	201
<i>Note: Inspections above include both routine follow-up and other visits.</i>				

Selected Examples of Recent Progress

Biosecurity and Disease Mitigation: When outbreaks of pathogenic diseases are confirmed in wild and domestic avian flocks in the U.S., AMS has chosen in most cases to postpone SES inspections at handlers and hatcheries in the impacted areas as a precautionary measure against the inadvertent spread of the disease. For example, in FY 2019, AMS suspended SES activities in Southern California due to the continued concerns surrounding an outbreak of virulent Newcastle Disease in the region. AMS personnel involved in SES activities and official shell egg grading services are required to undergo annual biosecurity training and comply with AMS biosecurity policy and individual plant/facility biosecurity protocol.

Standardization

Current Activities

AMS food and fiber standards are widely used by the agricultural industry in domestic and international trading, futures market contracts, and as a benchmark for purchase specifications in most private contracts. Grade standards are also the basis for AMS Market News reports, grading services, and Federal commodity procurement.

Pursuant to the Agricultural Marketing Act of 1946, AMS develops quality grade standards for commodities “to encourage uniformity and consistency in commercial practices,” as needed by the agriculture and food industry, and modifies those standards when industry practices or consumer preferences change. Before standards are implemented, AMS conducts studies and announces proposed standards. Public comments are solicited to verify that quality grade standards will facilitate commerce. There are currently more than 500 quality grade standards in place for cotton, dairy products, eggs, fresh and processed fruits and vegetables, livestock, meat, olive oil, peanuts, poultry, rabbits, and tobacco.

In addition to their use by private industry in domestic and international contracting, USDA food and fiber standards have become the basis for international harmonization of agricultural product quality grades recognized by the Codex Alimentarius and the United Nations Economic Commission for Europe (UNECE). AMS plays a significant role in several international standards-setting bodies to ensure the interest of U.S. agriculture is adequately represented in global conversations. For example, AMS served as Administrator for the U.S. Technical Advisory Group to the ISO Technical Committee 34, Subcommittee 6, and led efforts on meat and poultry standards that would have been restrictive to U.S. imports and not based in science.

Selected Examples of Recent Progress

Standards Reviews

In FY 2019, AMS specialists reviewed commodity standards to ensure that they continue to accurately describe current products, including 21 for cotton products; 41 for fruit and vegetable products; 8 for meat products (beef, veal, pork); and 13 for tobacco. These reviews resulted in the following standard revisions:

Lamb Tenderness Standards: AMS partnered with the American Society for Testing and Materials in the development of a proposed standard for lamb tenderness, currently in the final stages of approval, to allow lamb processors to market products that meet the established requirements as “USDA Certified Tender.”

Institutional Meat Purchase Specifications (IMPS): AMS initiated review and update of the IMPS by collaborating with the North American Meat Institute (NAMI), government and meat industry officials in Canada, and other stakeholders. The IMPS consist of several hundred descriptions of beef, lamb, veal, and pork products, and are widely used in the meat industry as standards for domestic and global trade. The IMPS serve as the foundation for several other private “buyers guides” popular with meat marketers.

Instrument Application of Grade Standards: AMS partnered with the American Meat Science Association to conduct in-plant trials and collect data to assess the accuracy of camera instruments in applying the grade standards for beef. The results of this study will be used to determine if adjustments should be made to tolerances for validating the instrument.

Additionally, program specialists designed initial trials to use egg grading technology in the application of official USDA grades (i.e., Grade AA, Grade A eggs). They collaborated with private sector leaders to evaluate data collection and analysis capability, which in turn, could result in more uniform/accurate USDA grading, reduction of repetitive motion injuries for employees, and more streamlined service. As a result, the Agency expects to implement instrument assisted grading of eggs in the future to remain in step with improvements in the egg processing industry.

Specialty Crops Standards: AMS maintains 313 grade standards for fresh and processed fruits, vegetables, nuts, and miscellaneous products. In FY 2019, AMS made the following changes to specialty crop standards:

- Removed “midget” terminology from the U.S. standards for shelled pecans, canned lima beans, canned mushrooms, pickles, and green olives.
- Amended the U.S. standards for pecans in the shell to remove reference to plastic models along with information on where the models could be examined.
- Amended the U.S. Standards for Grades of Apples to remove smooth net-like russetting as a grade-determining factor for Fuji apples in the U.S. Extra Fancy, U.S. Fancy and U.S. No. 1 grades.

Finally, AMS published a final rule removing from the Code of Federal Regulations (CFR) the voluntary U.S. grade standards for apricots, cantaloupes, celery, honey dew/honey ball type melons, nectarines, peaches, and Persian (Tahiti) limes, and the U.S. Consumer Standards for Celery Stalks. This action supports USDA’s efforts to remove regulations that impose costs that exceed benefits and none of these standards are tied to a current, active marketing order, import regulation, or export act.

Commercial Item Descriptions (CIDs): AMS also maintains 188 CIDs for products in all commodity areas. CIDs are official U.S. Government procurement documents that describe the most important characteristics of a commercial food product, such as the types and styles of products available. A CID also may contain information on analytical tests and requirements for food safety and quality for the product. CIDs are used by purchasers during the procurement process to specify the product they wish to purchase. In FY 2019, AMS revised the CIDs for Sauce, Pasta, Tomato-Based, with or without Meat, Fully Cooked, Frozen; Cereal, Prepared, Ready-To-Eat; Cheese, Mozzarella, Lite; Beef, Chunks, and Beef Broth, Canned or in Flexible Pouches; Nut Butters and Nut Spreads; Flours, Cereal Grain; Cheese, Cheddar; Macaroni and Cheese Mix, Dry; Nuts, Shelled, Roasted; Candy and Chocolate Confections; Hot Sauce; Trail Mix, and Noodles, Egg, Enriched. AMS also cancelled the CID for Beans, with Jalapeño Peppers, Canned, Including Product Flavored with Slab Bacon, and incorporated it into the CID for Beans, Dried; Pork and Beans; and Baked Beans, Canned.

Cotton Standards: AMS produced cotton grade standards boxes for the current crop year, consisting of approximately 1,550 Upland and Pima cotton grade standards boxes representing the 21 physical cotton grade standards. All freshly produced standards boxes were reviewed and approved by cotton industry representatives in June 2019 at meetings in Memphis, TN and Visalia, CA. In addition, over 77,000 pounds of instrument calibration cotton standards were distributed to the domestic and international cotton industries.

International Standardization Activities:

These activities are authorized by the National Technology Transfer Act of 1995 (detailed in OMB Circular A-119).

AMS remains a leader in global marketing standards initiatives and represents the U.S. in meetings of the Codex Alimentarius, the International Dairy Federation, the UNECE, the Organization for Economic Cooperation and Development, the International Organization for Standardization, the International Union for the Protection of New Varieties of Plants (UPOV), the International Seed Testing Association, the International Meat Secretariat, the American Society for Testing and Materials International, the U.S. Canadian Regulatory Cooperation Council, the Inter-American Commission on Organic Agriculture, the International Cotton Advisory Committee, international cotton outreach, and several bilateral consultative committees on agriculture. Examples of recent progress include:

ISO Agricultural Biotechnology Standards: AMS serves as the elected committee manager for the International Organization for Standardization's (ISO) Technical Committee (TC) 34/Subcommittee 16 "Horizontal methods for molecular biomarker analysis" and provides credentialed experts for its delegation. This committee was created with AMS sponsorship 15 years ago to provide access for US stakeholders to international standards for agricultural biotechnology. Now sponsored publicly and hosted in the U.S. by the American Oil Chemist's Society, TC 34/SC continues to develop, draft and maintain an internationally validated portfolio of standards for methods of detection, identification and analysis of molecular traits in foods and agricultural products such as bioengineered foods, identity preserved foods, meat, fish and poultry species, genetic traits of seeds and grains, organic foods and plant pathogens. AMS coordinated all business and technical operations for this committee which has a membership of 44 national standards bodies and over 500 experts and delegates. In 2019, under AMS management, ISO TC 34/SC 16 published three international standards respectively pertaining to meat speciation, animal and plant protein detection and the validation of binary methods; held eleven international meetings and continued development of 19 new international agricultural biotechnology standards. ISO standards, in particular those from TC 34/SC 16, provide references for application of the National Bioengineered Food Labeling Standard. With AMS expert participation, a new standard for detection of bioengineered cotton, IWA 32, was published by ISO in 2020. It will be added to the TC 34/SC 16 standards catalog. AMS also provides expert representation and leadership in ISO TC 276 biotechnology. An AMS expert served as the U.S. Technical Advisory Group Chairperson for TC 276/WG 5 Biotechnology: data processing and integration. This group is developing international guidance to harmonize all database formats for the life sciences, algorithms for compression of large nucleotide sequence data files and utilization of the cyberspace cloud in life sciences including agriculture.

ISO Dairy Standards: In 2019, AMS through the American National Standards Institute established the first ever accredited U.S. Technical Advisory Group for ISO Technical Committee 34/Subcommittee 5 Milk and Milk Products. TC 34/SC 5 was established in 1970; has a scope of standardization of methods of analysis and sampling for milk and milk products, covering the dairy chain from primary production to consumption; has stewardship of over 200

international dairy standards and has a membership of 90 international standards bodies. ANSI, the ISO U.S. member, selected and accredited AMS to develop international standards for Milk and Milk Products and determine the U.S. position for this international standardization activity. The U.S. Technical Advisory Group under AMS management will work together with the US International Dairy Federation, AOAC International, the U.S. Dairy industry and U.S. stakeholders to develop a U.S. position for ISO dairy standards development.

ISO Meat, Poultry, Fish, Egg Standards: AMS represents U.S. interests as chair and secretary for the ISO Technical Committee (TC) 34/Subcommittee (SC) 6 Meat, Poultry, Fish, Eggs and their products. AMS participated in the plenary sessions recently held in Nanjing, China where a number of standards were reviewed, and ballot initiatives submitted for consideration and creation of various Working Groups. Topics for consideration included: Meat and Meat Products Basic Terminology, Specifications for Fermented Meat Products, Operating Procedures for Pig Slaughter and Frozen Surimi Specifications. Laboratory methods of analysis specifically related to SC6 products are also reviewed and amended when necessary that include: Glutamic acid content, Chloramphenicol content, Detection and determination of coloring agents and Determination of total phosphorous content. There is some consideration of future collaboration with TC 34/SC 16 for laboratory cultured protein, and AMS stands to represent the interests of all concerned.

UNECE Working Group on Eating Quality Standards: AMS representative attended and participated in the working group meeting of the United Nations Specialized Section on the Standardization of Meat in Potsdam, Germany August 1-2, 2019. This meeting and workshop focused largely on Sustainable Development Goals (SDG's) on meat quality and standards. Topics included: imaging methods for meat quality, Ovine eating quality and yield standards and challenges for the meat industry related to quality.

Specialty Crops: AMS is an ongoing participant in activities that facilitate the development of international standards, and standards interpretations and positions that benefit American agriculture by building strong markets for U.S. specialty crops worldwide. In FY 2019, AMS representatives participated in Codex committees and working groups established to advance standards for fresh and processed fruits and vegetables and spiced herbs. AMS coordinates its activities with the U.S. Codex Offices in the USDA/Food Safety and Inspection Service; the Food and Drug Administration (FDA); relevant domestic stakeholders; and Codex committees and working groups.

Codex Committee on Spices and Culinary Herbs (CCSCH): In FY 2019, AMS prepared the Glossary of Terms for use in Codex Dried Spices and Culinary Herbs standards that was accepted by the 4th CCSCH session in January 2019. AMS also played an integral role in the Committee completing standards for dried and dehydrated garlic, adopting the U.S. position that anti-caking agents be permitted only in ground/powdered product. AMS also provided

continued leadership in determining the priorities of the working group that selects among standardization proposals submitted for consideration.

Codex Committee on Processed Fruits and Vegetables (CCPFV): In FY 2019, AMS continued to chair this Committee. AMS secured Codex approval to establish seven electronic working groups in place of CCPFV plenary meetings. During the fiscal year, the working groups met virtually – with full agendas executed in English, French, and Spanish – to develop new and revise existing standards, and draft comments on issues related to existing standards. Based on the U.S.-recommended model, the 29th Session of the CCPFV also was held electronically. The e-meeting model saves the U.S. Codex Office \$200,000 in meeting costs and allows for greater participation from countries that might not otherwise be able to afford the costs of attending physical meetings. AMS also coordinated with domestic stakeholders to develop U.S. positions through two rounds of comments to the working groups and for the 45th Codex Commission on mango chutney, tropical fruit salad, the general standard for dried fruits; gochujang, canned fruit salad, a worldwide standard for chili sauce, and food additives.

Codex Committee on Milk and Milk Products: AMS serves as the U.S. Delegate to the Codex Committee on Milk and Milk Products and actively monitors global dairy standards developments to facilitate trade for U.S. dairy products. During FY 2019, AMS lead the establishment of a U.S. Technical Advisory Group (TAG) that will establish U.S. positions for global activities under the International Organization for Standardization Subcommittee on Milk and Milk Products. AMS will serve as both the convener and secretary for the U.S. TAG to monitor the development of methods of analysis and sampling for milk and milk products.

Plant Variety: AMS, through its Plant Variety Protection Office, is a member of the International Union for the Protection of New Varieties of Plants (UPOV), headquartered in Geneva, Switzerland. AMS participates in the annual administrative and technical meetings hosted by UPOV to provide input and feedback on the procedures and requirements of the union. In FY 2019, AMS upgraded the electronic Plant Variety Protection (ePVP) system to be integrated with the UPOV PRISMA system. Recently, the Plant Variety Protection Act was amended to include plant variety protection for asexually reproduced plants. For these plants, AMS will adopt the UPOV Test Guidelines, achieving alignment with international standards and the UPOV system of examination.

Seed: AMS serves as the U.S. National Designated Authority for Organization for Economic Cooperation and Development (OECD) Seed Schemes. Currently, there are 60 participating countries that certify seed for varietal purity for international trade. AMS participated in an OECD Seed Schemes Technical Working Group (TWG) meeting in Buenos Aires, Argentina in January 2019, as well as the annual and TWG meetings held in Vienna, Austria in June 2019. In addition to active involvement in several Ad Hoc Working Groups (AHWG) focused on specific rules and standards, AMS is also a member of the Strategic Planning Committee which is

charged with developing short- and long-range planning for the continued operation and growth of the OECD Seed Schemes.

Market Access Activities

AMS' standardization activities enhance and expand export market access for U.S. commodities through collaboration with Federal regulatory and trade agencies and industry groups to develop market and export assistance programs (e.g., systems-based programs to meet export requirements and policies for specific countries). Due to AMS' market expertise, Federal agencies and the agricultural industry depend on AMS to develop and administer marketing programs (e.g., quality systems verification programs, laboratory testing programs, and laboratory approval programs) to make products eligible for export to various countries.

Egg Exports: AMS supported export market opportunities for domestic egg producers through certification of product for compliance with country-specific requirements, working toward the goal of opening markets by the end of FY 2019 in target areas of Honduras, Guatemala, and Israel. Israel has expressed considerable interest; the U.S. is waiting on Israel to respond to a questionnaire. Honduras' table egg market is estimated to be 20 million dozen, while Guatemala has a smaller but viable market. While there has been minimal movement thus far, the U.S. has continued discussions with both countries.

Nut Exports to the EU: AMS continued working with the almond, pistachio, and peanut industries to address European Union border rejections. AMS assisted in analyzing issues to develop responses and long-term corrective actions. AMS worked with the pistachio industry to develop and implement the Pistachio Export Aflatoxin Reporting (PEAR) Program. AMS collaborated with the European Commission and the peanut industry to plan the October 2019 audit of the control of aflatoxin contamination in U.S. peanuts.

USDA Export Verification Programs Open New Markets

AMS activities include a wide range of audit-based Export Verification (EV) programs, services designed to assist companies in assuring international customers of their ability to provide consistent products that meet various import requirements. AMS currently has EV programs for 35 foreign countries/markets for such products as beef, veal, bison, pork, lamb, goat, eggs, egg products, poultry, and closed-face sandwiches. Cumulatively, the value of the products that flow into those 25 foreign markets under AMS EV programs is more than \$3.9 billion per year. AMS EV programs represent a return on investment of \$5,500 for every \$1 spent by the industry.

In FY 2019, AMS created new agreements with Taiwan, Chile and Canada to gain access for processed eggs and egg products. AMS, with FAS and FDA, developed and implemented an audit-based USDA Seeds for Sprouts Export Certification Program that opens European markets to U.S. seeds for sprouts producers. The audit-based program verifies that U.S. product meets EU regulations and allows AMS to sign export certificates for each shipment of U.S. seeds for sprouts destined for the EU. AMS also implemented the Pistachio Export Aflatoxin

Reporting (PEAR) Program to minimize the EU sampling/testing for aflatoxin of U.S. pistachios imported into the EU. The program allows U.S. producers to meet European aflatoxin thresholds by requiring signatory handlers to implement specific testing and reporting requirements that demonstrate compliance to EU aflatoxin thresholds.

Federal Seed Act

Current Activities

AMS administers Federal Seed Act (Act) regulations regarding the interstate shipment of agricultural and vegetable seeds. The Act requires that seed shipped in interstate commerce be labeled with information that allows seed buyers to make informed choices. The Act also requires that all seed labeling information and advertisements pertaining to the seed must be truthful. Each State maintains its own seed laws, which creates a complicated web of regulations for seed businesses. The Act contains minimum requirements that bridge many of these State requirements, which helps promote domestic trade, encourage uniformity among State laws, and drive fair competition within the seed trade.

AMS also protects the intellectual property rights of plant breeders of new varieties of seeds through the Federal Seed Program. AMS enforces restrictions on advertisements and sales of plant varieties on which a certificate of protection has been issued under the Plant Variety Protection Act. Protecting the rights of breeders and plant variety owners encourages innovation and investments in the development of new plant varieties.

AMS relies on cooperative agreements with State agencies to monitor interstate commerce of agricultural and vegetable seeds regarding seed labeling. State inspectors, trained and authorized by AMS, routinely inspect and sample seed shipments being marketed in their States. The States refer potential violations of the Act to AMS for investigation and appropriate action. While most complaints involving mislabeled seed are submitted by State seed control officials, they may be submitted by anyone. AMS takes regulatory action against the interstate shipper when a violation is confirmed. Actions on violations include a letter of warning for minor violations and a monetary penalty for serious violations.

Selected Examples of Recent Progress

AMS Seed Regulatory Activity Summary							
FY	Complaints Received	Investigations Completed	Quality Tests Completed	Variety Field Tests Completed	Settlements		
					Warnings	Penalties	Penalty Assessments
2015	295	236	590	491	61	122	\$75,900
2016	375	337	843	411	109	73	\$55,875
2017	853	769	1971	260	305	86	\$90,750
2018	364	579	1448	300	195	111	\$94,000
2019	325	321	914	400	190	120	\$117,350

Increased Monitoring of the Grass Seed Market: Last year, the American Seed Trade Association asked AMS for regulatory assistance in resolving variety labeling issues with one of the industry’s bestselling grass varieties, Kentucky 31. Rampant mislabeling of this variety of tall fescue was causing consumer confidence to erode. In response, AMS partnered with more than 30 States to collect over 300 tall fescue samples for trueness to variety testing. In addition, the samples were subjected to advanced molecular biology techniques to distinguish varieties. These tests resulted in dozens of notifications and penalties for seed dealers violating Federal Seed Act Variety Naming Requirements. These regulatory activities by AMS are part of a comprehensive market monitoring program aimed at creating a fair competition within the U.S. seed market.

Outreach Activities: For FY 2019, AMS’ seed program conducted mission related outreach activities in the form of training workshops, webinars, and regulatory updates for more than 1,200 industry stakeholders and State cooperators for 40 States. These training opportunities are aimed at reducing violations of the Federal Seed Act and promoting testing uniformity in the seed industry.

Country of Origin Labeling

Current Activities

The Agricultural Marketing Act’s Country of Origin Labeling (COOL) provisions require retailers to notify their customers of the country of origin of specific foods referred to as covered commodities. Covered commodities are identified as muscle cuts of lamb, goat, and chicken; ground lamb, goat, and chicken; fish and shellfish; perishable agricultural commodities (fruits and vegetables); peanuts, pecans, macadamia nuts, and ginseng. The COOL provisions state that “normal course of business” records and producer affidavits may be used for verification, the same requirements and penalties apply to both suppliers and retailers, and the maximum penalty per violation is \$1,000. The COOL regulation is administered by AMS’ Fair Trade Practices Program.

Selected Examples of Recent Progress

Training: During FY 2019, AMS continued its contract with the ProProfs™ web-based training platform to provide 311 employees of 45 cooperating state agencies with COOL Retail Store Review procedures training at a cost of \$6,000 (less than \$20 per trainee). AMS provided each of the 311 trained state reviewers with a manual compiled by AMS staff that also serves as a resource during field-based retail store reviews.

