

2017 President's Budget
Grain Inspection, Packers and Stockyards Administration

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GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established October 20, 1994, under the authority of the Agriculture Reorganization Act of 1994 (P.L. 103-354), to administer the programs and functions of the former Federal Grain Inspection Service (FGIS) and the Packers and Stockyards Administration. The mission of the agency is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA is composed of three major activities: (1) Packers and Stockyards Program (P&SP), (2) Grain Regulatory Program (GRP), and (3) Inspection and Weighing Services.

P&SP activities are authorized by the Packers and Stockyards Act of 1921 (P&S Act), as amended, and Section 1324 of the Food Security Act of 1985. These activities are currently funded through appropriations. GIPSA's 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. P&SP conducts two broad types of activities—regulatory and investigative—in its administration and enforcement of the P&S Act. P&SP activities cover two general areas: Business Practices and Financial Protection. Business Practices are further divided into Competition and Trade Practices.

GIPSA's GRP, which is carried out under the authority of the United States Grain Standards Act, as amended (USGSA), and the Agricultural Marketing Act of 1946 (AMA), is currently funded through appropriations. As part of the GRP, GIPSA 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.

Inspection and Weighing Services are authorized under both the USGSA and the AMA. The USGSA requires the mandatory inspection and weighing of grain at export ports by GIPSA 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 GIPSA to supervise all official inspection and weighing activities. On a request basis, GIPSA performs inspection of rice and related commodities under the AMA. Both statutes require GIPSA to collect user fees to fund the costs of operations including the supervision and administration of Federal grain inspection and weighing activities.

GIPSA headquarters is located in Washington, D.C. GIPSA's grain-related field activities are located in 7 field offices, 1 Federal/State office, and 3 sub offices. P&SP field activities are located in 3 regional offices with 43 resident agents, 5 resident auditors, 2 market inspectors, and 6 resident agent supervisors. As of September 30, 2015, there were a total of 730 employees of which 623 were permanent full-time and 107 were other than permanent full-time employees. Of the 623 permanent full-time employees, 69 were in the headquarters office and 554 were in field offices.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff Years (SYs)
(Dollars in thousands)

| Item | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>2017 Estimate</u> | |
|---|--------------------|-----|--------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Salaries and Expenses: | | | | | | | | |
| Discretionary Appropriations | \$40,261 | 293 | \$43,048 | 233 | \$43,057 | 292 | \$43,482 | 292 |
| Rescission..... | - | - | - | - | - | - | - | - |
| Sequestration..... | - | - | - | - | - | - | - | - |
| Transfers In..... | - | - | - | - | - | - | - | - |
| Transfers Out..... | -700 | - | - | - | - | - | - | - |
| Adjusted Appropriation..... | 39,561 | 293 | 43,048 | 233 | 43,057 | 292 | 43,482 | 292 |
| Total Available..... | 39,561 | 293 | 43,048 | 233 | 43,057 | 292 | 43,482 | 292 |
| Lapsing Balances..... | -547 | - | -532 | - | - | - | - | - |
| Obligations..... | 39,014 | 293 | 42,516 | 233 | 43,057 | 292 | 43,482 | 292 |
| <u>Obligations under other USDA appropriations:</u> | | | | | | | | |
| Misc. reimbursable..... | 65 | - | - | - | - | - | - | - |
| Total, Other USDA..... | 65 | - | - | - | - | - | - | - |
| Total, Agriculture Appropriations..... | 39,079 | 293 | 42,516 | 233 | 43,057 | 292 | 43,482 | 292 |
| <u>Non-Federal Funds</u> | | | | | | | | |
| Inspection and Weighing..... | 53,731 | 351 | 46,882 | 423 | 55,000 | 371 | 57,500 | 376 |
| Total, GIPSA..... | 92,820 | 644 | 89,398 | 656 | 98,057 | 663 | 100,982 | 668 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff Year Summary

| Item | 2014 Actual | | | 2015 Actual | | | 2016 Enacted | | | 2017 Estimate | | |
|--|-------------|-------|-------|-------------|-------|-------|--------------|-------|-------|---------------|-------|-------|
| | D.C. | Field | Total | D.C. | Field | Total | D.C. | Field | Total | D.C. | Field | Total |
| SES | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 |
| GS-15 | 6 | 3 | 9 | 6 | 5 | 11 | 6 | 3 | 9 | 6 | 3 | 9 |
| GS-14 | 14 | 22 | 36 | 14 | 27 | 41 | 14 | 22 | 36 | 14 | 22 | 36 |
| GS-13 | 28 | 44 | 72 | 25 | 44 | 69 | 28 | 44 | 72 | 28 | 44 | 72 |
| GS-12 | 13 | 100 | 113 | 7 | 93 | 100 | 13 | 100 | 113 | 13 | 100 | 113 |
| GS-11 | 7 | 72 | 79 | 5 | 76 | 81 | 7 | 72 | 79 | 7 | 72 | 79 |
| GS-10 | - | 8 | 8 | - | 7 | 7 | - | 8 | 8 | - | 8 | 8 |
| GS-9 | 5 | 140 | 145 | 4 | 118 | 122 | 5 | 140 | 145 | 5 | 140 | 145 |
| GS-8 | 3 | 14 | 17 | 3 | 10 | 13 | 3 | 14 | 17 | 3 | 14 | 17 |
| GS-7 | - | 54 | 54 | - | 53 | 53 | - | 54 | 54 | - | 54 | 54 |
| GS-6 | 1 | 74 | 75 | 1 | 68 | 69 | 1 | 74 | 75 | 1 | 74 | 75 |
| GS-5 | - | 63 | 63 | - | 49 | 49 | - | 63 | 63 | - | 63 | 63 |
| GS-4 | - | 7 | 7 | - | 4 | 4 | - | 7 | 7 | - | 7 | 7 |
| GS-3 | - | 4 | 4 | - | - | - | - | 4 | 4 | - | 4 | 4 |
| GS-2 | - | 2 | 2 | - | - | - | - | 2 | 2 | - | 2 | 2 |
| Total Perm. Positions | 80 | 608 | 688 | 69 | 554 | 623 | 80 | 608 | 688 | 80 | 608 | 688 |
| Total, Perm. Full- Time Employment, EOY | 80 | 608 | 688 | 69 | 554 | 623 | 80 | 608 | 688 | 80 | 608 | 688 |
| Staff Year Est. | 64 | 580 | 644 | 92 | 564 | 656 | 68 | 595 | 663 | 66 | 602 | 668 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Size, Composition, and Cost of Motor Vehicle Fleet

GIPSA’s passenger motor vehicles are mainly used by professional resident agents, auditors, marketing specialists, economists, and managers to conduct competition, financial and trade practice, compliance and investigative activities. These activities are located in rural areas and a high degree of mobility is required. The use of common carriers is seldom feasible. Comparative studies of cost requirements involved in the use of private and Government vehicles have shown that it is more economical to make Government vehicles available than to make reimbursements for the use of private cars. Leased vehicles are replaced based on the General Services Administration (GSA) age and mileage requirements. GIPSA pools the use of motor vehicles for different activities in order to keep the number of vehicles to a minimum and reduce overall costs of maintenance.