Outreach: AMS, in conjunction with the USDA Office of Communications, completed work on a consumer information video. On July 15, 2019, the video was posted on the USDA YouTube channel <https://youtu.be/19h0QNbi3IM>. During FY 2019, AMS staff continued efforts to inform food retailers and suppliers of their responsibilities and options to comply with COOL requirements through regional, national and international educational seminars and outreach events, including the North American Seafood Expo, Texas Shrimp Association, Home Delivery

World, and Grocery Manufacturers Association. In addition, the program responded to 115 questions about the COOL regulation received from regulated firms, consumers, other federal agencies, trade associations and consultants, academic institutions and Congressional Offices.

Enforcement Activities: The COOL Program continues to conduct retail surveillance reviews on all covered commodities relying on 45 State cooperative agreements to conduct COOL retail surveillance activities around the Nation. The retail review assignments in FY 2019 included large national chain stores as well as many regional, small and independently owned retailers who have never been reviewed or have not been reviewed in over five years.

Overall retailer compliance to COOL regulations was approximately 95 percent as of October 31, 2019, based on the number of COOL covered commodities sold in each store location, and number of retail store reviews completed in FY 2019; the same compliance rate as for FY 2018. The following table details the number of cooperative agreements, reviewers trained, and retail reviews conducted by fiscal year.

FY	State Co-op Agreements	Reviewers Trained	Initial Reviews	Follow-up Reviews
2015	49	350	810	2,252
2016	47	321	1,158	1,929
2017	44	364	2,427	1,160
2018	45	322	3,242	391
2019	45	311	3,233	371

In addition to retail surveillance activities, AMS audits randomly selected products through the supply chain for accuracy of information conveyed and compliance with COOL requirements. The following table details the product audits conducted, suppliers involved in the supply chain, and suppliers found to be noncompliant.

FY	Product Audits	Total Suppliers in Supply Chain	Non-Compliant Findings
2015	97	236	9
2016	75	176	17
2017	106	251	13
2018	75	195	12
2019	70	167	7

To reduce the burden on suppliers, AMS offers a supplier certification program to verify the effectiveness of COOL compliance procedures through onsite visits to the Nation’s largest covered commodity supply firms. Suppliers with sufficient systems are not subject to routine supplier traceback desk audits. Two suppliers were certified for 3-year extensions in FY 2019 for previously certified systems.

Pesticide Data Program

Current Activities

AMS's Pesticide Data Program (PDP) collects high quality, nationally representative pesticide residue data for foods in the U.S. The program continues to be a critical component in meeting the requirements of the 1996 Food Quality Protection Act (FQPA), which directs the Secretary of Agriculture to provide improved data collection of pesticide residues, standardized analytical and data reporting methods, and increased sampling of foods most likely to be consumed by infants and children.

Communication with Federal Agencies: AMS, the U.S. Environmental Protection Agency (EPA), and the U.S. Food and Drug Administration (FDA) coordinate and prioritize residue testing and program activities, as the data are used by all three agencies, as well as other stakeholders. EPA uses PDP data to update dietary risk assessments under FQPA and to ensure that pesticide residues in foods remain at safe levels. FDA uses PDP data to inform planning under their FQPA authority to enforce food residue violations. USDA uses the data to better understand the relationship of pesticide residues to agricultural practices, to enhance USDA's Integrated Pest Management objectives, and to support foreign trade and exports. Additionally, PDP provides monthly updates of presumptive tolerance violation data to EPA, FDA, FAS, USDA's Office of Pest Management Policy (OPMP), and AMS' National Organic Program.

Selected Examples of Recent Progress

During FY 2019, PDP conducted over 2.5 million individual tests on more than 9,800 food samples through cooperative agreements with 10 States. PDP achieved its monthly goals in collecting samples.

Commodities: PDP tests pesticide residues primarily in fresh and processed fruit and vegetable commodities. In FY 2019, PDP updated data for 22 commodities: asparagus, bananas, cabbage, cantaloupe, cilantro, green onions, hot peppers, kale, kiwi fruit, oats, peaches (canned), raisins, rice, snap peas, spinach (canned and frozen), strawberries (frozen), sweet bell peppers, sweet peas (canned and frozen), tomatoes, and wheat flour. Four new commodities were also analyzed for the first time: basil, garbanzo beans (dried), mustard greens, and radishes. The total number of commodities surveyed by PDP to date is 126. Updated data on previously tested commodities are needed to determine if there were measurable changes in the residue profile, which may result from changes in agricultural practices and/or pest pressures. All commodities selected for testing are based on EPA's requests for data to inform pesticide registration mandated by the FQPA and to respond to public food safety concerns.

Testing Methods: PDP enhanced its testing methods to bring the total number of pesticides and metabolites that have been tested to over 700. In 2019, PDP laboratories continue to refine analytical screening methods and expand the use of automation to reduce costs for equipment maintenance, human resources, and the management of hazardous waste. All PDP cooperating labs maintain accreditation and participate in proficiency testing to ensure quality results. Also

in FY 2019, PDP developed and distributed a new remote data entry tool that modernizes the approach that the laboratories use to send electronic data to AMS.

Outreach:

Stakeholder Outreach: PDP has contacted grower groups and other stakeholders to inform them of crops entering the PDP sampling rotation, and has responded to follow-up inquiries. Also in FY 2019, PDP engaged visiting scientists/delegations from Taiwan, South Korea, and the European Food Safety Administration as well as re-established updates with the CropLife America Exposure Working Group.

State Outreach: PDP held monthly teleconferences with the PDP-participating States, and worked with the States to help resolve concerns following the 2018-2019 federal government shutdown. To help address future concerns, PDP has issued new shutdown guidance for cooperating States. PDP also organized a meeting for the State staff who attended the North American Chemical Residue Workshop (NACRW) conference to develop and improve technical knowledge. Additionally, PDP worked with the States to complete and review the new PDP Sampler Training Program. This program will be invaluable in training new samplers and providing continuing education for established samplers across the U.S.

Reporting: Public-domain databases containing analytical results data for each sample tested are posted on the Program's website at <http://www.ams.usda.gov/pdp>, and PDP's web-based data search application makes all of PDP's data readily available to the public. Annual Summary reports have been posted to the PDP website and published in hard copy. PDP responded to more than 60 data and informational requests from government and private organizations and citizens typically within 3 or fewer days, exemplifying PDP's commitment to providing outstanding customer service.

National Organic Program

Current Activities

The organic agriculture sector continues to see healthy growth in the number of certified operations and overall sales. The number of certified organic operations in the United States reached 27,494 in 2018, up by 1,093 over the previous year. The number of international operations certified was up 713 to just over 15,500. Together these totals represent a 4.4 percent increase, bringing the total number of USDA-certified organic operations to just over 43,000. According to the Organic Trade Association (OTA), 2018 organic sales in the U.S. totaled approximately \$52.5 billion, a 6.3 percent increase over the previous year. Organic food sales now account for about 5.7 percent of total food sales in the U.S.

The Agricultural Marketing Service (AMS) National Organic Program (NOP) is authorized by the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.). The program protects organic integrity by developing, implementing, and enforcing the USDA organic regulations. The

organic regulations govern the production, handling, and labeling of organic agricultural products.

Organic certification is largely privatized. USDA accredits 79 third-party organizations that certify and oversee organic farms and businesses. These certifiers may be businesses, non-profits, or State governments. The NOP accreditation team ensures certifier staff have the experience, training and tools they need to provide effective enforcement of the USDA organic regulations. Certifiers review, inspect, and approve farms and businesses as certified organic.

Selected Examples of Recent Progress

Strengthening Organic Enforcement: Robust enforcement is key to ensuring consumer confidence in the USDA organic label. In FY 2019, the Department drafted the Strengthening Organic Enforcement proposed rule, which incorporates 2018 Farm Bill provisions to deter fraud and bolster consumer trust. The rule will strengthen organic control systems, improve import oversight, and solidify specific sections of the USDA organic regulations. NOP also reopened the comment period to move forward with the 2015 Origin of Livestock proposed rule to increase consistent application of the rules for dairy operations.

In FY 2019, NOP staff expanded oversight capacity for two areas of growing concern to the organic industry: dairy and international operations. The program added two enforcement officers with experience in livestock oversight, launched a new online dairy training module in the Organic Integrity Learning Center, and expanded its dairy compliance program, significantly increasing the number of unannounced visits to higher-risk dairy operations. Program staff institutionalized a data-driven quarterly risk assessment to forecast market impacts of country and commodity imports. AMS also developed a risk assessment of NOP activities in China and Argentina to plan for targeted compliance and enforcement activities.

Risk-based Compliance and Appeals Management: The National Organic Program completed 670 case investigations and compliance inquiries in FY 2019, resolving 75 percent of complaint case backlogs from FY 2016 and earlier, as well as 60 percent from FY 2017. Using a new risk-based case management process, simple inquiries are handled by intake staff, providing customers with answers faster and focusing analyst time on more complex investigations. Complaints about uncertified businesses selling products as organic are handled by a team trained to reduce case processing times, and complex cases are assigned to more experienced NOP investigators. In 2019, AMS resolved 97 percent of NOP appeals within 180 days of receipt and closed a record high of 56 appeals.

Certifier Oversight: AMS conducted 29 audits to verify certifier competency and compliance with the USDA organic regulations. Analysis of the results indicate certifiers were 93 percent in compliance with all accreditation criteria. While two certifier offices lost or surrendered accreditation in 2019, and NOP entered into settlement agreements with others to force program improvements, most non-compliances were found to be minor and quickly moved back into full compliance.

International Trade: In FY 2019, AMS established and filled a new Trade Systems Director position, housed and supported through NOP. In June, the Organic Imports Working Group, called for in the 2018 Farm Bill, was launched to strengthen partnerships between USDA programs and Customs and Border Protection (CBP) to better resolve inter-agency data access issues. NOP supported establishment of 71 CBP Automated Commercial Environment (ACE) accounts for AMS users, the most since ACE was introduced for USDA. The ACE system allows AMS staff to monitor real-time trade data, significantly improving the ability of program staff to conduct enforcement operations and trace the source of imports.

NOP maintains equivalency arrangements with Canada, Japan, South Korea, Switzerland, and the European Union; and recognition agreements with India, Israel, and New Zealand. AMS continued to work with the Organic Equivalency Arrangements Working Group, meeting with representatives from the EU, Canada, Chile, and South Korea to explore opportunities for further collaboration on enforcement, peer reviews, equivalency arrangements, and technology. Technical negotiations with Mexico, Taiwan, and Japan for new or expanded organic equivalency arrangements continue. Program staff also worked closely with the United Kingdom (UK) to complete an agreement to maintain trade in organic goods should the UK leave the EU.

National Organic Standards Board (NOSB): Farmers, processors and handlers, consumers, organic certifiers, environmental and resource conservationists, and scientists all have a seat at the table in setting organic standards. In FY 2019, AMS held two public meetings of the NOSB, a federal advisory board, and heard public comments on issues of importance to the organic community. Four public comment webinars provided an opportunity for those who could not travel to make their comments to the board live online.

National List: During FY 2019, AMS published five rules based on recommendations by the NOSB for updates to the National List of Allowed and Prohibited Substances. One final rule completed pending recommendations on 35 National List substances covering recommendations from 2000 to 2016. All National List rules support the materials-related needs of organic producers and businesses.

Outreach and Education: Each year, AMS conducts ongoing outreach and education with a wide range of stakeholders, including members of the NOSB; certifying agents; non-organic and organic producers, processors, handlers; and consumers. To improve consistency and increase certifier capacity, NOP deployed the Organic Integrity Learning Center in 2019. The system now has over 40 lessons available across seven courses. More than 1,500 certifier staff and other stakeholders have already enrolled, with more than 200 completions of each hosted lesson in the first six months. NOP also provided virtual training to certifiers in the U.S. and Europe and held informal coaching sessions with 20 international certifiers. The NOP also continued program updates through the Organic Insider newsletter, and through presentations and training.

Technology Investments: In FY 2019, NOP launched a new Compliance Database, enabling enforcement staff to more efficiently track case progress and identify patterns and relationships across complaints. NOP staff also built on past investment in the Accreditation Database by developing a library of frequently used descriptions of non-compliances increasing consistency and speed when communicating issues to certifiers. The library also increases the efficiency of the onsite audit process and incorporates more objective risk assessments into certifier management.

Building the Organization: In FY 2019, with increased funding, NOP initiated a change management process to expand the organizational structure. Through targeted recruiting and fellowship programs, NOP hired new staff, increasing in-house oversight capacity. In addition, the program has invested significant resources in team development and training. Additional staff and technological capacity have allowed NOP to significantly increase the impact of global organic oversight and enforcement activities.

Modernization Technology Upgrade

The 2018 Farm Bill included \$5 million for investments to modernize international systems to enable better tracking and reporting on organic imports. With these funds, NOP contracted with Customs and Border Protection (CBP) to program the existing paper-based organic import certificate into CBP's Automated Commercial Environment; this will serve as the foundation for future mandatory tracking and reporting of imports. The programming began in FY 2019 and will be completed in FY 2020.

National Bioengineered Food Disclosure Standard

Current Activities

Congress amended the Agricultural Marketing Act of 1946 (the Act) on July 29, 2016, and mandated USDA to develop a National Bioengineered Food Disclosure Standard (NBFDS). The Act directs the Secretary to establish requirements and procedures necessary to carry out the new standard and creates a nationwide mandatory labeling requirement for foods that are or may be bioengineered.

Selected Examples of Recent Progress

During 2019, AMS answered 144 questions received via email and posted 52 FAQs online. Division staff met with 14 industry stakeholders, many of which represent broad segments of industry. Division staff also conducted 17 presentations on the NBFDS that reached over 1,000 people. Of the resources posted on the AMS web site, the fact sheet was downloaded 190 times, the disclosure determination tool was used 558 times, the webinar was viewed over 2,100 times, and the FAQs were viewed over 7,000 times in FY 2019.

Transportation and Market Development

Current Activities

AMS serves as the definitive source for economic analysis of agricultural transportation from farm to market. AMS experts support domestic and international agribusinesses by providing market reports, economic analysis, regulatory representation, transportation disruption reports, technical assistance, and outreach to various Federal agencies and industry stakeholders. Tracking developments in truck, rail, barge, and ocean transportation, AMS provides information and analysis on the four major modes of moving agricultural products from farm to table, port to market.

AMS also supports and enhances the distribution of U.S. agricultural products, and marketing opportunities for agricultural producers and local food businesses through grant programs, applied research, and technical services. These activities focus on specialty crops, agricultural marketing research, and local food initiatives.

Selected Examples of Recent Progress

Rural Transportation Infrastructure: AMS continued strategic work on behalf of agricultural producers and shippers with regard to rural infrastructure. AMS completed a study, *Importance of Inland Waterways to U.S. Agriculture*, which used economic modeling to forecast the impact on farmers and U.S. competitiveness at varying levels of infrastructure funding to maintain and improve the inland waterways system over a 10-year and a 25-year period. The study includes analysis of State-level economic impacts for 12 States with the largest movements of corn and soybeans by barge (Arkansas, Illinois, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Ohio, Tennessee and Wisconsin). Similarly, AMS began a study on surface transportation infrastructure to identify the infrastructure needs and bottlenecks specific to agriculture on roads, bridges, and major connections to other modes of transportation (barge, rail, ocean, ports), to be able to provide strategic guidance to help the Department of Transportation (DOT) and State DOTs make informed decisions on the national freight network and their strategic plans. In addition, AMS partnered with NASS to collect data on the movement of grain by truck from the farm to the first points of delivery in Illinois, Indiana, Iowa, Kansas, and Nebraska. This research will help fill the information gap for the farm truck inventory and grain marketing patterns in these select States, used to help State and local decision makers consider infrastructure investments for farm-generated grain traffic—a key local and widely dispersed agricultural freight generator.

Agricultural Transportation Open Data Platform: AMS developed and publicly launched a free online platform that enables stakeholders and the general public to view, access, and download public data about the transportation of agricultural products by truck, rail, barge, and ocean. This platform enables users to:

- View up to date, interactive dashboards for major transportation modes and markets;
- Access data in many different, open file formats;
- Access data through automatically generated and maintained Application Programming

Interfaces (API), which open the door to the development of cell phone and web apps built using the data;

- Select and download data using easy filtering and aggregating;
- Create a variety of visualizations from datasets, including maps; and
- Save personalized dataset views and visualizations that are automatically updated to show the latest insights.

The Agricultural Transportation Open Data platform (AgTransport) currently contains 33 public datasets (most updated every week), 17 derived views of those datasets, and 61 charts and maps. Since its launch in June, AgTransport has had 3,000 unique users, 6,400 unique site visits, and 29,000 pageviews. The platform has received wide praise from industry and agricultural stakeholders. AMS has seen platform visualizations embedded in agricultural transportation newsletters around the web, and many key stakeholders, both in the private and public sectors, have provided feedback indicating the platform has helped them improve their products and decision making by incorporating it into their operations.

Workshops: AMS co-sponsored 7 Ag Shipper Workshops with the Agriculture Transportation Coalition (AgTC), facilitating discussion of ocean, rail, and truck regulatory, rate, and service issues for agricultural and forest product shippers and exporters in Fresno and Sacramento, California, Atlanta, Georgia, Boise, Idaho, Minneapolis, Minnesota, Kansas City, Missouri, and Portland, Oregon, and participated in the annual meeting in Tacoma, Washington.

Electronic Logging Device and Hours of Service of Drivers: AMS supported USDA in multiple meetings with agricultural stakeholders and Federal Motor Carrier Safety Administration (FMCSA) officials regarding the electronic logging device (ELD) mandate, the hours of service (HOS) for drivers, and the definition of an agricultural commodity in support of waivers, exemptions, and regulatory reform for hauling livestock and specialty crops.

Railroad Practices, Service, and Stakeholder Outreach: AMS drafted and submitted USDA's comments in the Surface Transportation Board's (STB) EP 754, Oversight Hearing on Demurrage and Accessorial Charges. The comments recommended STB define fair/unfair practices concerning charges, collect additional data in order to evaluate what practices are being carried out, and shift the burden of proving reasonable charges from the shipper to the railroad. In addition, AMS staff attended the two-day hearing, listened to the testimony of many agricultural shippers, and conversed with agricultural stakeholders on the fair/unfair application of demurrage and accessorial charges.

AMS participated in a cold chain workshop with Union Pacific Railroad's Vice President for Agricultural Products to meet with cold chain customers and provide an overview of the refrigerated transport market and to describe AMS's involvement in providing data and analysis on perishable commodities shipped by rail and truck. AMS participated in the Surface Transportation Board's National Grain Car Council and Rail Energy Transportation Advisory

Council meetings. AMS also attended an Agriculture Transportation Working Group meeting to demonstrate the new Agricultural Transportation Open Data platform.

Direct Marketing/Locally Grown: Demand by consumers for locally-grown products continues to grow. In FY 2019, AMS further expanded and developed its on-line local food directories. The directories include voluntarily-listed farmers markets, Community Supported Agriculture (CSA) enterprises, food hubs and on-farm markets. These directories connect local food sellers to buyers and expand market opportunities for small and mid-sized farms. As of early November 2019, the directories listed 8,787 farmers markets, 856 CSAs, 240 food hubs, and 1,508 on-farm markets, each category registering additional entries over FY 2018.

During FY 2019, the AMS local and regional food systems-related website pages generated:

- 130,918 pageviews
- 92,588 unique pageviews
- More than 87,000 visits to AMS' four national Local Food Directories
- 368 new directory listings
- A total of 417 publication downloads of a 2017 report, Community Supported Agriculture - New Models for Changing Markets, a cooperative research study carried out by the University of Kentucky on emerging CSA business practices
- 1,088 publication downloads of the report, Potential Demand of Local Fresh Produce by Mobile Markets (conducted by University of Wisconsin analyzing six pilot project sites funded by AMS grants)
- Nearly 1,450 visits to AMS' 2016 report, The Economics of Local Food Systems: A Toolkit to Guide Community Discussions, Assessments and Choices (see below for more detail)

The Local Food Toolkit (Toolkit) was developed by AMS in partnership with Colorado State University (CSU) and a dozen leading researchers and consultants to help communities better evaluate the economic impact of investing in local and regional food systems. AMS continued to build on the foundation established by the Toolkit in two main ways in FY 2019, based on a positive FY 2018 evaluation of the Toolkit and training, which indicated that approximately 80 percent of respondents believed the materials improved their understanding of how to evaluate the economic impacts of local food systems, and 45 percent had already used the Toolkit's information or methods to support their local or regional food systems work.

In FY 2019, AMS partnered with economists at CSU to carry out content development and training activities aimed at creating a more robust community of practice for local food system practitioners using the www.localfoodeconomics.com portal to help local food system planners and practitioners more easily adopt evidence-based methods to assess the probable economic impact of planned investments. This work created a new, customized "impact calculator" tool that can quickly produce economic multiplier effects of proposed local food system interventions, based on the submission of a few key data elements. Used in conjunction with AMS's Toolkit, this calculator aims to empower local food system planners and practitioners

with the ability to make more evidence-based strategic business and policy decisions. To provide additional examples to the public on how to assess the economic impact of local and regional food system investments, AMS issued a call for papers from entities that had used AMS's economic impact assessment Toolkit or similar methods to guide their own local or regional food system initiatives. The accepted papers appeared in a special issue commissioned by AMS in the open-access Journal of Agriculture, Food Systems and Community Development (JAFSCD). Following an intensive peer review process, JAFSCD published thirteen papers in a special issue that first appeared on January 30, 2019.

Rural Business Creation/Technical Assistance/ Marketing Outreach/ Training:

Local Food, Local Places: AMS continued to serve as the lead organization representing USDA in the interagency initiative Local Foods, Local Places (LFLP), housed within the EPA Office of Community Revitalization. Under this initiative, five AMS employees participated in 15 on-site technical assistance workshops in FY 2019 designed to help community stakeholders use local/regional food system development as a strategy for generating local business growth and improvements in community quality of life. Since its launch in 2014, LFLP has helped 93 communities across the country develop local food enterprises, such as farmers markets, community gardens and cooperative grocery stores, that improve environmental, economic and health outcomes. Services offered by AMS staff during these technical assistance workshops ranged from on-the-spot architectural design and schematic drawings, to education about business models, direct farm market operations, consumer and market trends, and Federal resources. Ten workshops in which AMS employees participated took place in rural communities under 50,000 in population, and six took place in communities under 25,000 in population, supporting rural prosperity. Communities were provided architectural technical assistance in the form of on-site investigation, documentation, hand drawn sketches, design assistance, architectural planning, and/or any necessary guidance for desired community goals and action plans. To provide sustained support to community members involved in local food system development activities, AMS staff also participated in multiple planning calls with local steering committee members before and after each workshop, and several AMS representatives participated in bi-monthly conference calls with other LFLP task force members to review the status of workshops and resolve outstanding concerns and issues. In FY 2019 workshops were held in the following locations, with population size noted:

- Malone, NY (population 14,799)
- Aliquippa, PA (population 9,438)
- Saint Paul, MN (population 306,621)
- Fort Pierce, FL (population 41,590)
- Pulaski, VA (population 9,086)
- Peoria, IL (population 115,007)
- Indianapolis, IN (population 872,680)
- Little Falls, MN (population 8,701)
- Frankfort, KY (population 27,621)

- Charlottesville, VA (population 48,019)
- Mt. Pulaski, IL (population 1,494)
- St. Albans City, VT (population 6,795)
- Lewiston-Auburn, ME (population 60,000)
- Duluth, MN (population 86,265)
- Russellville, AR (population 27,920)

National Direct Agricultural Marketing Summit: Back by popular demand from 2018, AMS supported the National Direct Agricultural Marketing Summit in 2019. The Summit occurred in the Chicago metropolitan area on October 7-9, 2019. The Summit provided an opportunity for USDA to leverage public-private support to convene stakeholders, offer technical assistance, and facilitate partnerships and the efficient sharing of technology and resources for key stakeholders in local and regional agricultural markets. Summit attendees included AMS' grant recipients, agricultural producers and food businesses, institutions, researchers, and local and State governments. The Summit had 318 attendees from across the United States. This included attendees from India, Alaska, Guam, and the Virgin Islands. AMS' partners in the Summit included the Farmers Market Coalition, Farm Credit Council, Illinois Farm Bureau, Iowa State University's Agricultural Marketing Resource Center, and MarketMaker.

Food Safety Training for Limited Resource Farmers: AMS continues to provide Good Agricultural Practices introductory trainings to limited resource farmers and the Extension educators who serve them. During FY 2019 approximately 52 people participated in a 12-hour classroom training on the Food Safety Modernization Act and AMS food certification programs available to assist producers in accessing new markets. These trainings were created through agreements between AMS and the 1890 Universities Foundation. Initial customer satisfaction surveys revealed that the participants found the trainings valuable to producers' efforts to increase their farm incomes, and Extension educators' efforts to assist farmers in that goal.

External Partnerships: In FY 2019, AMS partnered with a number of land-grant universities and Federal agencies to research, develop, and support the growth of local and regional food systems. Some of the partnerships and deliverables included:

Oregon State University – Under an earlier agreement, OSU drafted a report “Lessons Learned from Public Investment in Local and Regional Meat and Poultry Processing,” which analyzed 35 AMS -funded grant projects related to local/regional meat production and processing by reviewing written performance reports and interviewing available project directors. To ensure that the findings of this report are appropriately publicized and disseminated, AMS partnered in FY 2019 for a second phase with OSU and its affiliate, the Niche Meat Processing Assistance Network (NMPAN), to undertake the following in FY 2019 and FY 2020:

- Provide written guidance and recommendations on how to identify promising local meat related processing, marketing and distribution projects to USDA grant administrators and grant program managers.
- Develop and write case studies of successful AMS-funded projects related to local/regional meat or poultry processing.
- Conduct two NMPAN-AMS co-branded public webinars.
- Create NMPAN-AMS co-branded fact sheets that summarize primary lessons learned and recommendations.
- Distribute all materials through NMPAN's existing robust community of practice.
- Present results of analysis at a relevant national meeting.
- Track and monitor the impact of webinars and in-person trainings through pre-and post-event evaluations.

Ohio State University – AMS partnered with OSU and Carolina Farm Stewardship Association to research, write, and publish “A Farmer’s Handbook to the USDA Harmonized GAP.” The electronic publication version is housed on CFSA’s website. It is intended to assist small and mid-scale produce operations in preparing to meet the requirements of the USDA Harmonized GAP audit, and thereby improve opportunities to access markets for fruits and vegetables.

Architectural Design Support: Although AMS does not provide funding for the construction of facilities, the Agency develops architectural plans and offers design assistance to local municipalities and food businesses to improve the efficiency and availability of permanent food market facilities. FY 2019 examples include:

Produce Chopping Facility, Warrenton, NC – AMS provided architectural technical assistance for a second year to Working Landscapes for the upgrade and build-out of a chopped produce facility. After the initial design was completed and rendered, Working Landscapes sought local professionals to complete the project documents. The project scope included renovating the interior of an existing building to include new food grade finishes, building upgrades, and new equipment. A proposed addition which included the use of conditioned and unconditioned shipping containers added to the facility’s storage capacity. The addition and containers will provide the facility with the ability to maintain a cold chain operation and provide cold storage access to the food processing and preparation area.

Cooked and raw meat processing facility, Redford, MI (Wayne Co) – AMS provided Ackroyd's Scottish Bakery (State-inspected cooked and raw meat processing facility with a retail storefront) architectural technical assistance in the design of a 6,000 square foot operational space. The facility will include 5,200 square feet which will be dedicated to manufacturing, online order fulfillment and office space. The remaining 800 square feet will be dedicated to retail. The facility will supply two retail storefronts with the cooked meat products, breads, and pastries. It will also be the processing/order fulfillment center for e-commerce with nationwide shipping.

Food Hub, Warrenton, VA – AMS provided architectural technical assistance to 4P Foods with on-site building investigation and documentation of two facilities to determine which facility would maximize their current output and future expansion projects. Providing recommendations on space, size, and square footage, AMS developed design documents for the facility 4P Foods determined to be the best selection for their current and future development space.

Wholesale Market, Syracuse, NY – AMS provided architectural technical assistance to CNY Reginal Market with on-site building investigation and facility site overview to provide guidance and recommendations to maximize the market's current output and future expansion projects. AMS provided recommendations on space, size, square footage, and potential impact of those projects on the site.

Municipal Market Facility, Brownsville, TX – AMS has provided architectural technical assistance to the City of Brownsville with on-site building investigation and documentation of the existing "Cannery" facility. The City has been provided recommendations on space, size, and square footage, and layout of facility which will include a farmers market, business incubator, leasable kitchen, outdoor entertainment/food space, and a satellite location for the local food bank. This is an ongoing project with the team consisting of the City of Brownsville Mayor, Commissioners, City Manager, Food Bank, and end users.

Acer Access and Development Program (Farm Bill-Authorized, Annually Appropriated)
Current Activities

The Acer Access and Development Program was authorized by section 12306 of the Agricultural Act of 2014 (Public Law 113-79) and amended under section 12501 of the Agriculture Improvement Act of 2018 (Public Law 115-334) (7 U.S.C. §1632c). The Act provides grant funds for States, Tribal governments, and research institutions for the purposes of market development and promotion projects that improve consumer, producer, and landowner awareness and understanding of the American maple syrup and maple-sap industry and related products and production.

Selected Examples of Recent Progress

In FY 2019, AMS received 17 applications requesting almost \$8 million. AMS awarded almost \$3.6 million to 8 projects in September 2019. Applications were reviewed by external peer reviewers, who evaluated the applications based on criteria published in the Request for Applications. This review served as the basis for establishing 3-year grant agreements with the highest-ranking applicants. Information on the amounts awarded and the projects funded is available on <https://www.ams.usda.gov/acer>.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by analyzing financial and performance reports, requiring source documentation for payment requests, and by providing technical assistance for grant recipients.

In FY 2019, AMS managed nine Acer grant agreements amounting to almost \$4 million that consisted of grants awarded from FY 2017 to FY 2018.

An example is a project where the maple industry is using several new practices and equipment improvements to increase sap yield. The University of Vermont (UVM) used FY 2017 funds to identify new maple tapping practices to increase and maintain yields and production given changing seasonal conditions. UVM worked with its partners to conduct outreach to the maple industry. In cooperation with other maple researchers and Extension professionals, the project continues to add content to the site. Project staff conducted 73 presentations in 2018 for maple producer groups in 6 U.S. States and 1 Canadian Province. In addition, the grantee prepared and published 16 maple industry publications in 2018. This project is expected to be completed by FY 2020.

Another example is Cornell University, which sought to increase producer knowledge and adoption of improved technologies and processes in each of these focus areas through a three-part educational outreach effort including extension through workshops, maple schools, the publication of technical guidelines in print and digital formats, and the development of online, multimedia resources, all conducted in collaboration with maple programs in Ohio and Pennsylvania. This project is expected to be completed by FY 2021.

Dairy Business Innovation Initiatives (DBI) (Farm Bill-Authorized, Annually Appropriated)
Current Activities

The Dairy Business Innovation Initiatives program was authorized by section 204(b) of the Agricultural Marketing Act of 1946 as supplemented by section 12513 of the Agriculture Improvement Act of 2018 (Public Law 115-334, 7 U.S.C. § 1632d). DBI Initiatives support dairy businesses in the development, production, marketing and distribution of dairy products. DBI Initiatives provide direct technical assistance and grants to dairy businesses, including niche dairy products, such as specialty cheese, or dairy products derived from the milk of a dairy animal, including cow, sheep and goat milk.

These initiatives specifically focus on:

- Diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products.
- Promoting business development that diversifies farmer income through processing and marketing innovation.
- Encouraging the use of regional milk production.

Selected Examples of Recent Progress

In September 2019, AMS awarded DBI grants through three Initiatives in equal amounts totaling approximately \$1.36 million. The Initiatives have up to 3 years to complete their projects. Entities will be expected to submit subsequent applications during their tenure as a host Initiative for each fiscal year that the DBI Initiatives is appropriated funds.

Initiative 1: The University of Tennessee will provide educational opportunities to help participants manage financial risk by evaluating opportunities to develop and market value-added dairy products. Value-Added Dairy Processing Workshops will also be hosted to teach dairy producers and dairy businesses about pasteurization, equipment, food manufacturing, food safety, regulations and related topics. A competitive subaward program for dairy businesses will be conducted and project staff will invite college seniors to create and present concepts for innovative products to dairy producers through three Product Innovation Projects.

Initiative 2: The Vermont Agency of Agriculture, Food, and Markets will address pressing concerns for small farmers and processors across the New England region: consumer relevancy, increased consumption through diversified markets, food safety, business viability, and development of a resilient supply chain. With rural economies in the area reliant on a prosperous dairy industry, Vermont and New England are poised to be the national leaders in small scale dairy farming generating innovative, replicable, and scale-sensitive outcomes that will be shared across the Nation.

Initiative 3: The University of Wisconsin will create a formal, regional Initiative that will bring together the diverse expertise needed to drive significant growth to the regional dairy industry. The Initiative will provide direct technical assistance through workshops and grants that meet the themes of improving on-farm diversification, creation of value-added products and increasing dairy exports.

Information on the amounts awarded and the Initiatives funded is available at <http://www.ams.usda.gov/dbi>.

AMS will ensure that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports and select source documentation for payment requests, and providing remote and on-site technical assistance for grant recipients.

Packers and Stockyards Program

Current Activities

The Packers and Stockyards Division (PSD) is responsible for administering the Packers and Stockyards Act of 1921 (P&S Act). The P&S Act promotes fair business practices and competitive market environments and prohibits unfair, deceptive, and fraudulent practices by market agencies, livestock dealers, packers, swine contractors, and live poultry dealers in the livestock, poultry, and certain meatpacking industries. PSD's work protects consumers and members of the livestock, meat, and poultry industries. The P&S Act affords livestock sellers and poultry growers with specified financial protections. By assuring fair competition and payment protection, PSD helps sustain the economic viability of U.S. meat production.

Selected Examples of Recent Progress

PSD conducts two broad types of activities – regulatory and investigative. Investigations are conducted when there is reason to believe a violation of the P&S Act is occurring or has occurred. Regulatory activities are monitoring activities that determine if a regulated entity is complying with the P&S Act, and result in the correction of identified deficiencies.

Investigations under the P&S Act are grouped into three broad categories: competition, financial, or trade practice violations. Competition violations often involve preferential treatment or restriction of competition, such as through apportionment of territory. Examples of financial violations include misuse of custodial accounts, failure to pay, and failure to pay when due. Examples of trade practice violations include offenses such as unfair or deceptive practices, failure to register properly, tariff misrepresentation, and misuse of scales and improper weighing practices, including any location where scales are used to weigh feed when feed is a factor affecting payment to livestock producers or poultry growers. PSD further divides the cases by either livestock or poultry.

In FY 2019, PSD opened 2,045 investigations. Most investigative work focused on the livestock sector, with financial investigations accounting for more than 58 percent of the total and trade practices investigations comprising about 37 percent. Competition investigations and all poultry investigations covered the remaining 5 percent of investigative work.

PSD closed 1,645 investigations without referral to the Office of the General Counsel (OGC). Custodial account related investigations recoveries or shortage corrections totaled just under \$4 million. Of the investigations closed in 2019, 71 cases were referred to Headquarters, 328 closed with informal compliance, about 112 resulted in Notices of Violations, and the remaining had no action or no violation. PSD Headquarters stipulated 27 cases and received penalty payments totaling \$75,775. PSD closed 39 investigations after referral to OGC, including 1 that had been referred further to the Department of Justice (DOJ). From the cases referred to OGC and DOJ, respondent entities were ordered to pay a total of \$537,131 in civil penalties.

Investigations Opened / Closed in Regional Offices during FY 2019

	Competition	Financial	Trade Practices	Totals
Opened	8	677	758	1,443
Closed	10	1013	753	1,776

Program Evaluations

PSD measures overall performance by reviewing targeted operations at randomly selected entities. PSD calculates the percent of regulated entities in compliance by using random samples designed to provide an estimate with a 90-percent confidence level for the estimated population. The performance measure encompasses activities that directly or indirectly influence compliance. PSD’s overall performance rate is a composite index of five program-

wide audit and inspection activities. In FY 2019, the index included: 1) poultry contract compliance and prompt payments for poultry; 2) financial audits of custodial accounts; 3) financial reviews of prompt payments for livestock; 4) inspection of scales and weighing practices at markets, dealers, and live poultry dealers; and 5) inspection of all dynamic scale systems and a random sample of scales, trolleys and weighing practices at packing plants that purchase more than 1,000 head of livestock per year.

Compliance – In FY 2019, the industry compliance rate decreased to 84.5 percent from 89.3 percent in FY 2018. Even though the compliance rate decreased, to put in perspective, the 2018 rate was the highest in the last 10 years and the 2019 rate was the third highest. Inspection of scales and weighing practices at markets, dealers, and live poultry dealers had the highest compliance at 100 percent while audits of custodial accounts had the lowest compliance at 69.7 percent. In reviewing poultry contracts, PSD agents determine whether contracts properly disclose information required by the P&S Act and whether poultry dealers pay for poultry or poultry grower services within the time required by the Act. PSD works with live poultry dealers to ensure that their contracts with growers comply with the P&S Act and regulations. Poultry contract reviews have revealed lower levels of compliance than other performance measures over the years, but in FY 2019, the compliance rate was 77.5 percent. The compliance rate for packer scales inspection rate increased to 91.3 percent from 85.6 in the prior year. Compliance in prompt payments for livestock also increased to 91.0 percent from 88.5 percent in the prior year. Scales and weighing practices for dealers, markets and feed mills remained at 100 percent for FY 2019, an improvement from 89.6 percent in FY 2017. In FY 2019, PSD realized an 84.5 percent level of industry compliance, exceeding its goal of 84 percent compliance.

Grain Regulatory Program

Current Activities

Quality Management: In order to improve quality management practices, FGIS redesigned and implemented a comprehensive Quality Management Program (QMP). This program combines the assets of the universally recognized ISO Quality Management Systems with the needs of FGIS. The redesign included: the development of a program standard, templates and tools, implementation plan, gap analysis report and training plan. Recognizing the need for education in the principles of quality management, FGIS designed and delivered training to Official Service Providers (OSP) in both the fundamentals of quality management and the new QMP. More than 85% of our OSP's attended the training, including 100% of our field offices.

Using Technology to Improve Safety and Service: To reduce hazardous duties for grain inspection personnel due to heights of carriers and outdoor elements like rain, wind, and ice, FGIS conducted a pilot program to study the feasibility for using cameras to conduct exams on river barges. FGIS worked with an Official Agency and industry stakeholders to develop standards and an approval process that was as good as or better than an in-person visual exam. FGIS also worked with buyers and sellers of grain barges to ensure any quality concerns were mitigated

and the integrity of the system was maintained or improved. The option to utilize cameras to conduct stowage exams on river barges was implemented nationally in 2019. This method will help prevent injuries and improve timeliness of service.

Grain Standards: FGIS maintains the grain standards used to market U.S. grain. All the standards are opened for review on a rotation basis for stakeholders to weigh in if any adjustments are needed. In 2019, the reviews of Soybeans and Corn standards were completed with no changes requested by stakeholders.

Program Evaluations

FGIS began monitoring certificate accuracy in FY 2016, through a comprehensive review of certificates issued by FGIS, designated State and private agencies, and delegated States. An accurate certificate is defined as correctly stating the U.S. grade without any errors relating to grade, factor level determinations, remarks, and spelling. In FY 2019, FGIS certificate accuracy was 98.0 percent.

Warehouse and Commodity Management

Current Activities

AMS' Warehouse and Commodity Management Division (WCMD) supports the agricultural community through a variety of programs which are essential to promoting agricultural production and food security. Via legislation provided in the U.S. Warehouse Act of 1916 (USWA) and certain provisions of the Commodity Credit Corporation (CCC) Charter Act of 1933, WCMD's mission is to oversee the formulation of national policies and procedures to administer a nationwide warehousing system, establish posted county prices for major farm program commodities, and manage CCC commodity inventories and cotton economic assistance programs. WCMD fosters fair trade practices by strengthening internal controls, operating a price management system, and providing reliable protections for producers storing products in USWA-licensed or CCC-approved warehouses.

WCMD's functions include acquiring, bartering, selling, and managing CCC-owned inventories; routinely analyzing locations, conditions and quantity of the stocks as part of its quality assurance processes; and, establishing the Posted County Prices (PCPs). PCPs are utilized for several different functions within the Department including calculations of the County and Regional Loan Rates, Loan Deficiency Payments (LDPs), and Marketing Assistance Loans (MAL). WCMD also operates the Upland Cotton Economic Adjustment Assistance Program (EAATM) for Textile Mills, and the Special Competitive Provisions Program for Extra Long Staple (ELS) cotton.

Selected Examples of Recent Progress

CCC-owned Inventories, Storage, and Handling: In FY 2019, WCMD sold CCC inventories consisting of 28,903.95 tons of peanuts, 4,871.25 bushels of wheat and 4,065,332 pounds (8,310 bales) of cotton for a total of \$11,843,329.93 in revenue to CCC. WCMD also exchanged

243,369,520 pounds of peanuts for 36,633,600 pounds of peanut butter for CCC. At the end of FY 2019, CCC maintained 13,072.90 tons of peanuts and 7,984 bales of cotton in inventory.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2014 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2019, WCMD paid \$46.9 million to domestic users of upland cotton from CCC funding to support U.S. manufacturing infrastructure. *Extra-Long Staple (ELS) Cotton Competitiveness Program:* The ELS Program was not “triggered” during FY 2019.

Information Technology: During FY 2018/2019, WCMD funded a major information technology modernization project in which seven legacy IT systems were consolidated into a new, single-platform streamlined system in support of USDA’s IT Modernization Initiative and new USDA cyber security requirements. This includes public accessibility of licensed and other authorized storage space, enhanced inventory control applications, and more proficient delivery of statement information. On July 9, 2019, the PCPII program went live without any issues. PCPII improves and simplifies the daily process of collecting data, processing, and posting the Posted County Prices (PCP), Loan Deficiency Payment Rates (LDP), and Terminal Market Rates and Protein Premium/Discount Wheat Scales. PCPII replaced the outdated MS Access and MS Excel process.