Size, Composition, and Annual Operating Costs of Vehicle Fleet

| Fiscal Year | Number of Vehicles by Type * | | | | | | | | Annual Operating Costs (\$ in 000) ** |
|-------------|------------------------------|------------------------------|-----|----------------------|------------|-------|---------------------|--------------------------|---------------------------------------|
| | Sedans and Station Wagons | Light Trucks, SUVs, and Vans | | Medium Duty Vehicles | Ambulances | Buses | Heavy Duty Vehicles | Total Number of Vehicles | |
| | | 4x2 | 4x4 | | | | | | |
| 2014 | 69 | 62 | 9 | 1 | - | - | - | 141 | 389 |
| Change | -6 | -5 | -2 | - | - | - | - | -13 | -34 |
| 2015 | 63 | 57 | 7 | 1 | - | - | - | 128 | 355 |
| Change | +1 | -1 | - | - | - | - | - | - | +8 |
| 2016 | 64 | 56 | 7 | 1 | - | - | - | 128 | 363 |
| Change | - | - | - | - | - | - | - | - | 11 |
| 2017 | 64 | 56 | 7 | 1 | - | - | - | 128 | 374 |

* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

** 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 | Acquisitions | | | Net Active Fleet, EOY |
|-------------|-----------------------|-----------|--------------|--------------------|-------|-----------------------|
| | | | Replacements | Additions to Fleet | Total | |
| 2014 | 47 | 14 | 31 | 5 | 36 | 69 |
| 2015 | 69 | 20 | 16 | - | 16 | 65 |
| 2016 | 65 | 6 | 7 | - | 7 | 66 |
| 2017 | 66 | 2 | 2 | - | 2 | 66 |

Additions to Fleet:

In 2014, GIPSA replaced one third of its aging, owned fleet. The increase in total fleet for the agency is a result of the overlapping of the active fleet and the resale of the replacement fleet.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

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

Salaries and Expenses:

For necessary expenses of the Grain Inspection, Packers and Stockyards Administration, [~~\$43,057,000~~ \$43,482,000]: *Provided*, that this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

Lead-Off Tabular Statement

Current Law

| | |
|-------------------------------|--------------|
| Budget Estimate, 2017 | \$43,482,000 |
| 2016 Enacted | 43,057,000 |
| Change in Appropriation | +425,000 |

Proposed Legislation

| | |
|--|--------------|
| Budget Estimate, Current Law 2017 | \$43,482,000 |
| Change Due to Proposed Legislation | -29,281,000 |
| 2017 President's Budget Request | \$14,201,000 |

Summary of Increases and Decreases
(Dollars in thousands)

| Program | 2014 Actual | 2015 Change | 2016 Change | 2017 Change | 2017 Estimate |
|--|----------------|----------------|----------------|----------------|------------------|
| Discretionary Appropriations: | | | | | |
| Packers and Stockyards Program | \$22,348 | +\$699 | +\$5 | +\$229 | \$23,281 |
| Grain Regulatory Program | 17,913 | +2,088 | +4 | +196 | 20,201 |
| Total Discretionary Appropriations | 40,261 | +2,787 | +9 | +425 | 43,482 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Project Statement

Adjusted Appropriations Detail and Staff Years (SYs)

(Dollars in thousands)

| Program | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2017 Estimate</u> | |
|--|--------------------|-----|--------------------|-----|---------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Discretionary Appropriations: | | | | | | | | | | |
| Packers and Stockyards | \$22,348 | 164 | \$23,047 | 138 | \$23,052 | 164 | \$229 | - | \$23,281 | 164 |
| Grain Regulatory | 17,913 | 129 | 20,001 | 95 | 20,005 | 128 | 196 | - | 20,201 | 128 |
| Subtotal | 40,261 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Total Adjusted Approp. | 40,261 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Rescissions, Transfers, and Seq. (Net)..... | - | - | - | - | - | - | - | - | - | - |
| Total Appropriation..... | 40,261 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Transfers Out | -700 | - | - | - | - | - | - | - | - | - |
| Total Available..... | 39,561 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Lapsing Balances | -547 | - | -532 | - | - | - | - | - | - | - |
| Total Obligations..... | 39,014 | 293 | 42,516 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |

Project Statement

Obligations Detail and Staff Years (SYs)

(Dollars in thousands)

| Program | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2017 Estimate</u> | |
|---------------------------------|--------------------|-----|--------------------|-----|---------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Discretionary Obligations:..... | | | | | | | | | | |
| Packers and Stockyards..... | \$21,694 | 164 | \$22,956 | 138 | \$23,052 | 164 | \$229 | - | \$23,281 | 164 |
| Grain Regulatory..... | 17,320 | 129 | 19,559 | 95 | 20,005 | 128 | 196 | - | 20,201 | 128 |
| Subtotal..... | 39,014 | 293 | 42,516 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Total Obligations | 39,014 | 293 | 42,516 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Lapsing Balances..... | 547 | - | 532 | - | - | - | - | - | - | - |
| Total Available..... | 39,561 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |
| Transfers Out | 700 | - | - | - | - | - | - | - | - | - |
| Total Appropriation..... | 40,261 | 293 | 43,048 | 233 | 43,057 | 292 | 425 | - | 43,482 | 292 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Justification of Increases and Decreases for the Packers and Stockyards Program (P&SP)

Base funds will continue to fund GIPSA's P&SP activities. Continuing the base funding is crucial to ensuring the continued success of the program. P&SP enforces the PSP Act, which prohibits unfair, deceptive, and unjust discriminatory practices by market agencies, dealers, stockyards, packers, swine contractors, and live poultry dealers in the livestock, meat packing, and poultry industries. The P&S Act provides important protections for livestock producers and poultry growers in rural America. GIPSA conducts routine and ongoing regulatory inspections and audits to assess whether subject entities are operating in compliance with the P&S Act and conducts investigations of potential violations of the P&S Act identified by industry complaints, routine regulatory inspections, or market observations. A team of resident agents and auditors located throughout the country conduct initial investigative activities. Specialists in GIPSA's regional offices and in Washington, D.C. headquarters provide direction and assistance to the resident investigators. All P&SP employees utilize the P&S Automated System (PAS) to track case work electronically from start to finish.

Base funds support GIPSA's objective to protect fair trade practices, financial integrity, and competitive livestock, meat, and poultry markets and the USDA Strategic Goal 1: "Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving."