Market Rates/Posted County Prices (PCPs): WCMD conducts extensive market research on a daily basis to value 22 commodities that are eligible under the Marketing Assistance Loan (MAL) program. Based on this market research, over 350,000 prices are calculated daily to establish PCPs. This process is directly tied to the Farm Bill and is used by other components of USDA.

Examination/Compliance Activity: In FY 2019, WCMD completed a total of 1,416 examinations at 3,500 facilities for all compliance-based programs administered by WCMD. *USWA fee-funded activity (Licensing Activities):* In FY 2019, 765 USWA licenses were in operation at 3,207 locations. AMS field employees conducted onsite examinations at USWA warehouse facilities: 2,670 grain, 161 cotton, 338 peanut, and 82 miscellaneous commodities. *CCC Storage Contract Examination:* In FY 2019, CCC had storage agreements with about 1,500 commercial warehouse operators in 6,188 locations in the U.S. for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities. Field Warehouse examiners also perform audits for other programs for warehouses at 102 grain, 224 cotton, and 65 sugar commodity facilities. During FY 2019, AMS conducted an analysis of program revenues and expenses and determined a 10-percent fee increase was necessary to meet projected costs for administering the USWA. This increase was effective for FY 2020, beginning October 1, 2019.

International Food Procurement

Current Activities

AMS Commodity Procurement Program (CPP) is responsible for coordinating the procurement of domestic agricultural products and services for distribution through international food aid programs. In FY 2019, AMS procured more than 1.9 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas, and lentils), empty bags, and other products valued at approximately \$687.5 million for food assistance programs throughout the world.

The International Food Procurement activity was transferred to AMS as a new program area in FY 2018. AMS procures foods for international food aid programs for overseas use on behalf of the Foreign Agricultural Service to meet USDA and USAID (U.S. Agency for International Development) program requirements.

Selected Examples of Recent Progress

International Food Aid Programs

Food for Peace: Title II of the Food for Peace Act: Emergency and Private Assistance Programs provides for the direct donation of U.S. agricultural commodities for emergency relief and development programs.

Food for Progress: Section 3105 of the 2008 Farm Bill provides for purchases by USDA under the Food for Progress Act of 1985, which helps developing countries and emerging democracies modernize and strengthen their agricultural sectors. U.S. agricultural commodities donated to recipient countries are sold on the local market and the proceeds are used to support agricultural, economic or infrastructure development programs.

McGovern-Dole International Food for Education and Child Nutrition Program: The McGovern-Dole International Food for Education and Child Nutrition Program helps support education, child development and food security in low-income, food-deficit countries around the globe. The program provides for the donation of U.S. agricultural commodities, as well as financial and technical assistance, to support school feeding and maternal and child nutrition projects.

Other International Activities

Pursuit and Recovery of Food Aid Losses: CPP recovered over \$1.2 million for lost and/or damaged commodities intended for needy recipients overseas. Monies recovered are redirected back to the program agency (FAS, USAID) for re-programming. For example, at the request of FAS, CPP successfully pursued debts in excess of \$600,000 for losses incurred on Food for Peace and the McGovern-Dole Food for International Education Programs.

Research and Promotion Programs

Current Activities

AMS provides administrative oversight to 21 industry-funded commodity research and promotion (checkoff) programs with over \$940 million in industry assessments. Industry

research and promotion (R&P) boards collect assessments from producers, feeders, seed stock producers, exporters, packers, importers, processors, manufacturers, and handlers. These pooled resources are used to establish, finance, and carry out a coordinated program of research, consumer information, nutrition, and promotion to improve, maintain, strengthen and develop new markets both domestically and internationally for agricultural products.

AMS' role is to oversee research and promotion boards to ensure fiscal accountability and regulatory compliance. AMS reviews and approves all commodity promotional campaigns including advertising, consumer education programs, and other promotional materials prior to their use. AMS also approves the boards' budgets and marketing plans and attends all board meetings.

Funding of R&P program activities occurs via collection of mandatory assessments from the industries they serve; there are no tax dollars involved in the establishment, operation, or oversight of the programs. R&P programs reimburse AMS for the cost of administrative oversight activities.

Selected Examples of Recent Progress

AMS Guidelines Revised: The USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs (AMS Guidelines) are designed to facilitate the application of legislative and regulatory provisions of commodity R&P acts and orders to promote consistency in AMS' oversight of all commodity R&P programs. During FY 2019, in collaboration with the R&P board representatives, each section of the AMS Guidelines was reviewed. AMS solicited comments from the 21 R&P boards and councils (boards) and received over 320 comments accounting for amendments in more than 75 percent of the AMS Guidelines. The Agency considered all comments and made changes to the AMS Guidelines to improve consistency and to strengthen oversight for the boards.

Industry Research and Promotion Activities:

Beef: The Cattlemen's Beef Promotion and Research Board (CBB) continues to use innovative ways to increase the demand for beef. CBB has implemented a new artificial intelligence tool for anyone with questions about beef. Powered by Google Artificial Intelligence, Chuck Knows Beef provides all the information found on "Beef. It's What's For Dinner" through the ease of users' computers, mobile phones, Amazon Alexa or Google Home Assistants. Users ask "Chuck" for recipe, nutrition, cooking tips, and many other beef questions. Chuck Knows Beef has had nearly 650,000 sessions. More than 250,000 beef producers are now Beef Quality Assurance certified, indicating a strong and growing commitment to raising beef responsibly. CBB is working with science education leaders writing national middle and high school level curriculums that accurately portray beef production practices with the goal of curriculum adoption into schools nationwide. An independent evaluation in 2019 of the Beef Checkoff program determined that every \$1.00 invested returns \$11.91.

Cotton: The major initiatives implemented over the past several years continue. These include sustainability, improving farm profitability, finding solutions to plastic contamination, product innovation and implementation, improving cottonseed values, and remaining connected to major potential industry innovation disrupters such as robotics and the digital marketing/supply chains.

In 2019, the Cotton R&P program hosted two major events that featured sustainability topics. The Cotton Sustainability Summit, funded through the Cotton R&P Importer Support Program, was held on April 9-11 in La Jolla, California with the purpose of providing information to industry sustainability leaders on (1) sustainability initiatives in cotton, with a focus on U.S. cotton, and (2) sustainability issues related to other fibers – notably polyester. More than 100 industry sustainability leaders from major brands/retailers attended the event. On May 22, the Great Ideas in Cotton conference was held in Hong Kong, which combined sustainability information with new product/process developments in cotton. Over 350 participants from eight countries attended the event. The two conferences, held over a 2-month period, provided a significant forum for in-depth communication on sustainability related to both cotton and other fibers.

Cotton Incorporated (CI), the Cotton R&P program's contractor, and researchers in the Southeast are developing technology for an army of small autonomous robots, often called swarm bots, that could revolutionize the way cotton is harvested, making it more efficient and profitable for U.S. growers. Robotic harvesting could dramatically improve fiber quality since bolls would be picked as soon as they open, the most optimal time. CI estimates the new technology could be field-ready within the next 10 years.

The issue of microfiber and microplastic pollution is gaining traction with those concerned about protecting the environment. Fabrics (both natural and synthetic) shed microfibers which enter into rivers, lakes, and oceans when laundered. CI conducted research showing the rapid breakdown of cotton fibers in waste water, and more research is underway to confirm their breakdown in salt and fresh water environments.

CI-funded research into the suppression of gossypol in cottonseed was reviewed by USDA-APHIS and a non-regulated status was granted for a specific type of ultra-low gossypol cottonseed (ULGCS) referred to as TAM66274. CI funded research at Texas A&M AgriLife Research of College Station on this technology because of its potential to enhance the use of protein contained in cottonseed, to enhance the value of cottonseed to producers, and to enhance the overall sustainability of cotton and cottonseed production.

Dairy Products: The Dairy R&P program continued into its third year of the *Undeniably Dairy* campaign to unite the dairy industry to help reconnect consumers with dairy products. *Undeniably Dairy* reminds consumers of all the reasons they love nutrient-rich dairy products, while showcasing the dairy community's commitment to animal care, their local communities, and the environment. The *Undeniably Dairy* videos have generated more than 163 million views

and more than 786 million total paid impressions. Since launch, more than 350 companies and organizations have engaged in the *Undeniably Dairy* campaign.

The Dairy R&P program also continued its focus on child health and wellness through its in-school program, Fuel Up to Play 60 (FUTP60), and renewed its commitment and collaboration among the dairy-created GenYOUth and the National Foundation of Fitness, Sports and Nutrition (Foundation), to boost physical activity and nutrition in schools. FUTP60 is celebrating its ten-year anniversary. It was launched in 2009 by the National Dairy Council and the National Football League (NFL), in collaboration with USDA, and is the nation's largest in-school health and wellness program with more than 73,000 participating schools.

The Dairy R&P Program continues to partner with quick service restaurants resulting in an additional consumption of 1.2 billion pounds of dairy. The Dairy R&P Program also partnered with companies such as Darigold, Shamrock, Fairlife, Kroger and others to revitalize the fluid milk category resulting in cumulative new product sales of 1.3 billion pounds of milk.

Fluid Milk: The National Fluid Milk Processor Promotion Program (MilkPEP) continued its efforts to increase the consumption of fluid milk through its Milk Life® and Built with Chocolate Milk promotional campaigns. This year's campaigns supporting white milk focused on MilkPEP's new campaign "Milk. Love what's real.", touting milk's role in real moments and milk's real nutritional benefits. This new campaign allowed consumers new ways to connect with people, so they experience milk differently and maximize milk's unique position of offering both purpose and pleasure to the consumer. MilkPEP's new brand promise for milk focused on inspiring people to savor what's real, and what really matters, as highlighted in their new television commercials and social media advertisements. Despite MilkPEP's annually decreasing budget, these efforts drove \$93.4M incremental milk gallon sales and 2.69 gallons for every marketing dollar spent. This was also the second year of the highly successful Milk It! advertising campaign, showing extraordinary kids reaching their full potential with milk and helping to remind kids to choose milk, not only because of its great taste and nutrition, but because milk helps them be their best every day. They focused on engaging kids where they spend time, mainly in school, online, and on television. MilkPEP experienced very strong participation in their kid-targeted "Mess with Your Milk" content, including over 2 million views online and strong participation in the affiliated contests, showing kids how to have fun with their milk, including edible and inedible experiments, as well as a sponsorship on the Nickelodeon's Kids Choice Sports Awards.

The Built with Chocolate Milk campaign had an exciting year with its three key program areas: Athletes, Digital Activations, and Strategic Partnerships, efficiently activating the sports, grassroots, and digital spaces to reach adult exercisers on the benefits of recovering with chocolate milk. Key athlete spokespersons featured in the television and social media campaigns included Al Horford of the Philadelphia 76'ers and 2017 US Open Champion, Sloane Stephens, with campaigns running in ESPN, Women's Health, Reddit, and more, yielding

millions of impressions, video and social views, and increasing the national percent of adult exercisers who drink chocolate milk from 9% to 11% in 2019.

Eggs: The American Egg Board (AEB) continued to encourage increased consumer demand for eggs and egg products by focusing on its iconic brand. In 2019, AEB worked with school systems and chefs across the country to emphasize the value of egg protein in our children's diets. Specifically, the Egg Board worked with the Des Moines, IA school system to introduce more egg-based meals into the breakfast and lunch items offered. In addition, the Egg Board worked with several college level culinary experts to develop new egg preparations for feeding many hungry students. New research is emerging that brings new insight into the role eggs play in the development of brain cognition in infants and aging adults. The Egg Board is using its resources to further the understanding of eggs in the nutritional profile of Americans.

Lamb: The American Lamb Board (ALB) developed and hosted their first ever Lamb Summit designed to inspire collaboration, networking, and information sharing across all segments and geographic regions of the American lamb industry. The summit brought together 200 sheep producers, feeders and packers from all over the country to Colorado State University. Outcomes from the inaugural American Lamb Summit were clear: all segments of the industry need to further improve lamb quality to keep and attract new customers and become more efficient to recapture market share from imported lamb. The ALB plans to host these education conferences every other year.

Sorghum: In 2019, the United Sorghum Checkoff Program (USCP) partnered with Corteva Agriscience to develop a new breeding system for sorghum, which should allow sorghum breeders to develop better hybrids. In August, USCP also held its third biennial Export Sorghum conference in Grapevine, Texas, where eight different countries were represented by 65 international attendees. USCP is taking innovative approaches to create and establish new opportunities to educate sorghum customers through events like Export Sorghum.

Peanuts: Raising consumer awareness of the National Institute of Allergy and Infectious Diseases (NIAID) Guidelines (Guidelines) for early introduction of peanuts to prevent peanut allergy remained a top priority for the National Peanut Board in 2019. Working with online influencers, the Peanut Board's campaign changed consumer perceptions. In fact, those exposed to the Peanut Board's campaign were twice as likely to have a positive perception of the idea of introducing peanut foods to infants. The Peanut Board also worked to reach health influencers, such as pediatricians, Women Infants and Children dietitians and nurse practitioners, with news about the Guidelines through trade advertising and conference exhibits and presentations. Since 2001, the Peanut Board has allocated more than \$24 million to food allergy research, outreach and education.

The Peanut Board continued its work toward making peanuts and peanut butter the most relevant and talked about nut among millennial consumers through its digital presence on Twitter and Instagram with its "peanut vendor" brand personae. At the same time, the Peanut

Board seized business development opportunities to introduce retailers, food service operators and other influencers to innovative peanut products and menu items through advertising, tradeshow and other outreach. The Peanut Board partnered with the Crazy Richard's nut butter company to launch frozen peanut butter protein balls as a new category for the freezer section of the grocery store.

Mangos: In 2019, the National Mango Board continued with the Go Mango! The Super Fun Superfruit campaign. This campaign taps into the unique benefits of mangos and is complemented by a new brand style guide, which depicts fun with expressive, vibrant and delicious colors inspired by bright signage authentic to mango producing regions in the Caribbean, United States, and Central and South America. The campaign focused on consumer, retail, and food service. Consumer programs focus on building awareness of mangos' availability for all seasons to encourage them to purchase more mangos, emphasizing the versatility of mangos. Two fun and personal videos from spokeswoman, Ayesha Curry, educated and inspired families to create delicious mango-centric recipes in a fun, relatable way.

With retail stores being crucial to the success of mangos, the *Super Fun* branding found its way into each aspect of the Mango Board's retail marketing; from a new bright turquoise tradeshow booth featuring a swirling mango pattern to exciting point-of-sale materials and in-store mango bins with shiny balloons, each piece of printed marketing collateral got a refresh to entice consumers to buy more mangos at the store level. The campaign invested in and made an impact on 240,000 stores and distributed 6,000 mango bins nationwide at more than 30 retailers.

Mushrooms: The Mushroom Council continues to see growth in the mushroom category – up 5 percent in volume and sales over the previous year. In 2019, according to the New York Times, "Mushrooms, the "It" Vegetable," and Pinterest named mushrooms 2019's trendiest food.

The Mushroom Council continues to use "The Blend" as their marketing centerpiece. (The Blend is a combination of meat and mushrooms.) The Mushroom Council engaged consumers in "The Blend" by creating a "Blenditarian Challenge" to get consumers to create mushroom recipes through contests. In foodservice, the Mushroom Council used "The Blend" as a beneficial plant-forward diet in various dishes at numerous colleges and universities. The Mushroom Council partnered with the James Beard Foundation for the 4th Annual "Blended Burger Project" to engage consumers to vote for their favorite blended burgers at numerous participating restaurants. Lastly, the Mushroom Council partnered with the School Nutrition Association to get schools to use more mushrooms in their meals. In the 2018-19 school year, over 1.7 million pounds of mushrooms were served. With all of this promotion of "The Blend," the Mushroom Council is seeking to register "The Blend" as a trademarked phrase to be exclusively used as a blend of meat and mushrooms.

Paper and Paper Based Packaging: The Paper and Packaging Board (Paper Board)'s 2018 analysis of consumer preference data shows the most improved measures of consumers' desire for paper since the "Paper and Packaging – How Life Unfolds" campaign launched in 2015.

2018 marked the deadline for the Paper Board to commission an independent econometric evaluation to measure the impact of the program on paper and packaging consumption. The resulting report showed the Paper Board's promotional efforts increased combined consumption by 1.7 million tons per year for 2015-2018, compared to what it would have been in the absence of the program. In other words, had there not been a Paper Board campaign, consumption would have been 2.8% lower than it was for 2015-2018.

Softwood Lumber: As of the end of 2018, the Softwood Lumber Board's (Board) third-party evaluation showed a return of \$23.11 for every industry dollar invested in the program. Since inception the Board's funded programs have increased demand for softwood lumber by more than 4.8 billion board feet.

The primary objective of the Softwood Lumber Board is to increase the demand and use of softwood lumber. The Board funds four "centers of excellence": (1) Research on wood standards conducted by the American Wood Council (AWC); (2) a communications program (Think Wood), which includes continuing education courses for architects, web and print messaging, and use of industry influencers (e.g., presentations given by known architects); (3) a construction and design program (WoodWorks) that provides technical support to architects and structural engineers about using wood; and (4) a retail program designed to increase sales of softwood lumber products in retail channels. The Board also funds research on using wood to build tall buildings.

Recently, AWC led the industry effort seeking code recognition for taller mass buildings up to 18 stories for three new types of construction in the United States. WoodWorks staff engaged with over 3,300 industry members, which created 610 new influenced projects and 310 directly influenced projects, resulting in 131.4 million board feet of consumption in 2018. In October 2019, Think Wood launched its Mobile Wood Tour. This mobile museum-quality exhibit showcases the environmental and economic benefits of the different softwood lumber products.

Hass Avocados: The Hass Avocado Promotion Research and Information Act and Order have enabled the Hass Avocado industry to invest millions of dollars in marketing campaigns that have made fresh Hass avocados a part of our pop culture. In addition, the Hass Avocado Board has funded human nutrition research with world class researchers and institutions. Through this research, the most impactful lesson the Hass Avocado Board has learned is that avocado consumption reduces the ratio of total cholesterol to HDL in the body, which is the most powerful clinical predictor of cardiovascular disease. Through accomplishments like these, the Hass Avocado Board has expanded markets in the United States and strengthened our domestic avocado industry.

Christmas Trees: The Christmas tree industry will continue for another seven years having passed their second referendum with a 75 percent participation rate with 55 percent of the industry supporting the continuation of the program. The Christmas Tree Promotion Board (Christmas Tree Board) is moving full steam ahead with their 2019 Holiday campaign. This

year, they secured a Christmas Tree segment on the nationally syndicated Kelly Clarkson Show to air in mid to late November. The Christmas Tree Board is focused on improving the future of the industry by increasing the value and demand for cut Christmas trees through promotion, research and education. They continue to support their industry by building a solid research program allocating \$212,000 towards projects for 2019. Research projects of importance this year include Phytophthora, Elongate Hemlock Scale, Spotted Lanternfly, slugs, and Twig Weevil pests. Cone formation, Virginia Pine genetics and needle loss are also topics of research proposals approved by the Christmas Tree Board.

Watermelons: In 2019, the National Watermelon Promotion Board (Watermelon Board) aimed to build confidence, trust, and emotional attachment to the story of watermelon—how and where it is grown and the people, cultures, and traditions associated with it. To help audiences understand and appreciate that high quality watermelon is available year-round, the Watermelon Board produced “Watermelon Year-Round: The Story” videos in both the U.S. and Mexico. The 2018 “Watermelon on the Go” theme housed on Watermelon.org was carried into 2019 and continued to inspire consumers with a variety of versatile, convenient recipes and how-to videos. Canada is the largest export market for US watermelons. The Watermelon Board is also working to develop sales opportunities in Japan, the U.K., and other countries.

Potatoes: Potatoes USA is continuing their What Are You Eating Campaign, designed to educate consumers on how potatoes can help fuel performance in athletic activities. The marketing campaign continues to highlight the nutritional benefits of potatoes and their impact on energy and recovery by meeting consumers where they are at live events and via media. Total potato sales increased in dollars by 2.0% while sales volume declined by (1.0)%. The increase in volume sales occurred in April 2019 through June 2019, finishing the marketing year off on a positive note. For the July 2018 – June 2019 marketing year (MY19) the value of U.S. potato imports increased 4% to \$1,420 million, however the volume declined 2% to 1,529,400 metric tons (mt).

Blueberries: The US Highbush Blueberry Council, over the past ten years, has invested almost 7 million dollars in funding health research. They currently have 11 studies in progress and funded five more studies in 2019. In May 2019, promising results of a large clinical trial were published in *The American Journal of Clinical Nutrition*. This was the largest and longest study that had evaluated the effect of blueberry consumption in men and women with metabolic syndrome. In addition to funding clinical studies, the Council also provides in-kind contributions of blueberries to studies such as the MIND Trial, which is a large clinical study that will evaluate the effect of the MIND diet on age-associated cognitive decline.

The Positively Bluetiful campaign continued to be the platform for the year-around “always-on” promotional programs focusing on online video ads, social media videos, banner ads and partnering with influencers. The campaign exceeded all performance goals with 30 million added-value impressions.