(1) An increase of \$229,000 for the Packers and Stockyards Program.

This net increase is comprised of the following funding change requests:

- (a) An increase of \$229,000 for pay costs (\$48,000 for annualization of the 2016 pay increase and \$181,000 for the 2017 pay increase).

The increase will enable P&SP to maintain staffing levels, which are critical to achieving GIPSA's objective of facilitating the marketing of livestock, poultry, and promoting fair and competitive trading practices for the overall benefit of consumers and American agriculture. Over 64 percent of GIPSA's budget is in support of personnel compensation.

Justification of Increases and Decreases for the Grain Regulatory Program (GRP)

Base funds will continue to fund GIPSA's GRP activities, which are administered by GIPSA's Federal Grain Inspection Service (FGIS). Continuing the base funding is crucial to ensuring the continued success of the program. The GSP, which is carried out under the authority of the USGSA and the AMA, 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.

GIPSA GSP supports USDA Strategic Goal 1: "Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving."

(1) An increase of \$196,000 for the Grain Regulatory Program.

This net increase is comprised of the following funding change requests:

- (a) An increase of \$196,000 for pay costs (\$41,000 for annualization of the 2016 pay increase and \$155,000 for the 2017 pay increase).

The increase will enable GIPSA's GRP to maintain staffing levels, which are critical to achieving GIPSA's objective of facilitating the marketing of U.S. grain and related agricultural products. Over 64 percent of GIPSA's budget is in support of personnel compensation.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Summary of Proposed Legislation

Program: Packers and Stockyards Program

Proposal: Amend the P&S Act to provide authority to collect license fees to cover the cost of the program.

Rationale: This proposal would require the beneficiaries of the program (i.e., livestock market agencies, dealers, stockyards, packers, live poultry dealers, and swine contractors) to pay for the services they receive. These market participants benefit because they are protected from the adverse effects of anticompetitive and unfair business practices in meat and poultry marketing and distribution.

Goal: Transfer the cost from the American taxpayer to the beneficiaries of the program.

Packers and Stockyards Program
(Dollars in thousands)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------|------|-----------|-----------|-----------|-----------|
| Budget Authority | 0 | -\$23,281 | -\$23,281 | -\$23,281 | -\$23,281 |
| Outlays | 0 | -18,857 | -20,022 | -21,651 | -23,281 |

Program: Grain Regulatory Program

Proposal: GIPSA develops, reviews, and maintains official U.S. grain standards that describe the grain characteristics in terms of physical, sanitary, and intrinsic value at the time of inspection. These standards provide a common language for use by producers, sellers, and buyers of U.S. grain. This proposal would initiate a user fee for this service.

Rationale: Because these standards benefit and are used almost solely for the grain trading industry, and because they facilitate the orderly marketing of grain products, it is industry that should bear the cost.

Goal: Transfer the cost from the American taxpayer to the beneficiaries of the U.S. grading standards.

Grain Regulatory Program
(Dollars in thousands)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------|------|----------|----------|----------|----------|
| Budget Authority | 0 | -\$6,000 | -\$6,000 | -\$6,000 | -\$6,000 |
| Outlays | 0 | -5,100 | -5,340 | -5,580 | -6,000 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands and Staff Years (SYs))

| State/Territory | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>2017 Estimate</u> | |
|---------------------------|--------------------|-----|--------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Arkansas..... | \$156 | 1 | \$129 | 1 | \$185 | 1 | \$187 | 1 |
| Colorado..... | 5,982 | 52 | 6,132 | 46 | 6,659 | 52 | 6,725 | 52 |
| District of Columbia..... | 12,324 | 50 | 15,869 | 34 | 15,524 | 49 | 15,677 | 49 |
| Georgia..... | 5,245 | 44 | 5,236 | 41 | 5,814 | 44 | 5,871 | 44 |
| Iowa..... | 5,209 | 53 | 4,417 | 34 | 5,475 | 53 | 5,529 | 53 |
| Louisiana..... | 1,496 | 19 | 863 | 9 | 1,089 | 19 | 1,100 | 19 |
| Missouri..... | 7,521 | 57 | 8,716 | 60 | 7,361 | 57 | 7,434 | 57 |
| North Dakota..... | 147 | 3 | 192 | 2 | 130 | 3 | 131 | 3 |
| Ohio..... | 186 | 4 | 169 | 1 | 145 | 4 | 146 | 4 |
| Oregon..... | 280 | 5 | 247 | 2 | 250 | 5 | 252 | 5 |
| Texas..... | 307 | 4 | 202 | 2 | 255 | 4 | 258 | 4 |
| Washington..... | 161 | 1 | 344 | 1 | 170 | 1 | 172 | 1 |
| Obligations..... | 39,014 | 293 | 42,516 | 233 | 43,057 | 292 | 43,482 | 292 |
| Lapsing Balances..... | 547 | - | 532 | - | - | - | - | - |
| Bal. Available, EOY..... | - | - | - | - | - | - | - | - |
| Total, Available..... | 39,561 | 293 | 43,048 | 233 | 43,057 | 292 | 43,482 | 292 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Classification by Objects
(Dollars in thousands)

| | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Actual</u> | <u>2016</u> <u>Enacted</u> | <u>2017</u> <u>Estimate</u> |
|---|------------------------------|------------------------------|-------------------------------|--------------------------------|
| Personnel Compensation: | | | | |
| Washington D.C. | \$4,190 | \$3,767 | \$3,909 | \$3,974 |
| Field..... | 16,034 | 16,133 | 16,743 | 17,018 |
| 11.0 Total personnel compensation..... | 20,224 | 19,900 | 20,652 | 20,992 |
| 12.0 Personnel benefits | 6,221 | 6,670 | 6,766 | 6,877 |
| 13.0 Benefits for former personnel | 24 | 19 | 100 | 101 |
| Total, personnel comp. and benefits..... | 26,469 | 26,589 | 27,518 | 27,970 |
| Other Objects: | | | | |
| 21.0 Travel and transportation of persons | 1,417 | 1,759 | 1,315 | 1,315 |
| 22.0 Transportation of things | 32 | 32 | 35 | 35 |
| 23.1 Rental payments to GSA | - | 3,167 | 2,910 | 3,310 |
| 23.2 Rental payments to others | 250 | 74 | 100 | 100 |
| 23.3 Communications, utilities, and misc. charges | 540 | 497 | 575 | 600 |
| 24.0 Printing and reproduction..... | 55 | 58 | 53 | 53 |
| 25.2 Other services from non-Federal sources..... | 692 | 487 | 620 | 628 |
| 25.3 Other purchases of goods and services | | | | |
| from Federal sources | 6,407 | 7,255 | 6,552 | 6,111 |
| 26.0 Supplies and materials | 721 | 673 | 815 | 721 |
| 31.0 Equipment..... | 2,399 | 1,924 | 2,564 | 2,639 |
| 42.0 Insurance Claims..... | 32 | - | - | - |
| Total, Other Objects | 12,545 | 15,926 | 15,539 | 15,512 |
| 99.9 Total, new obligations..... | 39,014 | 42,515 | 43,057 | 43,482 |
| DHS Building Security Payments (included in 25.3) | \$49 | \$148 | \$164 | \$164 |
| Position Data: | | | | |
| Average Salary (dollars), ES Position | \$157,251 | \$158,824 | \$160,889 | \$162,980 |
| Average Salary (dollars), GS Position..... | \$62,518 | \$63,143 | \$63,964 | \$64,795 |
| Average Grade, GS Position | 9.0 | 9.0 | 9.0 | 9.0 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Shared Funding Projects
(Dollars in thousands)

| | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Actual</u> | <u>2016</u> <u>Enacted</u> | <u>2017</u> <u>Estimate</u> |
|--|------------------------------|------------------------------|-------------------------------|--------------------------------|
| Working Capital Fund: | | | | |
| Administration: | | | | |
| HR Enterprise System Management | - | - | \$7 | \$7 |
| Beltsville Service Center | \$14 | \$15 | 20 | 19 |
| Mail and Reproduction Management..... | 128 | 123 | 94 | 97 |
| Integrated Procurement System | 143 | 135 | 122 | 121 |
| Procurement Operations Division..... | - | 25 | - | - |
| Subtotal | 285 | 298 | 243 | 244 |
| Communications: | | | | |
| Creative Media & Broadcast Center | 10 | 9 | 3 | 5 |
| Finance and Management: | | | | |
| NFC/USDA | 195 | 196 | 203 | 192 |
| Controller Operations | 273 | 277 | 289 | 302 |
| Financial Systems..... | 334 | 340 | 347 | 355 |
| Subtotal | 801 | 813 | 839 | 849 |
| Information Technology: | | | | |
| NITC/USDA | 1,512 | 457 | 230 | 254 |
| International Technology Services | 255 | 384 | 396 | 402 |
| Telecommunications Services | 84 | 114 | 85 | 147 |
| Subtotal | 1,850 | 955 | 711 | 803 |
| Correspondence Management | 35 | 29 | 24 | 25 |
| Total, Working Capital Fund | 2,982 | 2,104 | 1,820 | 1,926 |
| Departmental Shared Cost Programs: | | | | |
| 1890's USDA Initiatives | 19 | 18 | 19 | 19 |
| Advisory Committee Liaison Services | 1 | 2 | 2 | 2 |
| Classified National Security Information | - | 6 | 7 | 7 |
| Continuity of Operations Planning | 13 | 14 | 14 | 14 |
| E-GOV Initiatives HSPD-12 | 43 | 43 | 44 | 44 |
| E-GOV Initiatives Content Management | - | - | - | - |
| Emergency Operations Center | 15 | 15 | 15 | 15 |
| Facility and Infrastructure Review and Assessment..... | 3 | 3 | 3 | 3 |
| Faith-Based Initiatives and Neighborhood Partnerships..... | 1 | 2 | 3 | 3 |
| Federal Biobased Products Preferred Procurement Program..... | 2 | - | - | - |
| Hispanic-Serving Institutions National Program | 13 | 12 | 13 | 13 |
| Honor Awards | - | - | - | - |
| Human Resources Transformation (inc Diversity Council) | 11 | 11 | 11 | 11 |

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

(Dollars in thousands)

| | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Actual</u> | <u>2016</u> <u>Enacted</u> | <u>2017</u> <u>Estimate</u> |
|---|------------------------------|------------------------------|-------------------------------|--------------------------------|
| Medical Services | 4 | 6 | 7 | 7 |
| People's Garden | 4 | 5 | 4 | 4 |
| Personnel and Document Security | 8 | 7 | 7 | 7 |
| Pre-authorizing Funding | 23 | 24 | 24 | 24 |
| Retirement Processor/Web Application | 4 | 4 | 4 | 4 |
| Sign Language Interpreter Services | 7 | - | - | - |
| TARGET Center | 6 | 9 | 9 | 9 |
| USDA 1994 Program | 5 | 5 | 5 | 5 |
| Virtual University | 13 | 13 | 13 | 13 |
| Visitor Information Center | 1 | - | - | - |
| Total, Departmental Shared Cost Programs | 196 | 199 | 204 | 204 |
| E-Gov: | | | | |
| Budget Formulation and Execution Line of Business | 1 | 1 | - | - |
| Enterprise Human Resources Integration | 14 | 14 | 12 | 12 |
| E-Rulemaking | 7 | 5 | 3 | 4 |
| E-Training | 18 | 18 | 16 | - |
| Financial Management Line of Business | 1 | 1 | 1 | 1 |
| Human Resources Line of Business | 2 | 2 | 2 | 2 |
| Integrated Acquisition Environment - Loans and Grants | 12 | 12 | 8 | - |
| Integrated Acquisition Environment | 4 | 4 | - | - |
| Total, E-Gov | 59 | 57 | 43 | 19 |
| Agency Total | 3,238 | 2,360 | 2,067 | 2,149 |

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Status of Programs

The Grain Inspection, Packers and Stockyards Administration (GIPSA) facilitates the marketing of cereals, oilseeds, and related agricultural products, and protects fair trade practices, financial integrity, and competitive markets for livestock, meat, and poultry for the overall benefit of producers, consumers, and American agriculture. GIPSA fulfills its mission through the services provided by three program areas: (1) Packers and Stockyards Program (P&SP), (2) Grain Regulatory Program (GRP), and (3) Inspection and Weighing Services.

Packers and Stockyards Program

Current Activities:

The Packers and Stockyards Program (P&SP) 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. P&SP'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, P&SP helps sustain the economic viability of U.S. meat production. The U.S. exports approximately 17 percent of total red meat and poultry production. Although those populations that experience food insecurity are seldom able to include meat in their diets, U.S. meat production contributes to global food security by adding to the global food supply.

Selected Examples of Recent Progress:

P&SP 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 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. P&SP further divides the cases by either livestock or poultry.

In FY 2015, P&SP opened 2,202 investigations. More than 49 percent were financial investigations of the livestock sector and almost 46 percent were trade practices investigations of the livestock sector. Competition investigations and all poultry investigations covered the remaining 5 percent of investigative work.

P&SP closed 1,974 investigations without referral to the Office of the General Counsel (OGC). P&SP regional offices close the vast majority of investigations. Custodial account reviews uncovered 180 violations with recoveries or shortage corrections of \$2,978,657. Of the 134 cases referred to Headquarters, 68 were closed after the responding entity agreed to pay stipulations totaling \$158,950. P&SP closed 57 investigations after referral to OGC, including 14 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 \$798,660 in civil penalties.

| | <u>Competition</u> | | <u>Financial</u> | | <u>Trade Practices</u> | | Totals |
|--------|--------------------|---------|------------------|---------|------------------------|---------|--------|
| | Livestock | Poultry | Livestock | Poultry | Livestock | Poultry | |
| Opened | 20 | 1 | 1,086 | 12 | 1,005 | 78 | 2,202 |
| Closed | 21 | 1 | 916 | 9 | 950 | 77 | 1,974 |

Program Evaluations:

GIPSA measures the overall performance of P&SP by reviewing targeted operations at randomly selected entities. P&SP calculates the percent of industry 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 industry compliance. P&SP's overall performance rate is a composite index of five program-wide audit and inspection activities. In 2015, 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. In FY 2014, the compliance rate increased to 84 percent from 83 percent in FY 2013. In FY 2015, the industry compliance rate fell to 82.4 percent. Most components of the compliance index increased over the FY 2014 rates with the exceptions of the custodial audit which decreased slightly and the poultry contracts and payments, which dropped from 81.1 percent compliance in FY 2014 to 59.4 percent in FY 2015. In reviewing poultry contracts, P&SP agents determine whether contracts properly disclose information required by the P&S Act and whether live poultry dealers pay for poultry or grower services within the time required by the Act. P&SP has not discerned the specific cause of the drop in compliance by live poultry dealers in FY 2015 but this sharp decline from 81.1 percent in 2014 to 59.4 percent in 2015 brought the overall index down. Despite the decline in FY 2015, GIPSA expects the compliance rate to improve to 83 percent in FY 2016 and 84 percent in FY 2017. Moving forward, GIPSA will focus efforts on custodial audits and poultry contract and payments compliance. GIPSA will review the results from 2015 compliance reviews to determine whether there are common errors or omissions that could be addressed through education and instruction. GIPSA will work with regulated entities to ensure that they are aware of what is required to comply with the Act and regulations.

Grain Regulatory Program

GIPSA's Grain Regulatory Program (GRP) is carried out under the authority of the United States Grain Standards Act, as amended (USGSA), and the Agricultural Marketing Act of 1946 (AMA). GRP 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, oil seeds, and related products both domestically and internationally.

Current Activities:

Protein Monitoring – GIPSA assesses the protein content in wheat using near infrared transmittance instruments at all inspection locations and monitors instrument performance at the National Grain Center in Kansas City, Missouri. GIPSA has 34 instruments nearing the end of their life cycle. In FY 2015, GIPSA replaced 20 of the 34 instruments and plans to replace the remaining 14 instruments over the next two fiscal years.

Element Analysis – GIPSA continually works to develop methods and tests that could be relevant to grain market qualities not currently measured within the official inspection system. GIPSA is expanding its ability to assess heavy metals in anticipation of possible increased interest from grain handlers for including such a test within the official inspection system. A high-performance liquid chromatograph machine was procured to allow GIPSA to validate the currently approved methodology for performing this assessment and to determine whether a more rapid and practical test for use within the official inspection system is feasible.

Selected Examples of Recent Progress:

GIPSA is enhancing its FGISonline software's functionality to allow customers to request services via the internet, to automate the calculation of charges for these services, and report the results of the services electronically via official certificates. Using the internet, customers will be able to view estimated fee charges via the internet and pay through www.pay.gov if they are cash on delivery customers. Customers will also be able to preview and access their results and obtain certificates over the internet. In addition, GIPSA Staff, State Departments of Agriculture,

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and other private service providers will be able to access information via the FGISonline internet portal to assist in monitoring and evaluating quality, testing, and standards under the USGSA and AMA.

To further improve GIPSA's ability to ensure the accuracy of the inspection process, GIPSA is moving towards capturing data automatically as it is generated at the inspection laboratories to reduce manual data entry and improve data accuracy.

Program Evaluations:

In FY 2015, GIPSA continued to monitor data collected under the inspection performance program. The program, initiated in March 2014, captures quality data at the inspector level on a weekly basis for grains and commodities and their critical interpretive factors. The quality data provides continuous feedback on system performance, improves GIPSA's ability to make corrective actions, and provides quality assurance to the grain industry. During FY 2015, the overall inspection accuracy was 96.9 percent, with all field offices having an inspection accuracy of 93.7 percent or higher.

In FY 2016, GIPSA will begin to monitor certificate accuracy through a comprehensive review of certificates issued by GIPSA, designated State and private agencies, and delegated States. An accurate certificate is one that is issued 100 percent correctly with zero errors of any kind including grade, factor level determinations, remarks, and spelling. GIPSA estimated certificate accuracy at 90 percent in FY 2015, and is focused on improving accuracy by one percent annually.

These two monitoring programs will ensure that GIPSA remains a high-performing, efficient, and adaptable organization in the 21st century that continues to facilitate the marketing of U.S. grain and related agricultural products.

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

[Limitation on Inspection and Weighing Services Expenses:]

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

This change proposes to eliminate the limitation on inspection and weighing services expenses to allow GIPSA to fully support the Federal Grain Inspection Service’s inspection and weighing program.

LIMITATION ON INSPECTION AND WEIGHING SERVICES

Lead-Off Tabular Statement

Current Law

| | |
|-------------------------------|-------------------|
| Budget Estimate, 2017 | \$57,500,000 a/ |
| 2016 Enacted | 55,000,000 |
| Change in Appropriation | <u>+2,500,000</u> |

Summary of Increases and Decreases

(Dollars in thousands)

| Program | 2014 Actual | 2015 Change | 2016 Change | 2017 Change | 2017 Estimate |
|--|----------------|----------------|----------------|----------------|------------------|
| Mandatory Appropriations: | | | | | |
| Inspection and Weighing Activities | 47,089 | -208 | +8,119 | +2,500 | 57,500 a/ |
| Total | <u>47,089</u> | <u>-208</u> | <u>+8,119</u> | <u>+2,500</u> | <u>57,500</u> |

a/ The budget proposes no spending limit for inspection and weighing services. GIPSA estimates a total obligation of \$57.5 million for FY 2017 for these services.

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Project Statement

Adjusted Appropriation Detail and Staff Years (SYs)
(Dollars in thousands)

| Program | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>Inc. or Dec.</u> | | <u>2016 Estimate</u> | |
|---|--------------------|-----|--------------------|-----|---------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Mandatory Obligations: | | | | | | | | | | |
| Inspection and Weighing Activities | \$53,731 | 351 | \$46,882 | 423 | \$55,000 | 371 | +\$2,500 | +5 | \$57,500 | 376 |
| Bal. Available, SOY | -12,406 | | -17,847 | - | -10,816 | - | - | - | -10,816 | - |
| Bal. Available, EOY | 17,847 | - | 10,816 | - | 10,816 | - | - | - | 10,816 | - |
| Total Collected | 59,676 | 351 | 65,865 | 423 | 55,000 | 371 | +2,500 | +5 | 57,500 | 376 |

Justification of Increases and Decreases

(1) No obligation limit on fees collected from Inspection and Weighing services.