Japan and South Korea continue to be the largest export market for US Highbush Blueberries. These markets receive a focused effort to support the Council’s goal of building international demand. South East Asia is the largest emerging market. In February 2019, US highbush blueberries gained marketing access for fresh blueberries to Vietnam. It is expected to gain market access for fresh blueberries into the Philippines in the 2020 season. The Council continues to build relationships through in-country representation throughout Asia as the success of these markets supports the investment.

Honey: The National Honey Board (NHB) wrapped up National Honey Month in September by promoting honey as the “preferred all-natural sweetener”. NHB social media pages featured recipes curated by chefs and bakers all over the United States. The marketing team also partnered with Celebrity Mom and Actress Tia Mowry-Hardrict to promote honey usage. In addition to marketing campaigns, the NHB continues to host Honey Industry Summits to serve as an opportunity to bring individuals together to learn about using honey in the baking, brewing, and cooking industries. These summits continue to grow in popularity and scale. The Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order requires the NHB to allocate 5% of the total budget for Production Research. This year the Board voted to continue a production research project with Project Apis m (PAm). The mission of PAm is to “fund and direct research to enhance the health and vitality of honey bee colonies while improving crop production.” The NHB remains committed to finding ways to help beekeepers maintain the health of their bees.

Research and Promotion Program Industry Revenue
FY 2020 Estimate
(Dollars in Millions)

Commodity	Estimated Revenue
Cotton	\$93.6
Dairy	\$330.0
Fluid Milk	\$87.2
Beef	\$40.4
Lamb	\$2.2
Pork	\$83.3
Soybeans	\$103.0
Sorghum	\$5.7
Eggs	\$27.0
Blueberries	\$9.5
Christmas Trees	\$1.5
Hass Avocado	\$61.0
Honey	\$6.9

Mango	\$8.9
Mushroom	\$6.4
Paper and Packaging	\$23.0
Peanut	\$13.4
Popcorn	\$1.0
Potato	\$24.1
Softwood Lumber	\$13.8
Watermelon	\$3.4
Total	\$945.3
<p><i>Note: The boards' fiscal year coincides with the calendar year for the blueberry, cotton, dairy, egg, fluid milk, Hass avocados, honey, mangos, mushroom, paper and packaging, pork, popcorn, and softwood lumber boards. The other boards operate under different 12-month fiscal periods.</i></p>	

Auditing, Certification, Grading, Testing, and Verification Services (Fee Services)

Current Activities

AMS provides impartial services verifying that agricultural products meet specified requirements. These services are voluntary, with users paying for the cost of the requested service.

These AMS services include grading programs, under which products are evaluated according to U.S. standards for classes and grades. AMS also offers audit-based assessment programs in response to the industry's growing need for independent analysis of products and processes to facilitate the marketing of agricultural products. The agency's laboratory services provide analytical testing to AMS commodity purchase programs, other Federal agencies, and the agricultural and food community, to ensure products meet food safety and quality requirements.

Selected Examples of Recent Progress

Dairy Products Grading – The Dairy Grading Program continues to provide buyers and sellers with an impartial evaluation of product quality, so businesses and consumers can buy with confidence. The marketing of dairy products worldwide continues to be the on-going mission of the Dairy Grading Program.

Effective management of resources resulted in no changes to fees and charges for dairy grading services for the third consecutive year.

Fees and Charges in Effect in 2019:

<u>Services Performed</u>	<u>Fees</u>
Continuous Resident Grading Service	\$76.00 per hour
Nonresident and Intermittent Grading Service	82.00 per hour

AMS focused on efforts to improve customer service and operations of the Dairy Grading and Standards Division by reviewing and completing the National Institute of Standards and Technology (NIST) Project Gap Analysis Report in February 2019. Based on report recommendations, AMS developed an implementation plan for 18 specific initiatives, which included the development of a strategic plan and implementation of a more effective training program. New Training Program Coordinator and Training Officer positions will provide coordination and consistency in training for staff, State cooperators and industry partners, utilizing web-based programs, classroom and on-site training.

To improve services provided to customers for international market access, AMS Dairy Grading is working to improve its current systems. In FY 2019, AMS Dairy Grading Program completed an internal IT system assessment identifying enhancements needed to improve customer collaboration and awarded an IT contract to begin the identified improvements. A major enhancement to the Electronic Document Creation System (eDocs) during FY 2020 will convert all AMS dairy export certificates into one unified system. This will create efficiencies and flexibility for exporters of U.S. milk and dairy products.

In FY 2019, the Dairy Grading program issued more than 56,000 export certificates, representing a 4 percent increase over FY 2018. Export certificate requests to China during FY 2019 dropped nearly 25 percent most likely driven by retaliatory tariff impacts. In May 2019, the AMS dairy export certificate was approved for entry of dairy products into Taiwan. An agreement with Ecuador also was negotiated on the use of the AMS General Sanitary Health Certificate for importing U.S. dairy products, a new market for U.S. dairy products.

Specialty Crops Inspection – This program offers both grading and audit-based verification services for the food industry. In FY 2019, the program inspected and certified 11.8 billion pounds of processed fruit and vegetable products and 49.5 billion pounds of fresh fruits and vegetables. These inspection totals include fresh and processed fruit and vegetable items purchased for USDA’s domestic nutrition assistance programs and military combat rations to ensure the quality of the military’s food components. Grading and inspection services were provided by 543 Federal employees at 31 Federal receiving markets, 378 processing facilities, and 46 specialty crop inspection locations. AMS coordinates with the U.S. Food and Drug Administration (FDA), U.S. Customs and Border Protection, the Canadian Food Inspection Agency, and other government entities and public associations on issues related to specialty crops inspection and marketing.

National School Lunch Program Support – In FY 2019, AMS inspected 900 million pounds of fresh and processed fruit and vegetable items valued at \$1 billion for domestic feeding programs (school lunch). AMS developed and implemented vendor requirements for the new Pilot Project for the Procurement of Unprocessed Fruits and Vegetables. Mandated by the 2014 Farm Bill, FNS is running the pilot program in eight States to provide State distribution agencies with flexibility to procure unprocessed fruits and vegetables for school lunches. In FY

2019, AMS approved 28 of the 37 applications reviewed, bringing the total number of approved vendors for the program to 49. We also conducted 6 onsite audits of vendors in the program and performed 20 desk audits for domestic origin traceability.

Military Support-Combat Ration Inspection – During FY 2019, AMS coordinated the inspection of 6,702 lots, or 413 million servings, of military combat rations at 17 processing plants nationwide and in American Samoa to ensure the quality of the military’s food components. Under this program, AMS in-plant graders serve as the Department of Defense’s (DoD) quality assurance representatives, inspecting and certifying daily production at contractors’ facilities to ensure that only top-quality food components are used in DoD Operational Rations. AMS graders inspect a wide range of products for this program, including meat, poultry, tuna, and vegetarian entrees; bakery items; peanut, fruit, and cheese spreads; and, beverage powders, including those used for fruit-flavored drinks, protein drink mixes, and flavored coffees. These items are used in a variety of DoD Operational Rations for both combat and training purposes, including Meals, Ready-to-Eat (MRE), considered the DoD’s essential combat ration. AMS also coordinates with DoD to review food specifications for ration production and inspection, and participates in projects to improve rations and reduce costs, including by ensuring packaging integrity, enhancing product shelf life, and streamlining inspections.

Specialty Crops Third Party Verification Audits – AMS conducts independent, third-party verification audits throughout the supply distribution chain for primary producers, food service and retail organizations, processors, and State and Federal government agencies. These audits are generally used to meet commercial or government contractual requirements as a condition of sale and address quality, food safety, sanitation or traceability of products. The Good Agricultural Practices (GAP) program is an example of these services.

The USDA Good Agricultural Practices (GAP) Audit Program – The GAP Program enhances participants’ ability to conform to generally recognized “best practices” outlined in the FDA Guide to Minimize Microbial Hazards of Fresh Fruit and Vegetables that minimize the risk of food safety hazards contaminating fruits, vegetables, and other specialty products during the production, harvesting, packing, transportation and storage of the product. In 2019, AMS and its licensed auditors conducted more than 3,700 food safety audits on more than 100 different commodities in all 50 States, Puerto Rico, and Canada.

In addition to the on-farm food safety/GAP audits, AMS conducted:

- 450 Food Defense surveys in support of USDA food purchases. The surveys verify the measures that operators of food establishments take to minimize the risk of intentional tampering or contamination of food.
- 19 Department of Defense/Defense Logistics Agency (DLA) prime vendor audits, which assess the quality of fresh and processed fruits and vegetables supplied by DLA vendors, and may include surveys of facility compliance with DLA contract requirements.
- 40 Domestic Origin Verification audits at facilities to confirm products supplied for

USDA food purchases were of domestic origin.

- 6 Unprocessed Fruit and Vegetable Pilot vendor audits.
- 7 Plant Systems audits to assess an operation’s quality assurance system.
- 2 Identity Preservation audits to assess a marketing claim about a unique characteristic of a product.
- Audits at one facility that produces Ready-to-Use Therapeutic Food and at one facility that produces fortified cereal products on behalf of the U.S. Agency for International Development. This food is provided to UNICEF and the World Food Program for distribution to malnourished children from 6 months to 5 years of age.
- Reviewed for approval 1,125 label applications under the Child Nutrition (CN) Labeling program, which is managed by AMS; conducted outreach; and provided training to CN manufacturers and school food service professionals on program and procedures.

AMS has begun work to develop a new automated business platform for specialty crops inspections and audits. The new system will replace existing legacy systems and other feeder programs.

Fees and Charges in Effect for Processed Fruit and Vegetable Grading in 2019:

<u>Service Performed</u>	<u>Fees</u>
Lot Inspections	\$75.00 per hour
In-plant Inspection under Annual Contract	72.00 per hour
Additional Graders (in-plant) or Less than Year-Round	83.00 per hour
Audit Services	108.00 per hour

Fees and Charges in Effect for Fresh Fruit and Vegetable Grading in 2019:

<u>Service Performed</u>	<u>Fees</u>
Quality and Condition Inspections for Whole Lots	\$191.00 per lot
Condition-Only Inspections for Whole Lots	159.00 per lot
Inspections for Additional Lots of the Same Product	87.00 per lot
Inspections for All Hourly Work	85.00 per hour
Audit Services	108.00 per hour

Livestock and Poultry Program Audit Services--AMS provides a variety of audit-based verification services for livestock, meat, poultry, and other agricultural industries, utilizing a team of 18 highly-qualified auditors. Demand for this service continues to grow. In FY 2019, AMS conducted 2,100 audits for 900 firms and received 185 new service requests representing a 15% increase in request for services over the year prior.

USDA Process Verified Program: Built upon the International Organization for Standardization (ISO) 9001 Quality Management Systems Standard, the USDA Process Verified Program (PVP) allows companies to develop their own standards and marketing claims regarding products and production practices that are then meticulously verified by USDA auditors. Transparency being a cornerstone of the program, approved USDA PVPs are detailed on the AMS website, and companies must maintain their standard(s) on a public forum, such as their website. In FY

2019, AMS audited 150 PVPs covering a wide variety of claims. Production claims (e.g., grass-fed beef cattle, poultry raised without antibiotics) continue to be a focus area for USDA PVP utilization, as are systems related to traceability and source verification, as consumer demands for these claims continue to grow. The variety of products covered by USDA PVPs is diversifying, from pork, poultry (chicken and turkey), beef, veal and lamb, to grains, feed, and feed ingredients. Additionally, FY 2019 saw the approval of the first USDA PVP for a honey traceability program.

Export Verification: AMS facilitates the international marketing of domestic livestock products through its audit-based Export Verification (EV) Program, which bridges the gap between what FSIS can attest to (wholesomeness, safety) and what an importing country may require (e.g., production practices, age or source requirements). AMS EV audits verify that these processes are followed throughout the entire supply chain and that only eligible products are exported. AMS conducts approximately 600 EV audits per year.

In FY 2019, AMS – along with other USDA agencies – demonstrated the robustness of these export-facing systems to other countries to assure continued access. For example, AMS assisted in Australia’s audit of the U.S. beef industry that helped expand exports of U.S. beef to this market and demonstrated its audit protocol to a delegation from Japan, which supported a revised trade agreement and a less-burdensome EV program for U.S. beef processors. The revised EV program requirements increased the eligible beef supply for the Japanese market by more than 7 percent, and AMS subsequently approved 15 new beef suppliers for the new program.

USDA Commodity Purchasing: AMS audit services support USDA’s purchases for domestic nutrition assistance programs in several ways—from determination of technical eligibility of potential suppliers to post-award contract compliance verification through routine audits. Among the highlights for the fiscal year, AMS approved 50 new facilities to supply domestic pork products for the Department’s Food Purchase and Distribution Program commodity purchases and completed 200 audits of both new and existing vendors under contract for those pork purchases.

FY 2019 AMS Audit Rates:

<u>Service Performed</u>	<u>Fee</u>
Audits	\$108.00 per hour

Livestock and Poultry Program Meat Grading Service: In FY 2019, AMS provided grading services to 216 meat packing and processing plants, including the addition of 25 new companies requesting grading service. A total of 21.2 billion pounds of beef, 71.6 million pounds of lamb, and 19.7 million pounds of veal/calf products were graded using USDA quality standards (e.g., Prime, Choice, Select) or evaluated against various company or trade-developed specifications. Roughly 96 percent of beef steers/heifers, 55 percent of lamb, and 27 percent of veal commercially slaughtered in the U.S. was voluntarily graded. Additionally, AMS certified

approximately 8.1 billion pounds of beef, lamb, and veal for various certified meat programs, such as the “Certified Angus Beef” program.

Use of Technology in Grading Services: In FY 2019, AMS improved the accuracy and efficiency of grading services by evaluating and expanding the use of instrument technology, including assessing current beef camera validation procedures. AMS also approved a camera for use in one lamb plant.

Regional Cattle and Carcass Correlation and Training Centers: In support of the 2018 Farm Bill, AMS established three “correlation and training centers” to provide education and training for both USDA employees and industry stakeholders on cattle market reporting, Chicago Mercantile Exchange (CME) live cattle deliveries, and official yield and quality grading of feeder cattle, fed cattle, and carcasses. The training centers were strategically placed—at West Texas A&M University in Canyon, TX, Colorado State University in Fort Collins, CO, and the U.S. Meat Animal Research Center in Clay Center, NE—to represent regional variances in U.S. cattle production.

FY 2019 Meat Grading Rates:

<u>Service Performed</u>	<u>Fees</u>
Meat Grading- Scheduled Grading	\$74.00 per hour
Meat Grading- Unscheduled Grading	\$99.00 per hour

Poultry and Shell Egg Grading Services: During FY 2019, AMS graded 6.5 billion pounds of poultry and 3.0 billion dozen shell eggs, at 556 poultry and shell egg plants across the U.S. AMS received new requests for service from 93 poultry and shell egg grading companies in FY 2019; grading services covered about 28 percent of the turkeys slaughtered, 20 percent of the broilers slaughtered, and 55 percent of the shell eggs produced in the United States. AMS issued export certificates for over 127.6 million dozen shell eggs, assuring foreign buyers that their requirements for product quality are met. Further supporting U.S. exports, AMS collaborated with other USDA agencies to gain shell egg market access to Honduras, Guatemala, and Israel.

FY 2019 Poultry and Egg Grading Rates:

<u>Service Performed</u>	<u>Fees</u>
Poultry/Egg Grading- Scheduled	\$52.00 per hour*
Poultry/Egg Grading- Unscheduled	\$90.00 per hour

*Note: Administrative charges were applied in addition to hourly rates for scheduled service.

Administrative Updates and Billing System Improvements: AMS published a final rule in September 2019 that standardized billing rules and terms and aligned program requirements stated in three separate regulations governing meat, shell egg, and poultry grading services (7 CFR parts 54, 56, and 70, respectively). The final rule took effect October 1, 2019. A significant update was

removal of the administrative volume charge for poultry grading service, a change that dovetailed with AMS signing new agreements with all 25 cooperating State agencies who provide poultry and shell egg grading services on USDA’s behalf. In combination, these actions addressed an inadequate cost-recovery mechanism that prevented an estimated \$800,000 annual loss from the fee (trust) account.

AMS improved functionality of meat and poultry service records by launching a new billing system in November 2018. The new system, ABI, merged the capabilities of two separate legacy systems and implemented process improvements based on nationwide user feedback and suggestions. The new system reduced the need to double-enter approximately 6,640 hours of cross-utilization work between the two services for 61 staff. With other efficiencies, the new system realized a savings of 530 hours annually.

Cotton Grading: AMS classed 20.4 million bales of cotton under the grower-classing program in FY 2019, with all cotton classed by the High-Volume Instrument (HVI) method. This represents a 12.88 percent decrease from the FY 2018 level of 20.4 million samples submitted. Classing information is provided electronically to owners of the cotton. In FY 2019, the Cotton Program disseminated classing data for over 60 million bales, a 10 percent decrease from FY 2018. This data represents multiple crop years or multiple requests for the same bale.

Cotton Futures Certification: AMS provided classification/certification services on 283,017 bales of cotton submitted for futures certification during 2019. This futures certification total was a 21.8 percent increase as compared to FY 2018 when certification services were provided on 232,330 samples.

Fees and Charges in Effect in 2019:

<u>Service Performed</u>	<u>Fees</u>
Form 1 Grading Services or Review	\$2.30 per bale <i>a/</i>
Form A, Form C, Form D	2.30 per bale
Certification of Futures Contract (grading)	4.25 per bale
Foreign Growth	6.00 per bale

a/ A discount of five cents per bale is awarded to producers who are billed through voluntary central agents (e.g., cotton gins and warehouses).

Tobacco Grading: During FY 2019, AMS graded 5.3 million kilograms of imported tobacco and 5.9 million pounds of domestic tobacco for exporting. Cotton and Tobacco Program performed sampling for pesticide testing on 12.0 million kilograms of tobacco to ensure that pesticide residue levels are within acceptable tolerance. In addition, 14.7 million pounds of tobacco were graded under a Memorandum of Understanding with USDA’s Risk Management Agency (RMA), a decrease of 80.3 percent from FY 2018. RMA provides producers with crop insurance services. Cotton and Tobacco Program provides RMA and the producer with a quality grade, which is used by RMA to assign a crop insurance rate and value to the crop.

Fees and Charges in Effect in 2019:

<u>Service Performed</u>	<u>Fees</u>
Domestic Permissive Inspection & Certification	\$55.00 per hour
Export Permissive Inspection & Certification	0.0025 per lb
Grading for Risk Management Agency	0.015 per lb
Pesticide Retest Sampling hour	115.00 per sample/55.00 per hour
Import Inspection and Certification	0.0170 per kg or .0080 per lb

Voluntary Seed Testing: AMS offers seed inspection and certification services to users for a fee. Most of the users of this service are seed exporters. During FY 2019, AMS tested 5,360 samples and issued 1097 Seed Analysis Certificates. Most of the samples tested and certificates issued represent seed scheduled for export. Fees collected for these activities in 2019 totaled \$411 thousands.

Fees and Charges in Effect in 2019:

<u>Service Performed</u>	<u>Fees</u>
Laboratory Testing	\$58.00 per hour
Administrative Fee	14.50 per certificate

Administration of Organization for Economic Cooperation and Development (OECD) Seed Schemes: AMS is responsible for the administration of U.S. participation in the OECD Seed Schemes, an international program through which seed companies export seed certified for varietal purity. AMS collects a fee to operate the program that is based on the amount of seed shipped. During FY 2019, AMS approved the shipment of approximately 152 million pounds of seed.

AMS Laboratory Approval and Testing Division (LATD): AMS provides lab testing and approval (audit) services to AMS commodity programs and to the agricultural community to facilitate domestic and international marketing of food and agricultural commodities. Specifically, AMS:

- Approves, or accredits, labs to perform testing services to enhance and expand market access for U.S. agricultural commodities.
- Provides scientific and market advice to federal partners to assist in negotiating and establishing export requirements and policies.
- Administers laboratory approval programs which verify that the analysis of products meets country or customer-specified requirements.
- Provides analytical testing services, via the National Science Laboratories (NSL) in the fields of chemistry, microbiology, and molecular biology on a fee-for-service basis.

The NSL's primary mission is to serve AMS commodity programs, other Federal agencies, such as the Department of Defense (DOD), academia, research institutions, and industries, with analytical testing in support of grading, commodity purchases, exports, compliance, product specifications, and research. NSL has established a high level of quality assurance and is ISO/IEC 17025:2005 accredited. NSL analyzes commodities such as food products, juice products, canned and fresh fruits and vegetables, eggs and egg products, honey, meats, milk

and dairy products, military and emergency food rations, oils, peanuts and other nuts, organic foods and products, and tobacco.

In FY 2019, the AMS NSL reported results for >500,000 analyses of various agricultural commodities, many of which were tested for multiple analyses. The NSL provided analytical testing services to other Federal programs, including DOD, NOP, ARS, and APHIS as well as private customers. During the year, AMS continued to expand its adulteration and additive testing section. AMS added test methods to expand the juice testing profile and collaborated with a large US honey processor to develop a testing service to meet their needs.