GIPSA's FGIS provides both mandatory and voluntary inspection, weighing, and related services on grains, pulses, oilseeds, and processed and graded commodities under the USGSA and the AMA on a user fee basis. While GIPSA's official inspection and weighing services in the domestic market are voluntary, they are mandatory for grain being exported from the U.S., including the testing of all corn for aflatoxin prior to shipment, unless the contract stipulates testing is not required. Authorizing legislation does not limit how much GIPSA can spend from fees collected for official inspection and weighing services, and the budget proposes to eliminate the limitation included in annual appropriations acts.

In FY 2016, higher grain export volumes, projected by the USDA's World Agricultural Outlook Board to be over 3 percent above FY 2015 levels, will result in higher inspection volumes and increased workload demands. During the first 3 months of FY 2015, grain exports were up 11 percent over the same period of time in FY 2014. To meet increased workload demands, GIPSA anticipates that employees will continue to work around the clock and be deployed to locations with extremely high workloads, thus incurring additional travel costs. Additionally, GIPSA received notice that as many as five additional bulk grain export facilities will be coming online in the next two years. One elevator in New Orleans operating 24 hours a day, 365 days a year could cost upwards of \$2 million annually in operating costs.

Also driving up obligations will be increased pay costs. While GIPSA collects appropriate fees for the services it provides, it will not be able to obligate sufficient funds to cover actual costs without the requested adjustments. GIPSA anticipates the estimated collections for 2017 will be \$57,500,000 for FGIS. The elimination of the obligational limitation will allow FGIS to spend its estimated collections and continue to meet all requests for official services.

The elimination of the obligation limitation on fees collected from inspection and weighing services will allow GIPSA to fully support the Federal Grain Inspection Service's inspection and weighing program. This program provides both mandatory and voluntary services, including a variety of inspection, weighing, and related services on grains, pulses, oilseeds, and processed and graded commodities. These services extend to both domestic and international markets, with services being mandatory for exports. These mandatory services include official weighing of the majority of grain exported from the U.S. and of intercompany barge grain received at export port locations; official inspection of the majority of grain exported from the U.S.; and testing of all corn exported from the U.S. for aflatoxin prior to shipment, unless the contract stipulates testing is not required. In FY 2014, GIPSA experienced a dramatic increased demand for export inspection services in direct response to an increase of more than 35 percent in grain exports. In FY 2015 grain exports are higher than the record in FY 2014 and are anticipated to continue to increase through FY 2017. Demand for inspection services will increase with a continued increase in

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export volumes because of the statutory requirement to inspect and weigh export grain. To meet the increased demand for services, grain exporters and handlers are opening new export facilities that require 24/7 service by GIPSA, thus increasing GIPSA's costs. Additionally, the cost to GIPSA for installing inspection labs at these new facilities costs upwards of \$200,000 per lab. In order to support these mandatory services and the voluntary domestic services and continue to meet the demand of the domestic and foreign grain and related commodity markets, the limitation on inspection and weighing services expenses that is currently in place needs to be eliminated.

Beginning in FY 2016, GIPSA will annually adjust its export inspection fees based on a rolling 5-year average of the volume of grain exports ensuring a direct link between the user fees and the volume of grain exports. With such a cost-control mechanism in place within the authorizing legislation, the elimination of the cap will provide GIPSA with the flexibility needed to respond to market needs, while providing customers the assurance that fees and expenses are appropriately linked to export volumes.

Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands and Staff Years (SYs))

| State/Territory | <u>2014 Actual</u> | | <u>2015 Actual</u> | | <u>2016 Enacted</u> | | <u>2017 Estimate</u> | |
|---------------------------|--------------------|-----|--------------------|-----|---------------------|-----|----------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Arkansas..... | \$2,161 | 14 | \$1,927 | 28 | \$2,261 | 16 | \$2,364 | 16 |
| District of Columbia..... | 15,936 | 30 | 13,964 | 58 | 16,246 | 30 | 16,984 | 30 |
| Iowa..... | 502 | 1 | - | - | - | - | - | - |
| Louisiana..... | 19,608 | 176 | 17,812 | 181 | 21,038 | 184 | 21,994 | 189 |
| Missouri..... | 1,301 | 3 | 499 | 19 | 578 | 5 | 604 | 5 |
| North Dakota..... | 1,307 | 6 | 1,165 | 11 | 1,367 | 7 | 1,429 | 7 |
| Ohio..... | 1,852 | 11 | 1,651 | 20 | 1,937 | 13 | 2,025 | 13 |
| Oregon..... | 3,759 | 34 | 3,351 | 40 | 3,932 | 36 | 4,111 | 36 |
| Texas..... | 7,204 | 75 | 6,424 | 65 | 7,536 | 79 | 7,879 | 79 |
| Washington..... | 101 | 1 | 89 | 1 | 105 | 1 | 110 | 1 |
| Obligations..... | 53,731 | 351 | 46,882 | 423 | 55,000 | 371 | 57,500 a/ | 376 |

a/ The budget proposes no spending limit for inspection and weighing services. GIPSA estimates a total obligation of \$57.5 million for FY 2017 for these services.

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Classification by Objects
(Dollars in thousands)

| | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Actual</u> | <u>2016</u> <u>Enacted</u> | <u>2017</u> <u>Estimate</u> |
|--|------------------------------|------------------------------|-------------------------------|--------------------------------|
| Personnel Compensation: | | | | |
| Washington DC | \$5,787 | \$723 | \$5,924 | \$6,193 |
| Field | 27,406 | 27,709 | 28,053 | 29,328 |
| 11.0 Total personnel compensation | 33,193 | 28,432 | 33,977 | 35,521 |
| 12.0 Personnel benefits | 8,784 | 7,562 | 8,991 | 9,400 |
| 13.0 Benefits for former personnel | 26 | 26 | 27 | 28 |
| Total, personnel comp and benefits | 42,003 | 36,020 | 42,995 | 44,949 |
| Other Objects: | | | | |
| 21.0 Travel and transportation of persons | 1,260 | 1,433 | 1,291 | 1,350 |
| 22.0 Transportation of things | 17 | 22 | 17 | 18 |
| 23.1 Rental payments to GSA | 722 | 531 | 486 | 730 |
| 23.2 Rental payments to others | 988 | 437 | 1,011 | 1,057 |
| 23.3 Communications, utilities, and misc. charges | 730 | 632 | 747 | 781 |
| 24.0 Printing and reproduction | 43 | 39 | 44 | 46 |
| 25.2 Other services from non-Federal sources | 1,328 | 839 | 1,359 | 1,421 |
| 25.3 Other goods and services from Federal sources | 6,045 | 6,183 | 6,441 | 6,512 |
| 26.0 Supplies and materials | 430 | 596 | 440 | 460 |
| 31.0 Equipment | 159 | 147 | 163 | 170 |
| 32.0 Land and structures | 5 | - | 5 | 5 |
| 42.0 Insurance Claims | 1 | 3 | 1 | 1 |
| Total, Other Objects | 11,728 | 10,862 | 12,005 | 12,551 |
| 99.9 Total, new obligations | 53,731 | 46,882 | 55,000 | 57,500 a/ |
| DHS Building Security Payments (included in 25.3) | \$23 | \$9 | \$9 | \$9 |
| Position Data: | | | | |
| Average Salary (dollars), ES Position | \$150,000 | \$157,251 | \$159,295 | \$161,366 |
| Average Salary (dollars), GS Position | \$58,700 | \$59,000 | \$59,767 | \$60,544 |
| Average Grade, GS Position | 10.7 | 10.7 | 10.7 | 10.7 |

a/ The budget proposes no spending limit for inspection and weighing services. GIPSA estimates a total obligation of \$57.5 million for FY 2017 for these services.

Status of Programs

Inspection and Weighing Services

Inspection and Weighing Services are authorized under both the USGSA and the AMA. The USGSA requires the mandatory inspection and weighing of grain at export ports by GIPSA 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 GIPSA to supervise all official Inspection and weighing activities. On a request basis, GIPSA performs inspection of rice and related commodities under the AMA.

Current Activities:

Video Proctoring - Only FGIS authorized or licensed personnel can perform official inspection or weighing activities regulated under the provisions of the USGSA and/or AMA. Currently, licensing exams are administered in person at a mutually agreeable location, typically at an FGIS field office or the official agency’s lab. FGIS is conducting a study to determine the feasibility of administering the licensing exams using video conferencing technology. Ultimately, the ability to administer licensing exams remotely will reduce costs for FGIS and official agencies and improve timeliness in licensing personnel. FGIS piloted two video proctoring applications with varying degrees of success and continues to study the use of video proctoring to determine its viability for use in licensing examinations.

Super Cereal Plus - In FY 2015, U.S. Agency for International Development (USAID) plans to utilize and distribute Super Cereal Plus (SCP) which is a ready-to-eat product that is blended and packaged in food processing facilities the Farm Service Agency (FSA) will award. Currently GIPSA’s role is to test samples of SCP submitted by vendors according to the specifications and issue sample certificates. FSA establishes the contract specifications, and, if a product does not meet the specifications, then FSA does not purchase the product. Year to date, FGIS has tested products representing 1,500 tons and projects it will test products representing 15,000 tons in FY 2015.

Selected Examples of Recent Progress:

In 2015, Grain Exports had a record year. The below numbers are in million metric tons (Mmt) and includes grains for which GIPSA maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain. In FY 2015, there were 3.5 million official inspections of grain resulting in 305.3 Mmt of standardized grain officially inspected.

| Item | Fiscal Year 2015 |
|---|-------------------------|
| Quantity of Standardized Grain Officially Inspected (Million metric tons; Mmt) | |
| Domestic | 180.0 |
| Export by FGIS | 82.4 |
| by Delegated States | 31.0 |
| by Designated Agencies | 11.9 |
| Total | 305.3 |

Program Evaluations:

The GIPSA staff meets on a monthly basis to review each office’s financial operating plan. During this time, projected expenses and overtime costs are also reviewed. Discussions take place on how spending can be reduced and where cost savings can be achieved. This helps keep all the offices accountable for their spending.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Summary of Budget and Performance
Statement of Department Goals and Objectives

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established October 20, 1994, under the authority of the Agriculture Reorganization Act of 1994 (P.L. 103-354), to administer the programs and functions of the former Federal Grain Inspection Service (FGIS) and the Packers and Stockyards Administration. The mission of the agency is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA is composed of three major activities: (1) Packers and Stockyards Program (P&SP), (2) Grain Regulatory Program (GRP), and (3) Inspection and Weighing Services.

USDA Strategic Goal 1: *Assist Rural Communities to Create Prosperity so They Are Self-Sustaining, Repopulating, and Economically Thriving*

USDA Strategic Objective 1.2: *Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System*

GIPSA measures its overall progress toward achieving the USDA’s Strategic Goal and Objective 2 by: annually measuring the regulated entities’ compliance with the Packers and Stockyards Act of 1921 as amended and supplemented (Act); and annually measuring the percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization.

While additional focus on activities to achieve industry compliance can result in increased compliance, general economic conditions within the industry will also affect year-to-year compliance. Weak economic conditions may increase the incentive for industry non-compliance more quickly in the financial components than in the business practice areas. Additionally, GIPSA will not only be challenged to maintain the current level of technology needed to measure grain quality and quantity, but to also keep pace with the rapidly changing information needs of the marketplace.

Key Performance Measures, Packers and Stockyards Act

P&SP: Percent of industry compliance with the Packers and Stockyards Act

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Estimate /Target | Target |
|--|--------|------|------|------|--------|--------|---------|------------------|--------|
| | 2011 | 2012 | 2013 | 2014 | | 2015 | | 2016 | 2017 |
| 1.2 P&SP | 76 | 87 | 81 | 84 | 83 | 82.4 | Not Met | 83 | 83 |
| Allowable Data Range for Met – The sampling process is designed to yield 90-percent confidence for the estimated population compliance. | | | | | | | | | |
| Assessment of Performance Data | | | | | | | | | |
| Data source – Data sources are indicated in the Analysis of Results narrative below. | | | | | | | | | |
| Completeness of Data – The samples taken from the locations are considered final and complete. | | | | | | | | | |
| Reliability of Data – Data collected is analyzed and is considered reliable. | | | | | | | | | |
| Quality of Data – The quality of the data from the samples is satisfactory. | | | | | | | | | |

Analysis of Results

GIPSA measures the overall performance of P&SP by annually measuring the regulated entities’ compliance with the P&S Act. The performance measure encompasses activities P&SP conducts that directly or indirectly influence industry compliance. P&SP’s overall performance rate is a composite index of five program-wide audit and inspection activities based on a scientifically-drawn random sample of subject entities. In 2015, the index included:

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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 purchasing more than 1,000 head per year. In FY 2015, the industry compliance rate fell to 82.4 percent. GIPSA projects that it will be positioned to realize 83 percent industry compliance in FY 2016 and again in FY 2017.