During FY 2019, AMS administered laboratory approvals for four overarching programs: Export of Meat and Poultry, Aflatoxin Testing in Nuts, Microbiological Testing for the Federal Purchase Program, and Milk Payment Testing for Federal Milk Marketing Orders. In total, 71 labs participate in these programs. In administering these programs, AMS conducted onsite lab audits, desk audits, managed two proficiency test programs, and monitored each lab's proficiency data. AMS also expanded its service to a private company developing a new pharmaceutical, collaborating with the company to establish a quality contract and providing exemplary testing services that meet the high standards required for drug manufacturing.

Fees and Charges in Effect in 2019:

<u>Service Performed</u>	<u>Fees</u>
Laboratory Testing Services	\$98.00 per hour
Laboratory Approval Services	188.00 per hour

Plant Variety Protection Act

Current Activities

The Plant Variety Protection Act (PVPA) provides legal and intellectual property rights protection to developers of new varieties of plants that are sexually reproduced or tuber-propagated. This voluntary program is managed by the Plant Variety Protection Office (PVPO) and funded through application fees for certificates of protection. Each developer of a new variety is assessed a fee of \$5,150 to cover the cost of filing, searching, issuing, informing the public, and maintaining plant variety protection certificates.

Selected Examples of Recent Progress

More than 140 species of plants are currently protected under the PVP Act. In FY 2019, AMS received 422 applications for plant variety protection of new seed and tuber propagated agricultural and ornamental plant varieties. PVPO conducted examinations on 540 applications to determine whether the plant constituted a new variety. PVPO continues to process applications from receipt to issuance within 1.5 years or less. More than 7,900 certificates of protection are in force.

PVPO published a proposed rule to revise the PVP Regulations in the Federal Register on July 12, 2019 for a 60-day comment period. The final rule is scheduled to publish before December

20, 2019. The revisions are a result of amendments to the PVP Act from the 2018 Farm Bill, which adds asexually reproduced plant varieties to the program.

The ePVP system completed release 5 of the system to integrate the International Union for the Protection of New Varieties of Plants (UPOV) PRISMA System, provide bulk upload features for soybean applications, and add new variety characteristics search tools. The ePVP system allows customers to file new plant variety applications electronically and gives the PVPO examination staff the tools to conduct full examinations including variety distinctness searches.

Farm Bill Initiatives

Sheep Production and Marketing Grant Program (SPMGP) (Farm Bill Funded)

Current Activities

The Sheep Production and Marketing Grant Program was authorized under section 209 of the Agricultural Marketing Act of 1946, as amended by section 12102 of the Agricultural Act of 2014 (Public Law 113–79) and amended under section 12102 of the Agriculture Improvement Act of 2018 (Public Law 115–334) (7 U.S.C. 1627a). SPMGP strengthens and enhances the production and marketing of sheep and sheep products in the United States including the improvement of infrastructure, business, resource development and the development of innovative approaches to solve long-term needs.

Selected Examples of Recent Progress

In September 2019, AMS announced the awarding of one grant amounting totaling approximately \$1.9 million to the National Sheep Industry Improvement Center (NSIIC).

Over a 5-year period, the NSIIC will fund subgrants that meet the priorities established by the industry to assist its long-term needs. Each year the NSIIC will seek the most pressing needs from major segments of the industry as well as individuals and prioritize those needs. A yearly call for proposals will be published. Proposals will be reviewed and recommended by the Sheep Center Board of Directors. All subgrants established under this competitive process are then monitored by the program manager to assure that project goals are being met and that activities are on target as outlined in their proposals.

AMS will ensure that the NSIIC will fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports and source documentation for payment requests, and by providing remote and on-site technical assistance for the grant recipient.

Regional Food System Partnerships (RFSP) (Farm Bill Funded)

Current Activities

The Regional Food System Partnerships program was authorized through the Local Agriculture Market Program (LAMP) which is authorized by subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. § 1621 et seq.) as amended under section 10102 of the Agriculture Improvement

Act of 2018, Public Law 115-334 (2018 Farm Bill). RFSP supports partnerships that connect public and private resources to plan and develop local or regional food systems and encourages food economy viability and resilience.

Selected Examples of Recent Progress

In FY 2019, AMS analyzed input and advice from individuals and stakeholder organizations on aspects of RFSP grants, based on their interpretation of the program's provisions. AMS conducted further research into mechanisms and practices employed to administer other Federal and non-Federal partnerships, private philanthropic efforts funding regional food systems, and current understandings of regional food systems. AMS has carefully considered this feedback in developing the new partnership program.

AMS anticipates announcing the RFSP's Request for Applications in line with funding announcements for its other LAMP grants, the Farmers Market Promotion Program and Local Food Promotion Program. In recent years this has been in February or March. AMS anticipates similar timing in FY 2020.

Farmers Market and Local Food Promotion Program (FMLFPP) (Farm Bill Funded)

Current Activities

The Farmers Market and Local Food Promotion Program was authorized through the Local Agriculture Market Program (LAMP) which is authorized by subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. § 1621 et seq.) as amended under section 10102 of the Agriculture Improvement Act of 2018, Public Law 115-334 (2018 Farm Bill). The Act authorizes competitive grants through the Farmers Market Promotion Program (FMPP) and the Local Food Promotion Program (LFPP) to develop, coordinate, and expand local food markets across the U.S to help increase access to and availability of locally and regionally produced agricultural products. FMPP grants fund farmer-to-consumer direct marketing projects such as farmers markets, community-supported agriculture (CSA) programs, roadside stands, and agritourism. LFPP grants fund local and regional food business enterprises that serve as intermediaries to process, distribute, aggregate, and store locally or regionally produced food products.

Selected Examples of Recent Progress

In FY 2019, AMS received 394 applications requesting almost \$106 million. Specifically, FMPP received 181 requesting \$45.9 million, while LFPP received 213 requesting \$60.2 million. AMS expects to award \$23.5 million distributed evenly between the 2 programs. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluated the applications based on criteria published in the Requests for Applications. This review serves as the basis for establishing multi-year grant agreements with the highest-ranking applications. Information on the amounts awarded and the projects funded is available at <http://www.ams.usda.gov/fmpp> for FMPP and <http://www.ams.usda.gov/lfpp> for LFPP.

AMS ensures that grant recipients fulfill the purpose of the program and abide by Federal assistance laws and regulations by requiring and analyzing financial and performance reports and selected source documentation for payment requests, and by providing technical assistance for grant recipients. In FY 2019, AMS managed a total of 298 FMLFPP grant agreements (151 FMPP and 147 LFPP) amounting to almost \$80.3 million. Over the course of FY 2019, AMS closed 55 grant agreements.

Current example of projects includes the Pulaski County Sheltered Workshop in Missouri, which completed a grant agreement in FY 2019, where they formed new local partnerships to organize a CSA program and CSA Community Kitchen, offering a one stop unit for storage and distribution of CSA products from local producers. Additionally, the Trellis Growing Systems, LLC in Indiana completed a grant agreement in FY 2019 that helped commercial berry growers in Indiana and Ohio study the market's economic feasibility the possibility of establishing an Individual Quick Freeze facility. A viable business plan for processing Midwest berries was developed to aggregate, process, store and distribute value-added Midwest berry products.

Technical Assistance: AMS organized and coordinated internally and with external partners to host a pre-conference session for the National Direct Agricultural Marketing Summit on October 6, 2019. It focused efforts to bring together FMLFPP grant project coordinators to learn and engage in discussions that increase understanding of the local food industry, develop new partnerships and identify strategies to improve the performance of farms and businesses. The summit also allowed AMS to identify and share success stories and impacts resulting from the FMLFPP projects. The results of this collaborative effort to provide technical assistance are being compiled.

AMS coordinated with the North East Regional Center for Rural Development at the Pennsylvania State University (Penn State) to develop a technical assistance program for FMLFPP grant recipients. The program consisted of focused topic webinars, peer-to-peer networking, one-on-one consulting with subject matter experts and a resource website.

AMS implemented an on-site visit program to provide technical assistance for and oversight of current grant recipients. Six visits have been conducted to date, yielding greater opportunities for individual project success.

Program Evaluations: AMS in partnership with Kansas State University completed an evaluation to identify FMLFPP's impact on the local food industry, as well as to consider improvements to the Program. The evaluation specifically conducted a multi-phase evaluation of the FY 2014 grant agreements framed around specific evaluation questions and the FY 2016 program's standardized outcome measures and indicators. The 2019 evaluation results showed that for every dollar invested, an estimated \$2.67 recirculated back into the local and regional communities. Other FMLFPP identified highlights include:

- Training for nearly 8,000 individuals in business management skills and sponsoring marketing activities that promoted more than 19,000 producers.

- Training more than 7,000 people and certifying more than 3,000 in USDA’s Good Agricultural Practices (GAP), Good Handling Practices (GHP), and other best practices to improve food safety.
- Supporting nearly 1,000 new producers entering local or regional food markets, and connecting rural producers with urban markets.
- Increasing sales by more than \$30 million to more than 3 million consumers.

The full results of this evaluation were published on April 18, 2019 and are available at <https://www.k-state.edu/oeie/projects/fmlfpp.html>.

Hemp Production Program (Farm Bill-Authorized)

Current Activities

Section 12619 of Public Law 115-334 (2018 Farm Bill) amends the Controlled Substances Act to exclude industrial hemp. It allows States to regulate hemp growth and production based on State/Tribal plans, and requires USDA to promulgate Federal laws and regulations for States/Tribes without approved plans.

Selected Examples of Recent Progress

AMS has drafted regulations to meet a 2018 Farm Bill mandate to allow commercial hemp production in the United States. AMS assumed primary responsibility for establishment of the USDA Domestic Hemp Production Program to develop proposals for licensing, sampling, compliance and audit verification procedures, and secure funding for the program’s formative years. To foster public awareness and input during the regulation-drafting stage, AMS conducted a webinar that hosted 4,172 registrants from around the country, engaged with Native American Tribal representatives on multiple occasions, maintained ongoing interaction with multiple internal and external government agencies with related responsibilities, and engaged with global companies with interest in U.S. hemp production. By the end of the fiscal year, AMS had held hundreds of meetings with industry stakeholders and other Federal partners.

LIMITATION ON ADMINISTRATIVE EXPENSES (COTTON AND TOBACCO)

LEAD-OFF TABULAR STATEMENT

2020 Enacted.....	\$61,227,000
Change in Appropriation.....	<u>-245,000</u>
2021 Estimate, Current Law.....	60,982,000
Change Due to Proposed Legislation.....	<u>-</u>
2021 Request, Including Proposed Legislation.....	<u>60,982,000</u>

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Not to exceed [~~\$61,227,000~~] \$60,982,000 (from fees collected) shall be obligated during the
- 2 current fiscal year for administrative expenses: Provided, that if crop size is understated
- 3 and/or other uncontrollable events occur, the agency may exceed this limitation by up to 10
- 4 percent with notification to the Committees on Appropriations of both Houses of
- 5 Congress.

The change (line 1) delete 2020 appropriation amounts and replace it with the 2021 requests.

requesting an average of \$4 million, while awarding an average of eight applications per year at an average of \$1 million dollars.

Many States have shifted focus away from FSMIP to less competitive and more predictable grant programs such as the Specialty Crop Block Grant Program (SCBGP). States have shared that during tighter budgets and less staff, resources spent applying for other grant programs like SCBGP yield a better return on their efforts.

AMS can better support USDA goals and priorities through other resources to establish partnerships and implement projects that have more timely and targeted results. Eliminating FSMIP is expected to result in minimal impact on the States, in light of continued strong funding towards SCBGP projects.

AMS assumes that alternative grant resources will remain available to the States. No new grants funding would be awarded, but AMS will continue to administer ongoing FSMIP State grants.

2) Micro Grants for Food Security, General Provision 777. A decrease of \$5,000,000 from the FY 2020 Enacted

The budget is not requesting funding for this purpose as it was a one-time general provision.

PROPOSED LEGISLATION

Reform of Farm Bill-Funded Market Development and Expansion Programs

To increase the effectiveness and broaden the scope of grants programs funded by the 2018 Farm Bill, USDA will pursue program changes that will require recipient entities to match government grants on a dollar-for-dollar basis. For AMS, this includes grants awarded to State departments of agriculture under the Specialty Crop Block Grant Program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS**Federal-State Marketing Improvement Program**

Distribution of obligations by States is not available until projects have been selected. Projects for 2020 will be selected in the fourth quarter of 2020. Funds in 2020 for the Federal-State Marketing Improvement Program total \$1,235,000. Zero funding for the Federal-State Marketing Improvement Program is available in 2021. Dollars in thousands.

State/Territory/Country	2018 Actual	2019 Actual
Arizona	\$98	-
Colorado	137	-
Indiana	-	\$99
Kansas	-	192
Kentucky	-	99
Massachusetts	-	136
Michigan	220	125
Montana	-	79
New York	144	-
Rhode Island	51	-
Tennessee	182	156
Texas	146	-
Vermont	132	-
Virginia	-	224
Obligations	1,110	1,110
Lapsing Balances	12	-
Administrative Expenses	113	125
Total, Available	1,235	1,235

Specialty Crop Block Grants

FY 2019 funding of \$74,725,000 was provided for the annual Specialty Crop Block Grant Program pursuant to the 2014 Farm Bill (Public Law 113-79). Solicitation of grants applications was released March 7, 2019. Applications were accepted through May 24, 2019 and awarded in September 2019. This is a formula block grant program. Dollars in thousands.

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$495	\$482	\$482	577
Alaska	252	253	253	290
American Samoa	284	282	282	325
Arizona	1,501	1,564	1,564	1,559
Arkansas	351	353	353	412
California	22,678	22,988	22,988	26,243
Colorado	875	840	840	940
Connecticut	414	424	424	437
Delaware	363	360	360	407

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
District of Columbia	240	242	242	275
Florida	4,345	4,332	4,332	5,095
Georgia	1,337	1,230	1,230	1,528
Guam	243	244	244	278
Hawaii	502	581	581	581
Idaho	2,070	2,114	2,114	2,396
Illinois	692	713	713	751
Indiana	496	515	515	558
Iowa	334	343	343	384
Kansas	349	374	374	403
Kentucky	341	340	340	391
Louisiana	407	406	406	472
Maine	586	640	640	721
Maryland	498	505	505	555
Massachusetts	436	427	427	506
Michigan	2,153	2,209	2,209	2,456
Minnesota	1,397	1,366	1,366	1,626
Mississippi	441	426	426	484
Missouri	442	459	459	510
Montana	1,582	1,522	1,522	1,721
N. Mariana Islands	242	243	243	278
Nebraska	697	733	733	816
Nevada	295	298	298	340
New Hampshire	298	296	296	348
New Jersey	798	839	839	914
New Mexico	612	612	612	684
New York	1,364	1,382	1,382	1,588
North Carolina	1,293	1,337	1,337	1,487
North Dakota	3,011	2,948	2,948	3,381
Ohio	586	742	742	785
Oklahoma	631	621	621	720
Oregon	2,069	2,155	3,100	2,366
Pennsylvania	1,129	1,142	2,142	1,320
Puerto Rico	535	522	522	615
Rhode Island	277	276	276	317
South Carolina	562	544	544	645
South Dakota	327	343	343	395
Tennessee	556	535	535	663
Texas	2,100	2,108	3,108	2,248
Utah	358	335	335	405
Vermont	333	330	330	374
Virgin Islands	242	243	243	276

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Virginia	556	541	541	655
Washington	5,108	4,792	5,792	5,593
West Virginia	296	296	296	340
Wisconsin	1,426	1,377	2,377	1,608
Wyoming	353	363	363	405
Obligations	72,158	72,487	77,432	82,447
Lapsing Balances	-	5	-	-
Administrative Expenses	2,232	2,238	2,553	2,553
Total, Available	74,390	74,730	79,985	85,000

CLASSIFICATION BY OBJECTS

(dollars in thousands)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Personnel Compensation:				
	Washington D.C.	\$80	\$42	\$45	\$ -
11	Total personnel compensation	80	42	45	-
12	Personal benefits	24	12	12	-
	Total, personnel comp. and benefits	104	54	57	-
23.3	Communications, utilities, and misc. charges	7	3	3	-
25.4	Operation and maintenance of facilities	70	69	66	-
41.0	Grants, subsidies, and contributions	1,046	1,109	1,109	-
	Total, Other Objects	1,123	1,181	1,178	-
99.9	Total, new obligations	1,223	1,235	1,235	-
	Position Data:				
	Average Salary (dollars), GS Position	\$79,720	\$105,226	\$109,088	\$ -
	Average Grade, GS Position	12	13	13	-

STATUS OF PROGRAMS

Federal-State Marketing Improvement Program (FSMIP)

Current Activities

The Federal-State Marketing Improvement Program was authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)). It provides dollar-for-dollar matching funds to State departments of agriculture, State agricultural experiment stations, and other appropriate State agencies to help them explore new market opportunities for U.S. food and agricultural products, and to encourage research and innovation aimed at improving the efficiency and performance of the marketing system.

Selected Examples of Recent Progress

In FY 2019, AMS received 17 applications requesting \$2.2 million and awarded approximately \$1.1 million to support nine of those projects. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluate the applications based on criteria published in the Requests for Applications. This review serves as the basis for establishing 3-year grant agreements with the highest-ranking applications. Information on the amounts awarded and the projects funded is available on <http://www.ams.usda.gov/fsmip>.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports and selected source documentation for payment requests, and by providing technical assistance for grant recipients. In FY 2019, AMS managed a total of 36 FSMIP grant agreements amounting to almost \$4 million that consisted of grants awarded from FY 2016 to FY 2019. Over the course of FY 2019, AMS closed 6 of these grant agreements.

An example of the projects is the University of Minnesota project in FY 2019, which developed a strategic marketing plan to increase production and sales of thermally-modified wood (TMW) products from hardwood and softwood timber in the U.S. Eastern Region. Project staff identified potential professional adopters' product priorities and perceptions of TMW and competing materials by collecting data at an industry trade show and online, then analyzing the data. Current marketing practices and challenges were then observed through semi-structured interviews with current U.S. producers and distributors. The project staff then developed a strategic marketing plan. The results of this effort were communicated to industry and other stakeholders through an industry-focused summary published in an industry newsletter, a webcast, and presentations at one scientific and one industry event.

Program Evaluations: AMS has partnered with Auburn University's Auburn Center for Evaluation (ACE) to identify the impact on the agricultural industry and consider improvements to FSMIP. ACE will make recommendations by: analyzing economic impacts, identifying common project categories, suggesting performance measures, and presenting

program efficiency improvements. This evaluation was conducted throughout FY 2019, with results expected to become available by December 2019.

Specialty Crop Block Grant Program (SCBGP) (Farm Bill Funded)

Current Activities

The Specialty Crop Block Grant Program was authorized by the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note). It provides non-competitive, formula funds to the State departments of agriculture to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture).

Selected Examples of Recent Progress

In FY 2019, AMS received 56 applications from the State departments of agriculture, requesting to implement 717 projects amounting to \$724 million. Awards were made in September 2019. Funds for this program are awarded through a non-competitive process in which applications are reviewed to ensure that projects meet the purpose of the program and align with Federal assistance regulations and laws. This review serves as the basis for establishing 3-year grant agreements. Information on the amounts awarded and the projects funded is available on <http://www.ams.usda.gov/scbgp>.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports, select source documentation for payment requests, and by providing technical assistance for grant recipients. In FY 2019, AMS managed approximately 224 SCBGP grant agreements amounting to over \$258 million that implemented almost 3,000 projects that consisted of grants made from FY 2015 to FY 2018. In addition, AMS closed 54 of these grant agreements.

An example of these projects is that the Georgia Department of Agriculture completed a grant agreement in FY 2019 that enabled 14 selected projects to establish a detection network for citrus greening; increase awareness of Georgia Grown specialty crops in schools through interactive taste test kits; increase sales and income for Georgia's specialty crop producers through an educational conference and trade show; and develop innovative and sustainable pest management strategies against plum curculio for peach growers.

Performance Measures: In FY 2019, AMS entered into agreements with the National Association of State Departments of Agriculture (NASDA) Foundation and Grant Thornton to review the SCBGP's and other AMS grant programs' performance measures to identify relevant and realistic outcome measures, and harmonize these measures whenever possible to perform future program evaluations pursuant to section 10107 of the Agriculture Improvement Act of 2018 (Public Law 115-334). This effort will include: Analysis of current performance measures with effort towards improving accuracy and streamlining these into certain supportable categories; Determination of specific program metrics for each grant with a mind toward

seeking standard outcome measures and categorization; and Determination of which and how metrics can be tied into the USDA Strategic Plan and Government Performance Review Act Program Evaluations: AMS in partnership with Purdue University's Evaluation and Learning Research Center (ELRC) completed an evaluation to identify the impact on the specialty crop industry and consider improvements to the SCBGP. This evaluation reviewed FY 2013 grant agreements. Highlights from the evaluation include increased cross-state capacity of the specialty crop industry, with nearly two-thirds of States presenting or publishing research results, facilitating training or workshops, or sharing tools and technologies beyond their borders. Nearly 90% of states shared that SCBGP effectively allows them to support and sustain the marketing, research, training, or educational needs of the specialty crop industry. More than 90% of states reported positive economic impacts, including increased agricultural revenues, increased production, and creation or maintenance of small businesses. Projects researched, developed, and deployed tools and techniques to manage plant pests that cause yield loss. In fact, organizations tested over 2,000 samples, including crop areas that were highly infected with citrus greening disease. States improved specialty crop food safety and quality by funding the certification of nearly 800 individuals in USDA's Good Agricultural Practices (GAP), with one project reporting a 70% statewide increase in certified growers. Funding promoted and marketed the specialty crop industry, reaching more than 1.66 million individuals and more than 13,700 groups (primarily food industry/retail and customer) through workshops and print or online marketing. The full results of this evaluation were published on December 7, 2018 and are available at <https://stemedhub.org/publications/3/3>.

Specialty Crop Multi-State Program (SCMP) (Farm Bill Funded)

Current Activities

The Specialty Crop Multi-State Program (SCMP) was authorized by the Specialty Crop Competitiveness Act of 2004 (7 U.S.C. 1621 note), as amended by the Agriculture Improvement Act of 2018 (Public Law 115-334). It provides funds to State departments of agriculture and entities in non-participating states to enhance the competitiveness of specialty crops by funding collaborative, multi-state projects that address regional or national level specialty crop issues. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture). SCMP grants are funded from a portion of the SCBGP funds, which remain available until expended.

Selected Examples of Recent Progress

In FY 2019, SCMP published a Request for Applications to award \$10 million for eligible entities and their multi-state partners to help develop solutions to problems affecting the specialty crop industry across State boundaries. AMS received 56 applications requesting almost \$39 million, which are actively being reviewed. Funds for this program are awarded through a competitive process in which applications are reviewed by external peer reviewers, who evaluate the applications based on criteria published in the Requests for Applications. This review serves as

the basis for establishing multi-year grant agreements with the highest-ranking applications. AMS anticipates making awards in Spring of 2020. Information on the previous amounts awarded and the projects funded is available on <http://www.ams.usda.gov/scmp>.

AMS ensures that recipients fulfill the purpose of the program and abide by Federal assistance regulations and laws by requiring and analyzing financial and performance reports, select source documentation for payment requests, and by providing technical assistance for grant recipients. In FY 2019, AMS managed a total of 15 SCMP grant agreements funded at approximately \$9.7 million that consisted of grants awarded from FY 2016 to FY 2018.

The Texas Department of Agriculture partnered with Texas A&M University and the University of California at Davis to develop spinach varieties that more efficiently use nitrogen. To date, project staff have conducted Genome-wide association analysis, field experiments, and some research focusing on antimicrobial activities of spinach extracts and derivatives against human foodborne pathogens. An outreach plan will focus on disseminating research outcomes and providing information to spinach breeders, extension agents, and specialists to incorporate identified traits into new spinach varieties, explain new advances in technology to efficiently use nitrogen and improved spinach cultivars, and emphasize the importance of these new traits with regard to farming practices, product development and enhancement, and market acceptance. This project is expected to be completed by FY 2021.

ACCOUNT 3: LIMITATION ON FEE FUNDED INSPECTION AND WEIGHING, AND EXAMINATION SERVICES

LEAD-OFF TABULAR STATEMENT

2020 Enacted.....	\$55,000,000
Change in Appropriation.....	-
2021 Estimate, Current Law.....	55,000,000
Change Due to Proposed Legislation.....	-
2021 Request, Including Proposed Legislation.....	55,000,000

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted language enclosed in brackets):

- 1 Not to exceed \$55,000,000 (from fees collected) shall be obligated during the current fiscal
- 2 year for inspection and weighing services: Provided, That if grain export activities require
- 3 additional supervision and oversight, or other uncontrollable factors occur, this limitation
- 4 may be exceeded up to 10 percent with notification to the Committees of Appropriation of
- 5 both Houses of Congress.

PROJECT STATEMENT

(Dollars in Thousands)

Program/Activity	2018		2019		2020		2021		Change from	
	Actual		Actual		Enacted		Budget Request		2020 Enacted	
	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>	<u>B.A.</u>	<u>SY</u>
Mandatory Appropriations:										
Inspection and Weighing.....	45,758	381	40,730	351	55,000	421	55,000	421	-	-
Subtotal, Mandatory Appropriations.....	45,758	381	40,730	351	55,000	421	55,000	421	-	-
Carryover from Prior Years:										
Inspection and Weighing.....	37,093	-	33,162	-	25,857	-	23,276	-	-	-
Sequestration return.....	3,014	-	2,904	-	-	-	-	-	-	-
Sequestration	-2,904	-	-2,996	-	-2,581	-	-	-	2,581	-
Recoveries, Other	725	-	2,773	-	-	-	-	-	-	-
Total Available.....	83,686	381	76,574	351	78,276	421	78,276	421	-	-
Balances, Available End of Year.....	-33,162		-25,857		-23,276		-23,276		-	-
Total Obligations	\$50,523	381	\$50,717	351	\$55,000	421	\$55,000	421	-	-

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

((dollars in thousands; staff year (SY))

State/Territory/ Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Arkansas	403	27	2,342	24	403	22	608	22
District of Columbia	15,113	65	13,117	13	17,113	57	16,244	57
Illinois	-	-	238	1	238	1	238	1
Louisiana	20,684	150	20,307	188	22,684	154	22,642	154
Missouri	1,316	18	1,638	14	1,793	67	1,230	67
North Dakota	682	13	652	7	682	11	658	11
Ohio	2,039	15	2,177	20	2,039	19	2,536	19
Oregon	3,176	36	2,759	25	3,176	31	3,621	31
Texas	7,110	57	7,338	58	7,110	58	7,461	58
Washington	-	-	148	1	148	1	148	1
Obligations	50,523	381	50,716	351	55,000	421	55,000	421
Total, Available	50,523	381	50,716	351	55,000	421	55,000	421

CLASSIFICATION BY OBJECTS

(dollars in thousands)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Personnel Compensation:				
	Washington D.C.	\$9,598	\$9,351	\$6,311	\$5,870
	Personnel Compensation, Field	21,465	18,681	29,242	28,543
11	Total personnel compensation	31,063	28,032	35,553	34,413
12	Personal benefits	9,716	8,607	4,886	5,124
13.0	Benefits for former personnel	24	67	15	15
	Total, personnel comp. and benefits	40,803	36,706	40,454	39,552
	Other Objects:				
21.0	Travel and transportation of persons	1,085	1,020	1,589	1,874
22.0	Transportation of things	15	-	243	244
23.1	Rental payments to GSA	318	-	70	70
23.2	Rental payments to others	502	487	165	165
23.3	Communications, utilities, and misc. charges	421	550	596	653
24.0	Printing and reproduction	27	88	158	159
25.2	Other services from non-Federal sources	999	-	5,005	7,500
25.3	Other goods and services from Federal sources	4,474	292	1,000	1,000
25.4	Operation and maintenance of facilities	1	11,060	1,000	1,200
25.7	Operation and maintenance of equipment	206	-	1,930	1,020
25.8	Subsistence and support of persons	50	-	50	50
26.0	Supplies and materials	588	512	660	683
31.0	Equipment	1,081	-	2,013	800
41.0	Grants, subsidies, and contributions	2	2	67	30
	Total, Other Objects	9,769	14,011	14,546	15,448
99.9	Total, new obligations	50,523	50,717	55,000	55,000
	Position Data:				
	Average Salary (dollars), ES Position	\$167,799	\$184,152	\$184,152	\$184,152
	Average Salary (dollars), GS Position	\$47,518	\$45,393	\$45,393	\$45,393
	Average Grade, GS Position	7.0	9.0	9.0	9.0

STATUS OF PROGRAMS

Federal Grain Inspection Service

Current Activities

Federal Grain Inspection Service (FGIS) provides inspection and weighing services authorized under both the U.S. Grain Standards Act (USGSA) and the Agricultural Marketing Act (AMA). The USGSA requires the mandatory inspection and weighing of grain at export ports by FGIS personnel or delegated State agency personnel, and the permissive inspection and weighing of grain at domestic locations by designated State and private agency personnel. The USGSA also requires FGIS personnel to supervise all grain official inspection and weighing activities. Under the AMA, FGIS performs inspections of rice and related commodities on a voluntary request basis.

Selected Examples of Recent Progress

In FY 2019, FGIS conducted 3.1 million official inspections of grain resulting in 289.7 million metric tons (MMT) of standardized grain officially inspected. This total includes grains for which FGIS maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.

Standardized Grain Officially Inspected	Quantity in MMT 2019	Percentage of Total
Domestic	170.1	58.8
Export by FGIS	69.9	24.1
by Delegated States	32.8	11.3
by Designated Agencies	16.9	5.8
Total	289.7	100.0

ACCOUNT 4: PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

LEAD-OFF TABULAR STATEMENT

2020 Enacted.....	\$10,896,000
Change in Appropriation.....	39,000
2021 Estimate, Current Law.....	10,935,000
Change Due to Proposed Legislation.....	-
2021 Request, Including Proposed Legislation.....	10,935,000

PROJECT STATEMENT

(Dollars in Thousands)

Program/Activity	2018		2019		2020		2021		Change from	
	Actual		Actual		Enacted		Budget Request		2020 Enacted	
	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY
Mandatory Appropriations:										
PACA.....	11,188	59	11,443	56	10,896	69	10,935	69	39	-
Subtotal, Mandatory Appropriations.....	11,188	59	11,443	56	10,896	69	10,935	69	39	-
Sequestration	719		699		665				-665	-
Total Available.....	11,907	59	12,142	56	11,561	69	10,935	69	-626	-
Sequestration	-699		-665		-642		-	-	-	-
Recoveries, Other	299		291		-		-	-	-	-
Bal. Available, SOY.....	14,590		15,761		17,401		17,424	-	-	-
Total Available.....	26,097		27,529		28,320		28,359		-	-
Balances, Available End of Year.....	-15,761		-17,401		-17,424		-17,424		-	-
Total Obligations	\$10,336	59	\$10,128	56	\$10,896	69	\$10,935	69	-\$626	-

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

((dollars in thousands; staff year (SY))

State/Territory/ Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
Alabama	1,371	8	1,558	8	1,131	8	1,131	8
District of Columbia	7,264	33	5,891	43	7,330	43	7,369	43
Texas	538	7	1,383	7	1,184	7	1,184	7
Virginia	1,163	11	1,296	11	1,251	11	1,251	11
Obligations	10,336	59	10,128	69	10,896	69	10,935	69
Bal. Available, EOY	15,761	-	17,401	-	17,424	-	17,424	-
Total, Available	26,097	59	27,529	69	28,320	69	28,359	69

STATUS OF PROGRAMS

Perishable Agricultural Commodities Act

Current Activities

The Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (7 U.S.C. 491 et seq.) are designed to protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities, and to prevent the unwarranted destruction or dumping of farm products.

AMS’s PACA program enforces these Acts and is funded by license and user fees paid by commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce. The law provides a forum for resolving contract disputes and a mechanism for the collection of damages from anyone who fails to meet contractual obligations. In addition, PACA provides for prompt payment to fruit and vegetable sellers and may place sanctions and/or civil penalties against firms or principals who violate the law’s standards for fair business practices.

AMS investigates violations of PACA, resulting in: (1) informal agreements between two parties; (2) formal decisions involving payments to injured parties; (3) suspension or revocation of licenses and/or publication of the facts; or (4) monetary penalty in lieu of license suspension or revocation.

PACA also imposes a statutory trust that attaches to perishable agricultural commodities received by regulated entities, products derived from the commodities, and any receivables or proceeds from the sale of the commodities. The trust benefits produce suppliers, sellers, or agents that have not been paid, increasing the likelihood that they will recover money owed them.

Selected Examples of Recent Progress

In FY 2019, AMS was contacted by members of the fruit and vegetable industry for assistance in resolving 893 informal commercial disputes. AMS resolved approximately 92 percent of those disputes informally within 4 months, with informal settlement amounts of over \$9.4 million. Decisions and orders were issued in 271 formal reparation cases involving award amounts totaling approximately \$9.5 million. AMS initiated 38 disciplinary complaints against firms for alleged violations of PACA. In addition, the PACA program assisted 2,700 telephone callers needing immediate transactional assistance.

Fees and Charges in Effect in 2019:

Service Performed	Fees
Basic License	\$995.00 per year
Branch License	\$600.00 per location
Number of Licensees:	13,554
Informal Complaints Filed:	1207
Formal Complaints and Counterclaims Filed:	223

Industry Outreach: AMS continued its efforts to inform the produce industry of the rights and responsibilities under the PACA. Some of the educational seminars and outreach events that PACA conducted and participated in include:

- Georgia Watermelon Grower's Association Meeting
- SE Regional Fruit and Vegetable Conference
- New Mexico Chile Association's Meeting
- Viva Fresh Produce Expo
- Virginia Tech and Virginia State University
- United Fruit and Vegetable Association
- Citrus Capital
- Produce Marketing Association Fresh Summit Convention & Expo

**ACCOUNT 5: FUNDS FOR STRENGTHENING MARKETS, INCOME AND SUPPLY
(SECTION 32)**

LEAD-OFF TABULAR STATEMENT

Permanent Appropriation, 2020	\$15,123,425,112
Prior Year Appropriation Available, start of year	1,367,169
Less annual transfers to:	
Department of Commerce	-183,833,541
FNS, Child Nutrition Programs	<u>-13,536,958,740</u>
Total, Transfers	-13,720,792,281
Farm Bill Spending Authority, 2020	1,404,000,000
Less Sequester	<u>-72,275,000</u>
Total AMS Budget Authority, 2020	1,331,725,000
Less FNS transfer for the Farm Bill FFVP	-179,000,000
Unobligated balance brought forward, start of year	498,717,164
Total Available for Obligation, 2020	1,651,442,164
Budget Estimate, 2021:	
Permanent Appropriation, 2021	22,696,566,175
Less annual transfers to:	
Department of Commerce	-184,000,000
FNS, Child Nutrition Programs	<u>-21,081,566,175</u>
Total, Transfers	-21,265,566,175
Farm Bill Spending Authority, 2021	1,431,000,000
Less FNS transfer for the Farm Bill FFVP	<u>-183,000,000</u>
Agency Request, 2021	<u>1,248,000,000</u>
Change in Appropriation	<u><u>-403,442,164</u></u>

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted language enclosed in brackets):

- 1 [Funds available under Section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), shall be
- 2 used only for commodity program expenses as authorized therein, and other related
- 3 operating expenses, except for: (1) transfers to the Department of Commerce as authorized
- 4 by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act;
- 5 and (3) not more than \$20,705,000 for formulation and administration of marketing
- 6 agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937 and
- 7 the Agricultural Act of 1961 (Public Law 87-128).]

The change (line 1 through 7) deletes 2020 appropriation language.

PROJECT STATEMENT

Program/Activity	(Dollars in Thousands)									
	2018		2019		2020		2021		Change from	
	Actual		Actual		Enacted		Budget Request		2020 Enacted	
	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY
Mandatory Appropriations:										
Permanent Appropriation	\$10,370,878	153	\$10,624,198	124	\$15,123,425	154	\$22,696,566	154	\$7,573,141	-
Transfers Out:										
Food and Nutrition Service (FNS), Child Nutrition Programs	-8,872,807	-	-9,092,869	-	-13,536,959	-	-21,081,566	-	-7,544,607	-
FNS Transfer from PY Funds	-125,000	-	-	-	-	-	-	-	-	-
FNS, Fresh Fruit and Vegetable Program	-172,000	-	-175,000	-	-179,000	-	-183,000	-	-4,000	-
Department of Commerce	-154,868	-	-157,980	-	-183,834	-	-184,000	-	-166	-
AMS, Hemp Production Program	-	-	-1,200	-	-	-	-	-	-	-
Subtotal, Mandatory Funds	1,046,203	-	1,197,149	-	1,223,633	-	1,248,000	-	24,367	-
Sequestration	-77,352	-	-74,338	-	-72,275	-	-	-	72,275	-
Bal. Available, SOY	54,150	-	311,949	-	498,717	-	-	-	-498,717	-
Prior Year Appropriation Available, SOY	125,797	-	651	-	1,367	-	-	-	-1,367	-
Recoveries, Other	585	-	1,305	-	-	-	-	-	-	-
Unavailable Resources, EOY	-651	-	-1,367	-	-	-	-	-	-	-
Total Available	1,148,732	153	1,435,348	124	1,651,442	154	1,248,000	154	-403,442	-
Balances, Available End of Year	-311,949	-	-498,717	-	-	-	-	-	-	-
Total Obligations	\$836,784	153	\$936,631	124	\$1,651,442	154	\$1,248,000	154	-\$403,442	-

Commodity Purchase Services

The administrative costs for food buying operations and coordination with FNS are paid from the Commodity Purchase Services (CPS) activity in the Section 32 program. AMS purchases non-price supported commodities such as meats, fish, fruits, vegetables, poultry, and egg products to stabilize market conditions pursuant to Section 32, and in support of entitlement program needs within USDA. All purchased commodities are distributed by FNS to schools, as part of the entitlement for the National School Lunch Program, or to other domestic nutrition assistance programs. AMS coordinates food purchases with FNS to assure that the quantity, quality, and variety of commodities purchased meet the desires of schools and institutions participating in domestic nutrition assistance programs and can be used to assist individuals in meeting dietary guidelines.

Administrative costs fund the salaries and benefits of AMS commodity procurement staff and associated operating costs such as goods and services from Federal and non-Federal sources, communications costs, supplies and equipment. CPS administrative funds also finance operating costs of the Web-Based Supply Chain Management (WBSCM) system to support the shared interests of USDA commodity purchase programs. The system supports the procurement, delivery, and management of more than 200 commodities and 4.5 million tons of food through domestic and foreign feeding programs administered by AMS, FSA, FNS, and the United States Agency for International Development (USAID).

Commodity Purchase Services (\$36,746,000 and 61 staff years available in 2021).

Marketing Agreements and Orders Program

Administration of the Marketing Agreements and Orders Program at the national level has been authorized from Section 32 through annual appropriations for program oversight and to conduct public hearings and referenda concerning new programs and proposed revisions of marketing orders already in effect. AMS will pursue rulemaking to recover the cost of providing this activity and return the collections to Treasury.

Marketing Agreements and Orders administration (\$20,705,000 and 93 staff years available in 2021).

AMS will pursue rulemaking to recover the cost of providing this activity and return the collections to Treasury.

PROPOSED LEGISLATION

Reform Section 32 Program Funding

USDA proposes to de-link the Section 32 program funding from customs receipts, and route customs receipts directly to the Treasury to increase transparency. This is part of a suite of proposals to reform the Section 32 program while guaranteeing that USDA will have future funding available for surplus commodity purchases.

Under this proposal, Congress will directly appropriate funding to AMS, FNS, and Commerce without further appropriation for the same purpose as previous receipt-funded activities. In FY 2021, AMS will be provided \$340,497,000 for Section 32 surplus agricultural commodity purchases and administrative costs associated with purchases (an historical average spending level for these activities adjusted for inflation). All funds, to include balances authorized prior to this proposal, will be made available until expended.

(Dollars in Millions)

Item	2021	2022	10 Year Total
Budget Authority.....	-\$415.003	-\$436.262	-\$5,141.351
Outlays	-\$415.003	-\$436.262	-\$5,141.351

NEW ADMINISTRATIVE ACTION

Administrative Collection of User Fees

In 2021, USDA will administratively implement fees to cover the Government’s full cost for providing services to certain beneficiaries. The Administration will promulgate regulations for the following new or expanded fees for services provided by the Agricultural Marketing Service: the oversight of marketing agreements and orders.

Unlike some fees which are specifically authorized in statute and where USDA is allowed to retain proceeds from collections, the fees assessed under this administrative authority would be returned to Treasury and offset Government spending. For this reason, the 2021 Budget fully funds the underlying activity for each fee in question.

Administrative Fees
(Dollars in millions)

Fee	2021	2022	10 Year Total
Administration of Marketing Agreements & Orders	-\$10	-\$20	-\$190

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

(Dollars in Thousands)

State/Territory/ Country	2018		2019		2020		2021	
	Actual	SY	Actual	SY	Enacted	SY	Budget	SY
California	865	8	742	5	870	8	870	8
District of Columbia	50,778	134	51,304	109	53,983	135	54,876	135
Florida	827	5	785	5	830	5	830	5
Oregon	654	5	734	4	670	5	670	5
Texas	-	-	12	-	-	-	-	-
Virginia	202	1	221	1	205	1	205	1
Obligations	53,326	153	53,798	124	56,558	154	57,451	154
Total, Available	53,326	153	53,798	124	56,558	154	57,451	154

STATUS OF PROGRAMS

Funds for Strengthening Markets, Income, and Supply – Section 32

Commodity Purchases

AMS Commodity Procurement Program (CPP) is responsible for coordinating Agency-wide procurement activities of domestic agricultural products and services for distribution and use in domestic nutrition and international food aid programs. In FY 2019, CPP purchased over \$4.2 billion worth of U.S. product that was shipped to domestic outlets such as schools and foodbanks and overseas for foreign assistance efforts. CPP conducts contracting, program analysis, and other support functions for use in the formulation and execution of programs, all of which are related to the procurement of agricultural products and the overall AMS mission to facilitate marketing. The program also coordinates all USDA activities related to the Web-Based Supply Chain Management system (WBSCM), which is the mission-critical system USDA relies on to manage its commodity procurement operations, including purchase, storage, and delivery to customers.