Additional Performance Information

While additional focus on activities to achieve industry compliance can result in increased compliance, general economic conditions within the industry will also affect year-to-year compliance. Weak economic conditions may increase the incentive for industry non-compliance more quickly in the financial components than in the business practice areas.

Key Performance Measures, Grain Regulatory Program

GRP: Percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Estimate /Target | Target |
|---|--------|------|------|------|--------|--------|--------|------------------|--------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | | 2016 | 2017 | |
| 1.2 GRP | 86.8 | 88.7 | 92.7 | 95.4 | 97 | 97 | Met | 98 | 98 |
| <u>Allowable Data Range for Met</u> – The tolerance range for the measure to be “met” is 92.7 percent. | | | | | | | | | |
| <u>Assessment of Performance Data</u> | | | | | | | | | |
| <u>Data source</u> – Data sources are indicated in the Analysis of Results narrative below. | | | | | | | | | |
| <u>Completeness of Data</u> – The data is considered final and complete. | | | | | | | | | |
| <u>Reliability of Data</u> – Data collected is analyzed and is considered reliable. | | | | | | | | | |
| <u>Quality of Data</u> – The quality of the data from the samples is satisfactory. | | | | | | | | | |

Analysis of Results

This performance measure focuses on GIPSA’s role in providing the technology to measure grain quality and quantity, ensuring the market has access to reliable information which, in turn, reduces market risk and increases market efficiency. In FY 2015, GIPSA met its target of providing standardization for 97 percent of market identified attributes. Additionally, GIPSA projects that it will be positioned to provide standardization for 98 percent of market identified attributes in FY 2016 and again in 2017.

Additional Performance Information

GIPSA’s challenge is to not only maintain the current system, but to keep pace with the rapidly changing information needs of the marketplace. Greater crop diversity and more specific end use product needs are changing information needs.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Key Performance Measures, Grain Regulatory Program

GRP: Percent accuracy of grain inspection certificates

| Annual Performance Goals, Indicators, and Trends | Actual | | | | Target | Actual | Result | Estimate /Target | Target | |
|--|--------|------|------|------|--------|--------|-----------|------------------|--------|----|
| | 2011 | 2012 | 2013 | 2014 | 2015 | | | 2016 | 2017 | |
| 1.2 | GRP | N/A | N/A | N/A | N/A | 90 | 90 (est.) | Met | 91 | 92 |
| <u>Allowable Data Range for Met</u> – A subset of data during the review period will be analyzed for each official service provider to assess certificate accuracy. | | | | | | | | | | |
| <u>Assessment of Performance Data</u> | | | | | | | | | | |
| <u>Data source</u> – Data sources are indicated in the Analysis of Results narrative below. | | | | | | | | | | |
| <u>Completeness of Data</u> – The sample set of certificates taken from the locations are considered final and complete. | | | | | | | | | | |
| <u>Reliability of Data</u> – Data collected is analyzed and is considered reliable from the sources indicated in the Analysis of Results narrative below. | | | | | | | | | | |
| <u>Quality of Data</u> – The quality of the data from the samples is satisfactory. | | | | | | | | | | |

Analysis of Results

GRP instituted changes to its quality assurance practices and made automation enhancements through FGISonline, resulting in the ability to accurately measure and capture data that was not previously available. GIPSA measures certificate accuracy through a comprehensive review of certificates issued through its Certificates program and third-party programs, and warehoused in the FGISonline Inspection Data Warehouse. GIPSA conducts quality management audits of official service providers. Official service providers include field offices, official agencies, and state agencies. As part of the review, GIPSA identifies and quantifies certificate accuracy for a subset of certificates issued. Certificate errors are identified and provided to the official service provider for correction and establishment of procedures to prevent their recurrence. In FY 2015, GIPSA is estimating certificate accuracy at 90 percent and aims to improve accuracy to 91 percent and 92 percent, respectively, in FY 2016 and FY 2017.

Additional Performance Information

Development of new factor determinations and revised certificate requirements to meet end-user needs may impact certificate accuracy.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Strategic Goal and Objectives Funding Matrix

(Dollars in thousands)

| <u>Program / Program Items</u> | <u>2014 Actual</u> | <u>2015 Actual</u> | <u>2016 Enacted</u> | <u>Increase or Decrease</u> | <u>2017 Estimate</u> |
|--|------------------------|------------------------|-------------------------|---------------------------------|--------------------------|
| Department Strategic Goal 1: Assist Rural Communities to Create Prosperity So They Are Self-Sustaining, Repopulating, and Economically Thriving | | | | | |
| Department Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system | | | | | |
| Packers and Stockyards | \$22,348 | \$23,047 | \$23,052 | +\$229 | \$23,281 |
| Staff Years | 164 | 138 | 164 | - | 164 |
| Grain Regulatory | 17,913 | 20,001 | 20,005 | +196 | 20,201 |
| Staff Years | 129 | 95 | 128 | - | 128 |
| Total Costs, Strategic Goals | 40,261 | 43,048 | 43,057 | +425 | 43,482 |
| Total Staff Years, Strategic Goals | 293 | 233 | 292 | - | 292 |

Full Cost by Department Strategic Goal
(Dollars in Thousands)

Assist Rural Communities to Create Prosperity So They Are Self-Sustaining, Repopulating, and Economically Thriving

| <u>Program / Program Items</u> | <u>2014 Actual</u> | <u>2015 Actual</u> | <u>2016 Enacted</u> | <u>2017 Estimate</u> |
|--|------------------------|------------------------|-------------------------|--------------------------|
| <u>Packers and Stockyards Program</u> | | | | |
| Packers and Stockyards Program | \$17,992 | \$19,039 | \$19,184 | \$19,74 |
| Indirect costs | 3,702 | 3,917 | 3,868 | 3,907 |
| Total Costs | 21,694 | 22,956 | 23,052 | 23,281 |
| Staff Years | 164 | 138 | 164 | 164 |
| Performance Measure: | | | | |
| Rate of industry compliance with the P&S Act (%)..... | 84 | 83 | 83 | 83 |
| <u>Grain Regulatory Program</u> | | | | |
| Grain Regulatory Program | \$14,364 | \$16,221 | \$16,648 | \$16,811 |
| Indirect costs | 2,956 | 3,338 | 3,357 | 3,390 |
| Total Costs | 17,320 | 19,559 | 20,005 | 20,686 |
| Staff Years | 129 | 95 | 128 | 128 |
| Performance Measure: | | | | |
| Percent of market-quality attributes for which GIPSA has provided standardization (%)..... | 95.4 | 97 | 98 | 98 |
| Total Costs, All Strategic Goals | \$39,014 | \$42,516 | \$43,057 | \$43,482 |
| Total Staff Years, All Strategic Goals | 293 | 233 | 292 | 292 |