AMS maintains a government-wide food specification program to reduce government food purchase costs by standardizing contract specifications and conducts various programs and outreach initiatives to make AMS activities and expertise available to schools and other institutional food purchasers. Outlined below is a summary of critical domestic and international commodity procurement activity.

Current Activities

AMS Commodity Procurement Program (CPP) is responsible for coordinating the procurement of domestic agricultural products and services for distribution through domestic food aid programs. In FY 2019, CPP purchased more than \$3.5 billion of fruits, vegetables, nuts, livestock, dairy and poultry products. Outlined below is a summary of a variety of domestic purchase activities.

Selected Examples of Recent Progress

Entitlement Purchases: In FY 2019, AMS purchased \$435 million worth of non-price supported commodities for the National School Lunch Program (NSLP) with Section 32 funds. The Department of Defense purchased an additional \$50 million of fresh fruits and vegetables for NSLP on behalf of AMS, for a total of \$485 million in Section 32 fund purchases. Purchased commodities were used to fulfill the NSLP's commodity subsidy entitlement of 34.25 cents per meal.

AMS also purchased an additional \$986.8 million of Group A (non-price supported) commodities consisting of fruits, vegetables, meat and poultry products, and \$487.8 million of Group B (price supported) commodities consisting of dairy, grain and oilseed products, on behalf of FNS using funds appropriated to FNS for entitlement programs. In total, AMS purchased \$1.475 billion worth of entitlement commodities with FNS appropriated funds.

Section 32 Purchases to Encourage Domestic Consumption: Section 32 purchases of commodities to encourage domestic consumption are donated through FNS-designated programs and institutions in addition to entitlement purchases. The following chart reports the commodities purchased under this provision and reflects the variety of producers that received assistance:

FY 2019 Section 32 Expenditures to Encourage Domestic Consumption	
Commodity	Amount
Apricot Products	8,987,000
Cheese, Cheddar	49,507,500
Cherries, Tart	29,290,600
Chick Peas	27,500,000
Chicken Products	7,927,000
Egg Products	10,330,000
Fig Pieces	5,869,380
Milk, Fluid	4,849,500
Orange Juice	19,770,000
Oranges, Fresh	3,611,000
Peaches, Clingstone	24,991,000
Peaches, Freestone	20,676,000
Pears, Canned	20,862,000
Pears, Fresh	1,107,500
Plums, Canned	544,970
Pollock	68,411,000
Prunes	13,741,000
Pumpkins, Canned	6,893,000
Raisins	13,444,000
Salmon	25,894,000
Strawberries, Frozen	634,000
Sweet Potatoes	1,438,000
Walnuts	29,400,000
Total	\$395,678,450

Disaster Assistance: Section 32 funds are available each fiscal year to purchase commodities for disaster assistance, as needed, under authority of the Stafford Act. In FY 2019, over \$617 thousand of Section 32 funds were obligated to purchase and replace USDA foods that were used for congregate feeding following Hurricanes Florence and Michael. USDA foods purchased were cooked chicken and pork, canned fruits and canned and frozen vegetables. AMS also obligated nearly \$1.1 million in Section 32 funding to purchase and transport canned fruits and vegetables, rice and vegetable oil in assistance to the Federated States of Micronesia following Typhoon Wutip, and \$41.2 thousand in Section 32 funding to replace foods used for

those impacted by the California Wildfires. All disasters described above were Presidentially-declared major events.

Trade Mitigation: On August 27, 2018, Secretary of Agriculture Sonny Perdue announced the U.S. Department of Agriculture (USDA) was authorizing over \$1.2 billion of Commodity Credit Corporation Charter Act authority to purchase U.S. agricultural products impacted by unjustifiably high tariffs. In consultation with the Food and Nutrition Service (FNS), CPP staff developed a purchase plan for over 25 products in various forms, organized into four phases throughout the year. By the end of the fiscal year, USDA purchased over \$1.1 billion of U.S. produced product representing over 27,000 truckloads going to 300 different locations, primarily food banks and warehouses that will further distribute the commodities. Feedback from food banks has been overwhelmingly positive.

Peanut Barter: USDA acting under authority granted in 7 U.S. Code § 1431, conducted a barter of farmer stock peanuts acquired by Commodity Credit Corporation (CCC) in exchange for commercial peanut butter. During the CCC peanut butter exchange, CPP conducted a process review and enhanced the exchange process. Updates to the acquisition included alteration of the contract type to allow maximum flexibility to the program recipients, implementation of regional pricing, and compliance-based contractual language additions. The innovative approach to the exchange also included fully automating all post award functions. The team designed a solution that leveraged WBSCM for all ordering, contracting, and administrative processes. This solution allowed all stakeholders system visibility and made the exchange more efficient by eliminating manual, paper-based processes.

Fluid Milk Purchase: For the first time, USDA purchased Fresh Fluid Milk for distribution to food banks and food insecure households. Working closely with industry, the acquisition planning steps - including specification development, new material codes, newly relevant contract terms and conditions, and alignment with the Web-Based Supply Chain Management System (WBSCM) - were successfully put in place for the procurement phase. CPP incorporated a monthly economic price adjustment to account for market price fluctuations to better align with commercial contract pricing practices. Today, about 80 percent of food banks nationwide are able to receive and distribute fresh fluid milk. The implementation of fluid milk procurement is noted to be one of the smoothest rollouts in memory for AMS and is a model of inter-program cooperation, responsiveness to the industry, and a mission-aligned service to food insecure households by adding fresh milk to their diets. Since the launch of the fluid milk procurement program, CPP has purchased \$53 million of fluid milk, which equates to 18.5 million gallons and 4,900 truckloads of fluid milk.

Commodity Procurement Innovations

Long Term Contracting: As part of the on-going Business Management Improvement (BMI) project, CPP converted a number of quarterly solicitations to strategic, long-term acquisitions. The new, long-term model represents added flexibility to ordering and ensures consistent supply to domestic and international recipients.

For example, this model was utilized to obtain annual prices for canned or pouched shelf stable products, thus maximizing competition and including a wider variety of industry

participants. These BMI driven changes led to the successful acquisition of 24.6 million pounds of poultry products that previously represented a supply challenge for CPP. The International Procurement Division has instituted a pilot project to purchase super cereal plus under a longer term negotiated style contracting process. The main goals of this initiative were to provide the suppliers more advanced notice of impending need which would allow them more flexibility in planning their production and would hopefully lead to lower prices and a more consistent supply. Contracts were awarded to two firms and all entities involved seem to be happy with the results. Going forward, the plan is to extend the existing contracts into the next year and take lessons learned from this process and expand it to other commodities.

Web-Based Supply Chain Management (WBSCM) System Continuous Improvement: AMS is authorized to use Section 32 administrative funds to develop and operate the WBSCM computer system that supports the shared interests of USDA commodity purchase Programs. AMS is the lead agency for this major investment in USDA.

As a fully modernized supply chain solution, the WBSCM team continually seeks opportunities to further enhance the solution to more efficiently and effectively support the commodity supply chain while also improving the user experience. Additionally, feedback received by the team at recent Industry Meetings re-enforced the desire in the vendor community to reduce the administrative burden on vendors selling food to the U.S. Government. A data driven analysis of WBSCM advanced shipment notifications and shipment receipts showed that nearly 88 percent of all invoices had no quantity differences and were candidates to leverage capabilities that were part of the USDA WBSCM commercial off-the-shelf investment. In response to these vendor requests, combined with a desire to automate certain repetitive tasks in WBSCM, the team identified two initiatives that would result in enhanced customer service and reduced administrative activities for our customers and stakeholders through improvements in automation. Both projects were submitted to AMS and selected as part of the Secretary's Customer Service Improvement initiative.

The Evaluated Receipts Settlement (ERS) Project implements industry standard processes to streamline the invoicing and payment process. The ERS initiative resulted in the elimination of duplicate review and approval of inspection lot data, and a reduction in manual invoice approvals for USDA staff. It also resulted in an improved, value-added request-for-payment process for vendors and elimination of duplicate inspection lot data uploads. ERS resulted in an estimated annual savings of 13,000-17,000 hours of USDA staff time, valued at approximately \$0.8 - \$1.0 million, and vendor savings estimated at 22,770 – 45,540 hours, valued at approximately \$1.4 - \$2.7 million.

The Electronic Data Interchange (EDI) project leverages technology to allow for direct system-to-system exchange of electronic business documents between business partners. The EDI initiative resulted in the electronic transmission of WBSCM purchase order (PO) data to commodity vendors and reduced the administrative effort of manually entering and changing orders in Partner systems by over 90 percent.

Both projects were developed and deployed in 2019 and are in the process of being fully operationalized.

USDA Foods: Product Development and Market Research: During FY 2019, CPP made many improvements to existing USDA Foods and introduced new products for domestic food assistance programs, supporting a continued outlet for domestic agricultural products through USDA purchase programs, while continuing to meet the evolving needs of program recipients. Though USDA Foods and ancillary activities, CPP continues to support the Dietary Guidelines for Americans.

Additions and enhancements to USDA Foods include:

Legumes: To encourage the consumption of legumes, CPP developed offerings of canned chili with beans and expanded canned bean varieties (garbanzo and dark red kidney) and dry beans in 1-pound packaging.

Traditional Foods: Expanded offerings of “traditional foods” for the Food Distribution Programs on Indian Reservations (FDPIR) included frozen bison, whole-grain blue cornmeal, long grain wild rice, frozen catfish fillets, and frozen salmon fillets as traditional foods for FDPIR. USDA explored lamb as a traditional food in FY 2019 for purchase in early FY 2020.

CPP also purchased new and reformulated products in the National School Lunch Program to align with school food service trends and help schools prepare nutritious meals. For example, USDA reformulated canned vegetarian and refried beans to make these products more flavorful while keeping the low sodium criteria. Also, USDA offered frozen sweet cherries, sliced natural cheddar cheese, and toasted oat cereal in a 1 oz individual serving size to expand choices for schools.

CPP also developed several new products based on market analysis and resulting Section 32 purchases aimed at encouraging domestic consumption, while simultaneously providing products in forms appropriate to the programs receiving the donated foods. For the first time, CPP purchased fresh grapes, fresh plums, and continued to offer fluid milk and un-breaded Alaska pollock fillets to support those agricultural sectors.

Marketing Agreements and Orders

Current Activities

Section 32 funds support the administration of Federal marketing agreements and marketing orders, which help to establish orderly marketing conditions for dairy products and specialty crops that encompass fruits, vegetables, nuts and related commodities. Marketing agreements and orders enable dairy farmers and specialty crop producers to work together in their respective commodity groups to solve marketing problems that they cannot solve individually, by balancing the availability of quality product with the need for adequate returns to producers and the demands of consumers. Twenty-nine marketing orders are currently active for specialty crops, and they are customized to meet the needs of a particular industry and may have provisions that: (1) impose mandatory grading and inspection services to meet minimum

grade levels; (2) standardize the packaging and labeling of containers; (3) sponsor production research projects; (4) create market research and product promotion activities; and (5) increase or decrease the amount of product allowed into commercial channels during periods of exceedingly high or low volume. Eleven regional marketing orders are currently active for milk and dairy products to ensure orderly marketing conditions and an adequate supply of fluid milk for public consumption.

Selected Examples of Recent Progress

Dairy Program

California Milk Marketing Order – AMS successfully implemented the California Federal Milk Marketing Order (FMMO) in November 2018, which deregulated the dairy manufacturing sector in California. AMS completed 10 pools valued collectively at over \$3.5 billion on more than 20 billion pounds of milk. On average, approximately 1,100 producers have participated in the pool each month with over 125 plants reporting milk usage data. AMS conducted approximately 300 hours of audit theory, audit procedures, and required continuing education training to ensure CA FMMO staff could begin dairy processor audits in July 2019. California dairy farmers produce approximately 18 percent of the nation’s milk supply.

Stakeholder engagement – AMS kicked off its efforts to increase stakeholder engagement of the Federal milk marketing order (FMMO) program by publishing a series of customer-focused external communication materials to improve stakeholder understanding of the purpose and goals of the program. As a result, AMS developed new “plain language” materials and webinars to explain the program and published online pricing explainers, 1 information brochure and 1 webinar. The materials were shared with industry stakeholders, press, and U.S. and foreign government officials, resulting in improved stakeholder communication.

Farm Bill Implementation – AMS implemented all three dairy related Farm Bill changes. AMS implemented the Extension of Forward Pricing Program on March 4, 2019. This program is applicable to milk volumes whose combined market value exceeds \$500 million. This was the first Farm Bill related docket published by USDA. AMS published amendments to the Class I Forward Pricing Rule providing stakeholders with increased opportunities to use risk management tools. The amendments became effective on the deadline provided for in the Farm Bill (May 1, 2019). Finally, AMS implemented the Milk Donation Reimbursement Program to reimburse dairy processors for a portion of their raw milk cost for milk donated to feed needy populations. Funding allocated for the program is \$9 million for FY 2019, and \$5 million in subsequent years.

Specialty Crops Program

Evolving Industry Needs – AMS programs help U.S. producers and handlers remain competitive in domestic and global markets. To respond to industry needs, AMS personnel met with marketing order representatives from numerous industries to discuss matters of industry concern and to consider broad scale regulatory changes responsive to recent trends in production volume and handling practices. AMS attended 140 marketing order board/committee meetings and approved 29 operating budgets. AMS specialists reviewed more than 2,100 promotional pieces to ensure board/committee messaging was compliant with

Departmental guidelines. AMS also reviewed proposals for dozens of research projects funded by industry assessments, each of which is designed to address issues like pest management and post-harvest handling. Specialty crop marketing orders directly affect and benefit more than 60,000 U.S. farmers.

Referenda – In accordance with marketing order requirements, AMS conducts rulemaking referenda among producers to change or add regulations under marketing orders. Most notable actions in FY 2019 involved: providing the Florida citrus industry with the authority to use more of its crop by removing grade and size requirements for AmberSweet and Temple oranges; eliminating second alternate positions from the Processed Pear Committee; enabling the Florida Tomato Committee to reduce the number of districts from four to two under its marketing order and reapportion its producer membership; and giving the Almond Board of California the ability to revise the accepted user program requiring handlers to dispose of inedible material. Additionally, AMS conducted two regularly scheduled continuance referenda that showed strong producer support for continuing marketing orders for almonds and cranberries.

In its capacity of overseeing formal and informal rulemaking actions recommended by marketing order committees, AMS processed 24 work plans, 32 proposed/interim rules, 27 final/final interim rules, 16 notices to trade and press releases, and 5 rulemaking referenda during FY 2019.

Enforcement – AMS is responsible for the enforcement of 29 Federal marketing orders and 14 section 8e import regulations, as well as export regulations for apples and grapes (export requirements for plums are suspended) and the U.S. Peanut Standards. Industry administrative committees are responsible for conducting initial investigations and reporting complaints of possible violations to AMS.

Compliance Reviews – AMS conducted 14 compliance reviews, approved 18 e-compliance plans, and followed up on 2,647 inspections for failing section 8e entries. For importers not complying with section 8e, AMS issued 47 official warning letters and 1 stipulation agreement, including civil penalties. AMS granted more than 17,869 SC-6 exemptions for 8e commodities used for processing, donated to charity, or other exempted outlets.

In ongoing support of the International Trade Data System, AMS processed over 37,000 electronic filings received from Customs and Border Protection's Automated Commercial Environment (ACE) which is an increase of over 8,500 entries from FY 2018, with over 31,000 automatically reconciling. AMS processed 17,869 SC-6 Exemption certificates via its Compliance and Enforcement Management System (CEMS) portal and migrated CEMS to the Microsoft Azure Cloud, enhancing system security and data integrity.

Legal Cases –

Sun-Maid petitioned USDA in early 2015 for a hearing to remove volume control from the Federal marketing order for California raisins. On June 22, 2015, the Supreme Court determined volume control in the raisin marketing order was unconstitutional. On June 19, 2018, Sun-Maid voluntarily dropped its case in anticipation of the final rule amending the

raisin marketing order. This final rule was published on October 26, 2018. On August 21, 2015, August 26, 2015, and December 28, 2015, respectively, Lion Farms, LLC, Bruce Ciapessoni et al., and Earl O. Boyajian et al. filed complaints in U.S. Court of Federal Claims for just compensation under the Fifth Amendment following the Supreme Court's ruling in *Marvin Horne v. USDA*. Boyajian joined the Ciapessoni class action suit and Lion Farms remained separate. Plaintiffs agreed to settle their \$1.3 billion in class action claims and reached agreement on terms and a settlement agreement for between \$85 and \$88 million. Lion Farms' \$21 million in claims will be settled for \$7.5 million plus 2.7% interest from March 1, 2019 through payment. The Ciapessoni class action settlement is not final until it is approved by the Court of Federal Claims under Rule 23 of the Court's Rules.

Burnette Foods filed a petition in 2011 challenging many provisions of the Federal marketing order for tart cherries. The Administrative Law Judge ruled for USDA on all counts. Burnette Foods appealed to District Court, and on January 24, 2018, the Court dismissed all but the claim that the Board is improperly constituted. On March 9, 2018, the Court amended its original order—which allowed no sales constituency to hold more than one seat, member or alternate, on the Board—to allow a sales constituency to hold one seat *per district*. Shortly thereafter, the Department of Justice filed an appeal which was successful, resolving the case in USDA's favor.

Outreach – AMS continued leading in USDA's Winning on Reducing Food Waste initiative by developing and re-distributing information about the initiative and a training webinar to 1,000 Customs brokers through the National Customs Brokers & Forwarders Association of America, members of the Fresh Produce Association of the Americas, and customers located at terminal inspection markets nationwide. AMS additionally facilitated continuance of Table Grape Super Lot Pilot, which resulted in 1,513 Super Lots being inspected, which is a 400-percent increase from the year prior and reflects 1/3 less inspection time without revenue loss, in addition to positive industry feedback.

SUMMARY OF PERFORMANCE

The Agricultural Marketing Service (AMS) carries out a wide range of programs under the authorization of the Agricultural Marketing Act of 1946 and over 50 other statutes. The mission of AMS is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient market place to the benefit of producers, traders, and consumers of U.S. food and fiber products.

Each year, AMS provides industry-specific services and grants to help agricultural food producers and businesses create and enhance their food marketing efforts. For example, AMS collects, analyzes, and publishes market information to assist in the orderly marketing and distribution of agricultural commodities. To provide a common language for commodity buyers and sellers, AMS develops commodity standards that are widely used by the agricultural industry and utilizes these standards and other process-verified determinations, provides grading and inspection, auditing, and accreditation services to ensure the quality of domestic goods and support exports.

Through USDA national directories and databases, AMS connects consumers and producers to farmers markets, certified organic operations, and commodity pricing data. AMS also provides onsite assessment and design services for food market planners, managers, and community stakeholders to improve the efficiency of permanent food market facilities such as wholesale markets and food hubs.

AMS services contribute to USDA’s objective to increase agricultural opportunities and support economic growth by creating new markets and supporting a competitive agricultural system. The following table summarizes the results for the Departmental Key Performance Indicators (KPIs) for which AMS is responsible.

KPI	2018 Actual	2019 Target	2019 Actual	2020 Target	2021 Target
New markets established or expanded through technical assistance)	139	150	162	150	130

AMS is developing a new Key Performance Indicator (KPI) to more directly reflect the services provided by AMS to the agricultural industry. The current KPI will be retired once the new measure is finalized.

SELECTED PAST ACCOMPLISHMENTS TOWARD THE ACHIEVEMENT OF THE KPI OUTCOMES

AMS exceeded the agency target of expanding or establishing 150 new markets by 12 for a total of 162 by providing technical assistance, including cooperative research reports, marketing and training tools, and grants.

AMS provided architectural technical assistance to 47 food facilities and issued 91 Farmers Market and Local Food Promotion Program (FMLFPP) grants with FY19 funds. AMS also gained approval and entered into 24 marketing projects and studies, for a total of 162 new markets established or expanded through technical assistance. AMS further expanded and developed its on-line local food directories. The directories include voluntarily-listed farmers markets, Community Supported Agriculture (CSA) enterprises, food hubs and on-farm markets. These directories connect local food sellers to buyers and expand market opportunities for small and mid-sized farms. As of early November 2019, the directories listed 8,787 farmers markets, 856 CSAs, 240 food hubs, and 1,508 on-farm markets, each category registering additional entries over FY 2018.

SELECTED ACCOMPLISHMENTS EXPECTED AT THE 2021 PROPOSED RESOURCE LEVEL

AMS anticipates it will reach the FY 2021 KPI goals through the efforts of AMS staff, including two architects, staff-offered marketing and training tools, and FMLFPP grants. The target reflects the proposed funding reduction for cooperative agreements in the FY 2021 budget.

The Farmers Market and Local Food Promotion Program (FMLFPP) was reauthorized through the Agriculture Improvement Act of 2018 (P.L. 115-334) (Farm Bill) under the Local Agriculture Market Program through FY 2023. Funding for FMLFPP is \$23.5 million provided in the Farm Bill from CCC each fiscal year.